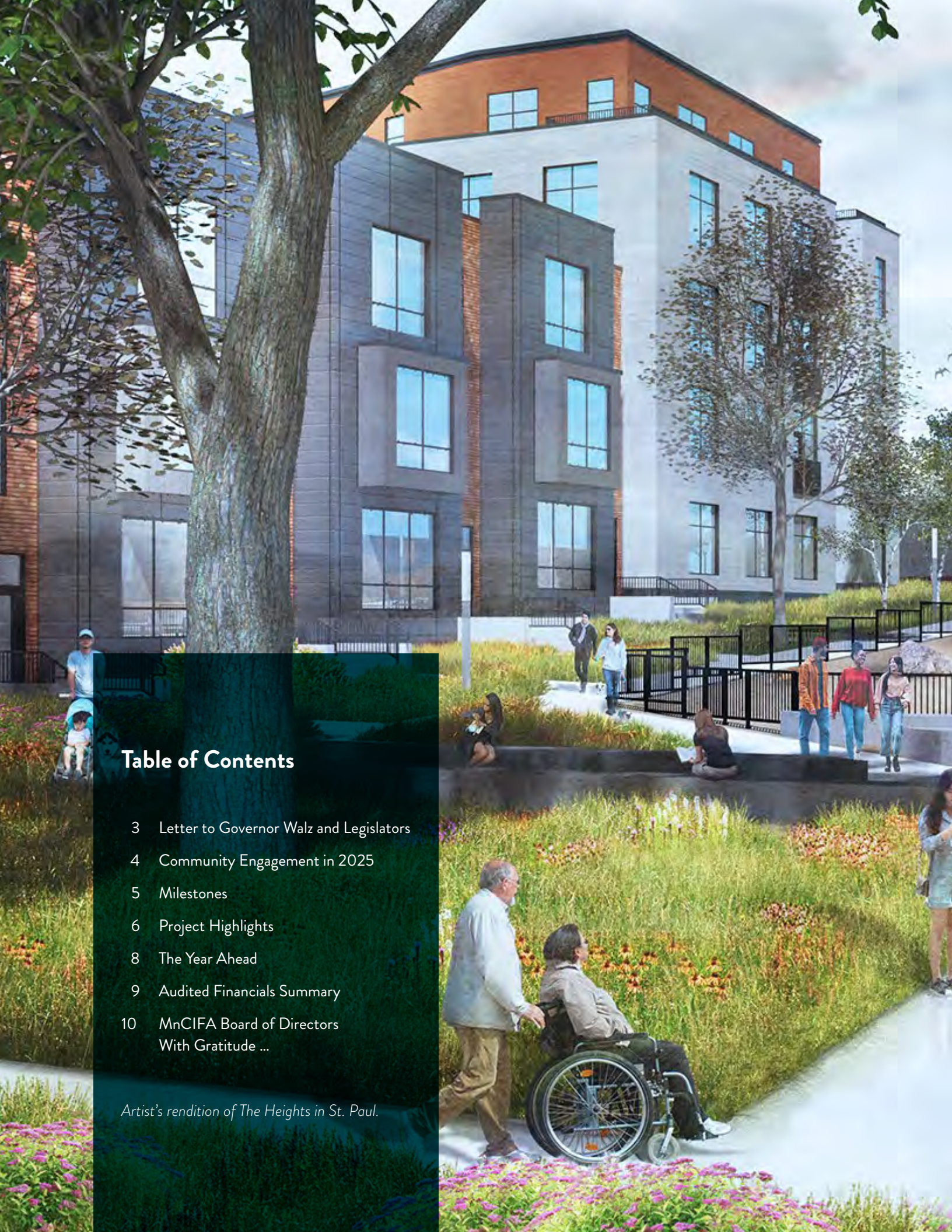
MnCIFA 2025 Annual Report

CLIMATE INNOVATION FINANCE AUTHORITY



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Artist's rendition of The Heights in St. Paul.

Letter to Governor Walz and Legislators

DEAR GOVERNOR, LEGISLATORS, PARTNERS AND PEOPLE OF MINNESOTA

The year 2025 was one of major transitions for the Minnesota Climate Innovation Finance Authority (MnCIFA). We have been in a design-build mode to develop a financially strong structure as we fill a critical gap in financing energy projects in our state. Among our actions in 2025:

Financing innovative projects in Minnesota

MnCIFA is acting to fulfill our statutory purpose and mission. Our lending is repeatedly proving that we are filling the gap in financing for small commercial projects in clean energy that, but for MnCIFA, would not move forward. These projects are saving energy, saving money and delivering reliable, renewable energy for nonprofits, small businesses and local governments. As our statute requires, MnCIFA has been consistently investing in communities that have historically faced challenges in accessing capital, that are least able to afford clean energy, and that are most likely to suffer the impacts of Minnesota's changing climate. We are growing Minnesota's clean energy economy and building for the future.

Attracting public and private capital

One purpose MnCIFA was created for was to attract federal funding into Minnesota. We've achieved that, drawing in millions of federal dollars by using bridge loans to cover upfront costs on construction of projects until the entities qualified for federal Investment Tax Credits.

- In July 2025, the passage of H.R. 1 into federal law significantly shortened the timeline for wind and solar projects to qualify for investment tax credits (ITCs). MnCIFA responded by providing bridge loans to ITC-eligible projects that lacked the upfront capital to move forward quickly.
- There remain opportunities for MnCIFA bridge loans for geothermal and energy storage projects, which still qualify for federal ITCs.
- MnCIFA is working to expand the capital we have available for loans by expanding financing tools MnCIFA can use and by pursuing private sector and philanthropic investments. Bringing in private capital and fully leveraging clean energy investments by state and local governments, nonprofits and private entities, is a priority for MnCIFA.

Operations and staffing

- MnCIFA has established a diversified portfolio, with a range of projects, from solar, energy storage and geothermal, to energy efficiency and innovative clean energy technology.
- With the transition in November 2024 from a temporary to permanent executive director, we have moved forward with hiring 10 staff. They have strengthened MnCIFA operations, as well as community engagement. to maximize impact with our lending.
- We are making continuous improvements to our loan portfolio management to ensure the integrity of our loans, with due diligence that follows banking standards, audited financials and anti-fraud practices.
- Board of Director governance and processes for oversight of MnCIFA operations have also been strengthened. Our board members continue to lend their considerable expertise in financing, clean energy and more, to benefit MnCIFA.

MnCIFA is moving forward with momentum. Already in 2026, we have begun the work to update MnCIFA's strategic plan. We are engaging with communities across Minnesota, seeking strategic investments, and making critical contributions for Minnesota to transition to a clean energy future.

Sincerely,

Kari Groth Swan, *Executive Director*
Bali Kumar, *Board Chair*
Tessa Haagenson, *Board Vice Chair*

Tessa Haagenson, Kari Groth Swan, and Bali Kumar.

Community Engagement in 2025

In 2025, MnCIFA expanded our engagement with communities across Minnesota, leveraging the robust network of clean energy advocates to connect with new people and organizations. We also celebrated ground breakings and grand openings for projects with MnCIFA loans. A few highlights from 2025:

GREEN FINANCING FOR NONPROFITS

On September 19, 2025, Celtic Junction Arts Center in St. Paul hosted a gathering to celebrate a portfolio of projects to add rooftop solar to 10 nonprofits based in the Twin Cities. MnCIFA provided the portfolio loan for $1.84 million to developer Lake Street Solar in partnership with Minnesota Interfaith Light & Power and Apadana Energies.

Celtic Junction Arts Center rooftop solar celebrated by leaders from the Arts Center, Lake Street Solar and MnCIFA.

TRIBAL AFFAIRS

In August, MnCIFA Executive Director Kari Groth Swan presented to the Minnesota Indian Affairs Council and the newly formed Tribal Advocacy Council on Energy, as part of MnCIFA's outreach to Minnesota Tribal Nations. Our engagement with Tribes is benefitting from assistance of MnCIFA Board Member Melanie Benjamin, member of the Mille Lacs Band of Ojibwe and former Chief Executive of the Mille Lacs Band, as well as support from Commerce Tribal Liaison Jackie Dionne.

MnCIFA Executive Director Kari Groth Swan with Melanie Benjamin, MnCIFA Board member representing Minnesota Indian Affairs Council.

CLEAN ENERGY NETWORK

Throughout 2025, MnCIFA staff connected with a wide range of individuals and organizations in Minnesota's robust clean energy ecosystem. Among the events where MnCIFA presented, spoke on a panel or participated:

- Gateway to Solar – MnSEIA 2025 annual conference
- Minnesota Energy Innovation Summit 2025
- Summit on Financing Energy Projects for Schools
- LiUNA Infrastructure Summit
- Minnesota Technical Assistance Collaborative
- Climate Cities Coalition
- Fresh Energy Green Financing webinar

Panel discussion at the Minnesota Energy Innovation Summit, with Jeremy Kalin of Avisen Legal and MnCIFA Executive Director Kari Groth Swan.

MnCIFA Milestones

TOTAL MnCIFA INVESTMENTS

MnCIFA has issued a total of

$23.1M

for projects with closed loans as of December 2025. An additional

$14.3M

in projects has been approved by the MnCIFA Board of Directors for loans and are pending final closure.

TOTAL PROJECT INVESTMENTS

Projects with MnCIFA loans have

$107M

invested, with a ratio of about

$5

in private and public investment for every $1 in MnCIFA loans.

PROJECTS BENEFITING EJ COMMUNITIES

90%

of MnCIFA loans have direct benefit to environmental justice communities.

JOBS SUPPORTED

MnCIFA loans advance projects that support a wide range of jobs in construction, as well as development of new jobs for ongoing operational support of the organization. Our borrowers have, to date, reported

975 jobs

as being supported by MnCIFA loans. This does not encompass all jobs involved or created as a result of the projects.

ANNUAL ENERGY SAVINGS

In fulfilling our mission and statutory requirements, MnCIFA provides loans for projects that demonstrate energy savings or reduction in carbon emissions. Our borrowers have, to date, reported these data. This does not encompass all energy savings as a result of the projects.

5.833B btus
1.824M kwhs
4,251 metric tons

Project Highlights

The year 2025 marked an acceleration of lending for MnCIFA. Following our initial year of lending in 2024, with three loans approved by the Board of Directors, we doubled that volume, with six loans that have subsequently closed. MnCIFA staff conducted due diligence on dozens of other applications, and subsequently advanced six more loans for Board approval by January 2026, which are pending final loan closing.

Visit **mncifa.mn.gov/projects** for additional projecs and information.

Renewable energy systems: Avenues for Youth

$4.5M loan

Financing geothermal energy system for $12 million new facility serving youth ages 16-24 who are experiencing homelessness, permanently reducing energy costs so more resources can support youth served. Federal Investment Tax Credit via Direct Pay: 30% of loan costs.

Artist rendition of Avenues for Youth new building in North Minneapolis.

High-efficiency energy system for historic renovation: Sandstone School Workforce Housing

$3.62M loan

Financing for century-old building renovation to have a highly energy efficient boiler, radiators, windows and roofing, which will lower electric use by 65% and natural gas use by 41%. Federal and state historical tax credits for $2.77 million will help repay the loan.

At groundbreaking for Sandstone School Workforce Housing, developer Meghan Elliott of Jillpine with leaders from City of Sandstone, Minnwest Bank, Initiative Foundation and MnCIFA.

Innovative clean energy technology: Carba, Inc.

$500K loan

Financing first pyrolysis reactor installed by Carba to convert woody biomass into neutral biocarbon (charcoal), which is then used as landfill and subsequently buried for long-term carbon sequestration. MnCIFA's loan has served as catalyst to draw in millions more in private investments.

Carba CEO Andrew Jones, PhD, holding biochar produced from biomass waste by a Carba electrolyzer.

The Year Ahead

In 2026, MnCIFA is gearing up for a year of momentum to build on our achievements. We are excited to have over $135 million in our pipeline of requests for loans, which our staff is working through our processes of due diligence.

Two major actions that are in motion for 2026:

Call for Applications

On February 9, 2026, we issued a **Call for Applications** to invite organizations to apply. This open-ended application is seeking to expand MnCIFA's financing to accelerate deployment of clean energy projects particularly in Greater Minnesota.

Strategic Plan 2026

We are working to update our strategic plan to reflect the new environment for clean energy financing, to advance innovation in both technology and green financing.

MnCIFA's strategic plan will remain committed to developing strategies for investments to deliver cleaner, safer, more reliable and more affordable energy for all Minnesotans, encompassing renewable energy, energy efficiencies and innovative energy technology investments. Projects are required to demonstrate savings in energy or reductions in carbon emissions.

In addition to our emphasis in focusing investments on underserved communities, MnCIFA supports green financing as an integral part of the State of Minnesota's Climate Action Framework to address Minnesota's changing climate through immediate, near-term actions we must take to achieve our long-term goal of a carbon-neutral, resilient, and equitable future for Minnesota.

Sandstone School Workforce Housing groundbreaking event.

MnCIFA Board of Directors

As an independent public financing authority, MnCIFA is governed by a Board of Directors. There are 13 members serving on the MnCIFA Board, representing a range of communities and organizations, as designated in MnCIFA statute. The members are appointed by the Governor and serve limited terms. **Notes designees*

Board Chair
Bali Kumar
Chief Operating Officer,
PACE Loan Group
Expertise in investment fund management, financing, and deploying clean energy technologies

Board Vice Chair
Tessa Haagenson
Vice President of Power Supply and Business Development,
Connexus Energy
Representing either a municipal electric utility or a cooperative electric association

Credit Committee Chair
Julia Nelmark
President and CEO, Midwest Minnesota Community Development Corporation
CEO, White Earth Investment Initiative
Expertise in financing projects at a community bank, credit union, community development institution or local government

Additional community and industry representatives

Axaule Sultanova
Digital Services Account Engineer,
Trane Technologie
Expertise in sustainable development and energy conservation

Jenna Warmuth
Senior Manager, Midwest Regional Policy, Rewiring America
Expertise in impact of climate change on Minnesota communities, particularly low-income communities

Joe Fowler
Business Manager, Construction & General Laborers Union Local 563, LiUNA MN/ND
Labor organization member, representing a labor union with experience working on clean energy projects

Marcus Mills
Consultant, Owner, At Your Finger Tips
Expertise in environmental justice

State agencies representatives

Frank Kohlasch
Assistant Commissioner for Air and Climate Policy, Minnesota Pollution Control Agency*

Kate Perushek
Deputy Commissioner, Minnesota Department of Labor and Industry*

Katherine Teiken
Climate Policy Director, Minnesota Housing Finance Agency*

Kevin McKinnon
Deputy Commissioner, Minnesota Department of Employment and Economic Development*

Melanie Benjamin
Enrolled member and former Chief Executive, Mille Lacs Band of Ojibwe, Minnesota Indian Affairs Council*

Pete Wyckoff
Deputy Commissioner of Energy Resources, Minnesota Department of Commerce*

With Gratitude ...

We extend thanks to all our partners, clients, and supporters. Our milestones and momentum are due to the collaboration and coordination of the many people and communities seeking to protect our state now and for generations to come. With sincere gratitude, the MnCIFA Team:

Kari Groth Swan
Executive Director

Arpita Bhattacharyya
Chief Investment Officer

Eric Horent
Chief Financial Officer

Pete Jones
Staff Attorney

Mo Schriner
Director of Communications and Engagement

Amy John
Director of Organizational Development

Peter Greenwood
Director of Investment

Parisa Rostamkhani
Executive Assistant

Marissa Deml
Finance Administrative Assistant

Maya Ly
Advanced Project Manager,
Minnesota IT Services

Audited Financials Summary

Statements of Net Position
June 30, 2025 and 2024

	2025	2024
Assets		
Current assets		
Cash and cash equivalents	**$ 90,995,726**	$ 41,715,209
Noncurrent assets		
Loans receivable	**16,400,000**	4,700,000
Total assets	**$ 107,395,726**	$46,415,209
Liabilities		
Current liabilities:		
Accounts payable	**$ 154,487**	$ 15,646
Accrued payroll and related liabilities	**156,243**	16,772
Total liabilities	**$ 310,730**	$ 32,418
Net Position		
Unrestricted	**$107,084,996**	$ 46,382,791
Total net position	**$107,084,996**	$ 46,382,791

Statements of Revenues, Expenses, and Changes in Net Position
June 30, 2025 and 2024

	2025	2024
Operating expenses		
Salaries and fringe benefits	**$ 577,260**	$ 110,846
Purchased services	**654,536**	35,000
Supplies and materials	**8,547**	135
Other expenses	**16,768**	398
Total operating expenses	**1,257,111**	146,379
Operating losses	**(1,257,111)**	(146,379)
Nonoperating revenues Interest earnings	**1,959,316**	1,529,170
Total nonoperating revenues	**1,959,316**	1,529,170
Net increase in net position	**702,205**	1,382,791
Net position, beginning of year	**46,382,791**	
Transfers from State of Minnesota	**60,000,000**	45,000,000
Net position, ending of year	**$107,084,996**	$46,382,791

Independent Auditor's Report for 2025 prepared by BerryDunn, BDMP Assurance, LLP.

The full report and presentation to MnCIFA Board of Directors is available online at

mncifa.mn.gov

Search *Board agenda December 17, 2025*

Submitted February 18, 2026, to:

Governor Tim Walz

Senate Energy, Utilities, Environmental and Climate Committee
Senator Nick Frentz, Chair
Senator Andrew Mathews, Ranking Minority Member

House Energy Finance and Policy Committee
Representative Patty Acomb, Co-Chair
Representative Chris Swedzinski, Co-Chair

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