



**CLIMATE INNOVATION  
FINANCE AUTHORITY**

June 17, 2026 Board of Directors Meeting

# AGENDA

- Welcome
- Approval of agenda & April 15, 2026 meeting minutes
- Communications and Government Affairs Update
- Investment Team:
  - Introduce Delphine Ntegeye, Investment Officer
  - Introduction to Loan Loss Reserve Product
  - Pipeline Overview
- Finance Team:
  - Portfolio Dashboard
  - Loan Servicing Dashboard
  - Finance Team Activity Updates
  - Portfolio Management Policies
- Legal Office Update
- Executive Director report
- Other business and discussion for the Board



# Marketing & Communications Updates

Mo Schriner

## **Greater Minnesota activities**

- Engagement leveraging regional partners
- Crookston visits June 11
  - Leveraging Fresh Energy, Clean Energy Resource Teams, Clean Energy Economy MN and DEED connections
  - Empower Crookston, several local organizations with projects in the works
- Fergus Falls visit June 12
  - Otter Tail Power
  - West Central Initiative
- Rochester visit
  - Plans in progress – proposed visits with City of Rochester, Rochester Public Utilities, Destination Medical Center
  - June 24 – Exhibit booth at League of MN Cities annual conference in Rochester

# Communications

## Past activities:

- May 11 ground-breaking ceremony celebrating Enterprise Energy loan
  - Media coverage: Owatonna People's Press, KTTC-TV Rochester, WCCO-TV Twin Cities
  - [Link to WCCO story](#)
- Multiple events with MnCIFA presentations, and participation

## Upcoming plans to celebrate closed loans

- Neighborhood Development Center
- MN Marine Arts Museum

July 2026: League of MN Cities  
*Agency Voices* article



## **2026 Legislature:**

- Senate Energy Omnibus bill passed the Senate, had no actions in House
  - MnCIFA's legislation was the vehicle (SF 4504) for the Senate Energy Omnibus
- Legislature did approve some clean energy-related legislation:
  - Tax bill – Sustainable Aviation Fuels incentives
  - Renewable Development Account (RDA) funding for study on the future of nuclear energy generation in MN
  - Bonding bill

## **2027 planning:**

- 2027 session planning – building on lessons learned
- Transition to new administration – MN Management and Analysis (MAD) leading transition



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## Investment Team Updates

Arpita Bhattacharyya | Chief Investment Officer

Peter Greenwood | Director of Investments

Delphine Ntegeye | Investment Officer

Marissa Deml | Finance Administrative Assistant

# June Investment Team Updates



In **May 2026**, MnCIFA closed on the Board-approved \$5 million participation agreement to Minnwest Bank's loan to **Enterprise Energy** for the development of a 5.4MW community solar garden in Owatonna.



On **June 2, 2026**, MnCIFA closed on the Board-approved \$1.5 million loan to support **Neighborhood Development Center's (NDC)** green lending facility to small businesses installing decarbonization and renewable energy installations.



Negotiating final version of loan agreement with **Minnesota Marine Art Museum (MMAM)** for the Board-approved \$250,000 loan to support MMAM's rooftop solar installation. **Target closing date in June 2026.**

# New Product: Loan Loss Reserve

## What is an LLR?

- **Credit enhancement** that seeks to offset the risk of nonpayment from borrowers.
- Lenders typically set aside a percentage of their own capital to fund their LLRs as a precautionary measure.
- LLRs can also be set up by a third party (MnCIFA) to **offset risk** on behalf of another lender—taking on all or part of the potential loss should nonpayment occur.
- In clean energy finance, this third party is often a state or local government seeking to **advance specific energy priorities or catalyze private investment** for both residential and commercial customers.



# New Product: Loan Loss Reserve

## Why an LLR at MnCIFA?

- Explicit in MnCIFA statute:

Subdivision 1. **Establishment; purpose.** (a) There is created a public body corporate and politic to be known as the "Minnesota Climate Innovation Finance Authority," whose purpose is to accelerate the deployment of clean energy projects, greenhouse gas emissions reduction projects, and other qualified projects through the strategic deployment of public funds in the form of grants, loans, **credit enhancements**, and other financing mechanisms in order to **leverage existing public and private sources of capital to reduce the upfront and total cost of qualified projects and to overcome financial barriers to project adoption, especially in low-income communities.**

- Provides access and/or increased exposure to new and potentially higher risk borrower profiles, geographies, business models, and technologies that otherwise may not be bankable.
- Leverages private investment and increases volume of high impact loans while minimizing risk.
- Builds a community of lenders, develops relationships with financial institutions with possibility of cross-pollinating with other MnCIFA lending products (co-lending/ participation opportunities).

# New Product: Loan Loss Reserve

## LLRs in the Green Bank Community



**Michigan Saves**<sup>®</sup>



**CONNECTICUT  
GREEN BANK**



**California  
Alternative Energy and  
Advanced Transportation  
Financing Authority**

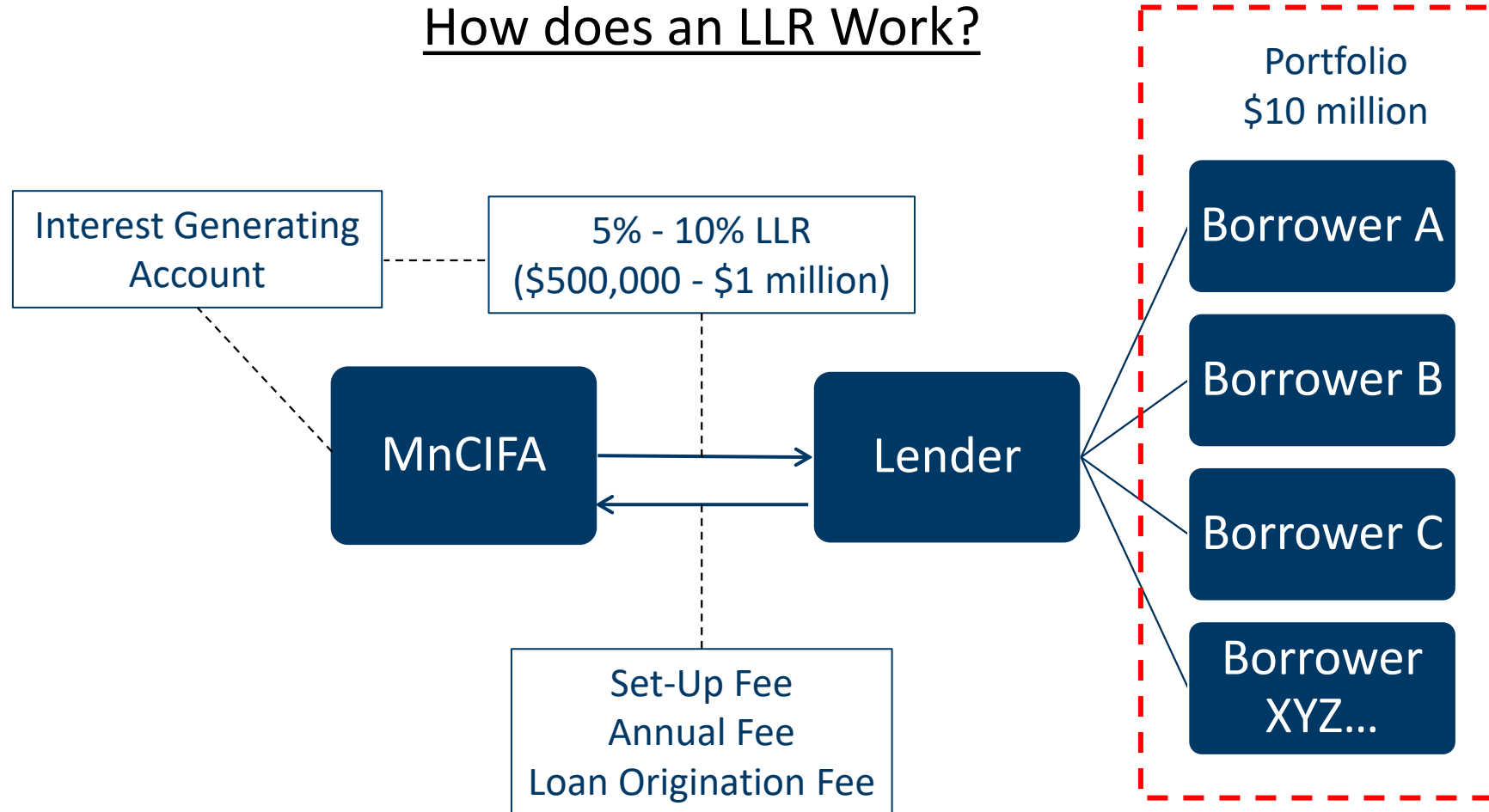


**NEW YORK  
STATE OF  
OPPORTUNITY.**

**NYSERDA**

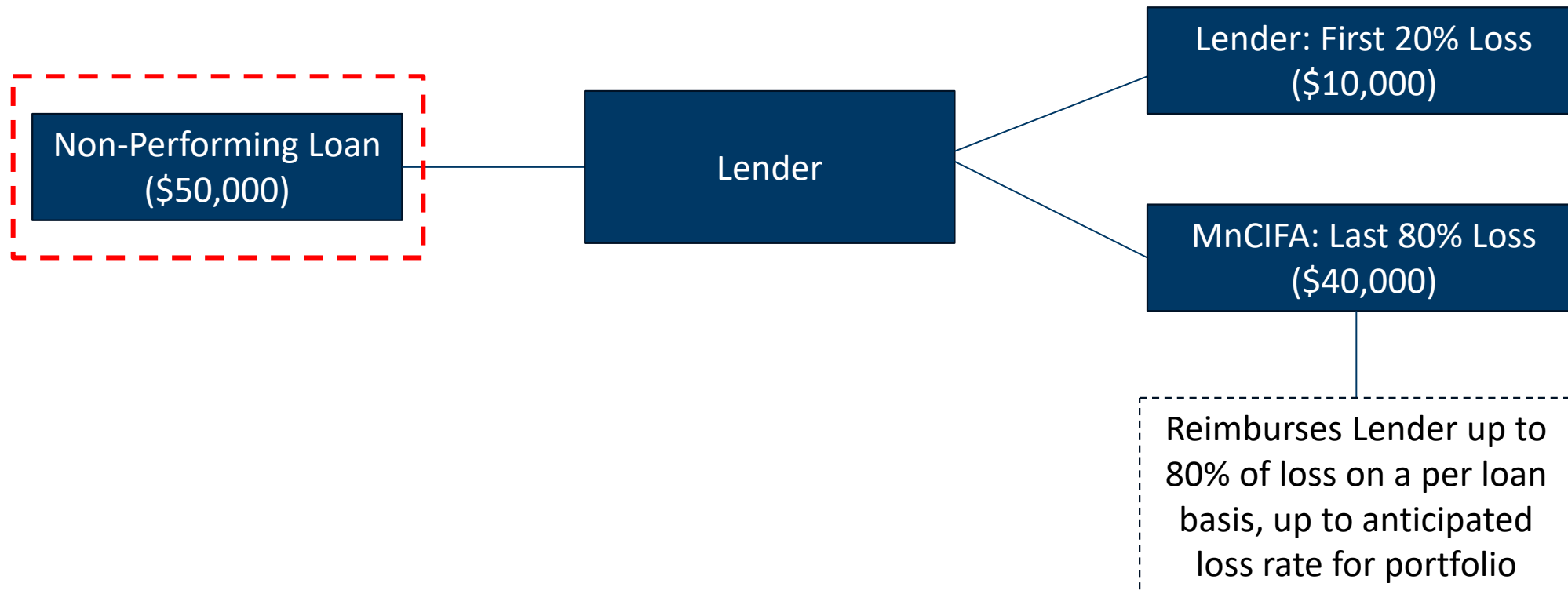
# New Product: Loan Loss Reserve

## How does an LLR Work?



# New Product: Loan Loss Reserve

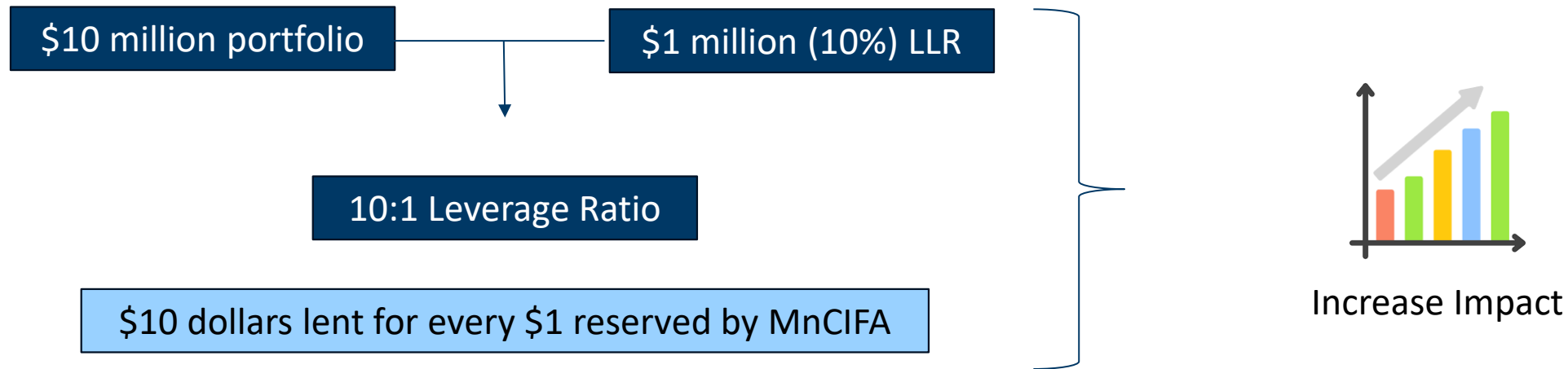
## How does an LLR Work?



# New Product: Loan Loss Reserve

## LLR Leveraging Effect

LLRs are an important credit enhancement tool that can leverage public and private capital and generate impact that otherwise could not be achieved, particularly for lenders that traditionally not extend credit to MnCIFA's target geographies, sectors, and technologies.



# New Product: Loan Loss Reserve

## LLR Opportunity Cost

- From a revenue perspective, there is an opportunity cost to underwriting an LLR until scale is achieved.
- An LLR does put a certain amount of MnCIFA capital at risk should loans default, but losses are mitigated by other sources of income for MnCIFA (e.g., direct loans).

	Direct Loan - \$1 million	LLR – \$1 million LLR (\$10M projects)
MnCIFA Commitment	\$1 million	\$1 million
Leverage Ratio	0-4x (historical)	10x-20x
Fee Income	\$10,000	\$65,000
Interest Income	\$249,154	\$170,987
<b>Total Income</b>	<b>\$259,154</b>	<b>\$235,987</b>

*LLR assumptions include: 1) 10-year LLR; 2) the origination of 20 loans at \$50,000 each; 3) no loan recycling; 4) MnCIFA interest bearing account earns 3.5%; and 5) lender fees for LLR start-up, annual subscription, and loan origination fee. **Direct loan** assumptions include: 1) 10-year term; 2) interest rate of 5.5%; and 3) origination fee of 1% of principal.*

# MnCIFA Pipeline Summary

Stage Name	Stage Gate / Meaning	Weight
<b>00-Not Moving Forward</b>	Loan will not be proceeding towards closing.	0%
<b>0-Early Lead</b>	Client is a potential borrower, but unclear if they have a specific project.	0%
<b>1-Lead Qualified</b>	MnCIFA has discussed with the borrower their project and invited them to complete the Preliminary Application.	0%
<b>2-Preliminary Application Submitted</b>	Client has submitted a Preliminary Application. Investment Team is reviewing and connecting with applicant.	10%
<b>3-Invited to Full Application</b>	Client has been sent the Full Loan Application to complete but has not yet submitted it.	20%

Stage Name	Stage Gate / Meaning	Weight
<b>4-Full Application Submitted</b>	Client has submitted a Full Loan Application. Due diligence is in process.	50%
<b>5-Approved by Credit Committee</b>	Loan has been approved by the CC but not yet by the BOD.	60%
<b>6-Approved by the Board</b>	Loan has been approved by the BOD.	70%
<b>7-Preparing Closing Documents</b>	Loan closing committee is meeting. Closing documents and final terms are being negotiated.	80%
<b>8-Final Credit Memo Approved &amp; Docs Finalized</b>	Closing documents drafting and negotiations completed. Final Credit Memo has been approved by MnCIFA Executive Committee.	90%

# MnCIFA Pipeline Summary (continued)

Figures are as of 6/10/2026

## Full Pipeline Summary

**\$114,758,000**

**57**

All projects that have expressed interest in MnCIFA funding, but have not yet closed. (Does not include projects that have withdrawn or been declined.)

## Post-Application Pipeline Summary

**\$36,250,000**

**15**

Projects that have submitted a preliminary application but have not yet closed.

## Post-Application Weighted Pipeline Summary

**\$11,210,000**

**15**

Projects that have submitted a preliminary application but have not yet closed. Weighted for likelihood of closing.

*Sum of MnCIFA Loan Amount*

*Count of  
Projects*



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# Finance Team Updates

Eric Horent | CFO

Marissa Deml | Finance Administrative Assistant

# Portfolio Dashboard

As of 6/8/2026

- Number of current loans: 11
- Amount of current loans: \$29,608,700
- Total cost of Projects: \$122,654,281
- MnCIFA's share of Projects' Funding: 24.1%
  
- Average amount of current loans: \$2,691,700
- Min-Max amount of current loans: \$250,000-\$5,000,000
- Trend for FY26: (\$2.2M in ~~FY26~~)

# Portfolio Dashboard (Continued)

- (Weighted) average term of current loans: 5.4 years
- Min-Max term of current loans: 2 years-10 years
- Trend for FY26: (4.4 years in ~~FY26~~)
  
- (Weighted) interest rate of current loans: 4.28%
- Min-Max interest rate of current loans: 2.50%-5.84%
- Trend for FY26: (4.77% in ~~FY26~~)

# Portfolio Dashboard (Continued)

- Number of Loans in repayment: 4
- Loans in repayment:
  - GMHF
  - New Rock/Sandstone
  - 3561 Minnehaha
  - Avenues for Youth
- Number of Loans in Deferment: 7
  - Lake Street Solar starting repayments in August 2026.
  - Carba starting repayments in September 2026.

# Loan Servicing Dashboard

As of 6/8/2026

## Year to Date (FY26)

- Sum of Amount Received: \$3,517,378
  - Interest Received: \$288,533
  - Principal Received: \$3,208,846 (11% of principal of current loans)
  - Origination Fee Received: \$20,000
- Number of Invoices Issued: 38
- Number of Payments Received: 34
- Number of Overdue Payments: 1
  - No concern with project with late payment status. Not a financial issue. A title company handling draws, which means a longer turnaround time for payments.

# Financial Team Activity Updates

- Loan Management System
  - Recent milestone:
    - Completed the MNIT Enterprise Services Architecture Review Board (ESARB) review. System approved for use.
    - Salesforce licenses and Salesforce cloud backup procured
  - Current Activities:
    - Last steps of procurement process (SOW and License Agreement for Carahsoft)
  - Expected Start Date of Implementation:
    - July/August 2026 (4 weeks after contract is signed)
  - Expected Production Date:
    - December 2026/January 2027

*Big thanks to MNIT (And Maya) for their guidance and support!*

# Financial Team Activity Updates

- Quarterly Meetings:
  - Second quarter meetings completed.
    - Projects continued to experience challenges with grid connection and federal payments/reimbursements.
    - Developers and others are developping new business models in response to recent federal actions.
- Portfolio Manager Hiring:
  - Applicant Selected to start 6/22/2026

# Portfolio Management Policy Updates

- Number of Policies Completed: 7
  - Core policies identified in various reviews of MnCIFA's operations
- List of Policies Completed:
  - Loan Monitoring
  - Delinquency Management
  - Allowance for Loan Losses
  - Risk Acceptance and Exceptions
  - Real Estate Appraisal and Evaluations
  - *Charge Off and Recovery*
  - *Stress Testing and Scenario Analysis*

*Big thanks to MAD (and Berry Dunn and Margaret Kelly) for their contributions to policies!*

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*Big thanks to MAD (and Berry Dunn and Margaret Kelly) for their contributions to policies!*

# New Policies: Loan Monitoring

- **Purpose:**

- This policy outlines MnCIFA's approach to monitoring the ongoing condition and risk profile of each loan in its portfolio.
- It defines responsibilities for updating loan ratings, conducting borrower reviews, and maintaining accurate portfolio records to support timely reporting and informed credit decisions.

# New Policies: Loan Monitoring

- Monitoring Frequency by Risk Rating: *Updated*
  - Low Risk (1): Every 6 months
  - Moderate–High Risk (2–4): Quarterly
  - High Risk (5): Monthly or more frequently
- Risk Rating Updates: *New*
  - Monthly review adjusts loan risk ratings and loan loss reserves.
- Watch list: *Updated*
  - Loans with rating of 3 or higher
- Reporting Requirements: *Updated*
  - Updated risk ratings reported at each Credit Committee and Board of Director meeting
- Non-Compliance: *New*
  - Workouts and materials enforcement actions to be approved by the Credit Committee and, where required, the Board.

# New Policies: Delinquency Management

- **Purpose:**

- The purpose of this policy is to communicate a set of standards to assist loan servicing and other related personnel in recovering past due loans.
- It supports accurate risk ratings, appropriate loan loss reserves, timely delinquency response, effective legal recovery actions.

# New Policies: Delinquency Management

- Required minimum risk ratings: *New*
  - 90 days late: Rating 3
  - 120 days late: Rating 4
  - 180 days late: Rating 5
- Non-Accrual Rules: *New*
  - 90+ days late → non-accrual unless well-secured and actively collected.
  - 120+ days late → must be non-accrual.
  - Return to accrual: loan must be current + six on-time payments.
- Collections & Foreclosure *Updated*
  - Use of collection agency requires Executive Director approval.
  - Foreclosure is last resort; requires Board resolution.
- Write-Offs & Documentation *Updated*
  - Uncollected principal written off using loan loss reserve.
  - Reserves adjusted after write-offs.
  - All delinquency communications must be logged for legal use.

# New Policies: Allowance for Loan Losses

- **Purpose:**

- The purpose of this policy is to establish a comprehensive, consistently applied, and well-documented process to ensure MnCIFA maintains an ALL that is adequate to absorb estimated inherent credit losses in the loan portfolio as of the evaluation date.
- The ALL is a valuation reserve that reduces the recorded investment in loans to amounts expected to be collected and is maintained through charges to earnings.

# New Policies: Allowance for Loan Losses

- Core principles require that the ALL be adequate to absorb all estimated inherent losses, supported by timely problem-loan identification, sound analysis, and quarterly evaluation. *Updated*
- Loan identification and grading must capture both obvious (delinquencies) and subtle (financial deterioration, market changes) indicators of loss; confirmed losses must be promptly charged off. *New*
- ALL methodology includes pooled (collective) evaluation, individual evaluations of impaired loans, and coverage of off-balance-sheet exposures. Segmentation and loss estimation must reflect MnCIFA's size, risk, and portfolio. *New*
- Pooled loan reserves rely on historical net loss rates and qualitative adjustments (Q-factors) for current conditions; Q-factors must be analyzed and documented quarterly. *New*
- Individually evaluated loans are removed from pools and assessed based on discounted cash flows, market price, or collateral value; uncollectible portions must be charged off. *New*
- Documentation requirements ensure support for individual reserves, historical loss rates, and Q-factor adjustments; large or unusual provisions require justification. *Updated*
- Credit committee reviews and approves any material adjustments to reserve amount. *New*
- Quarterly reporting to the Board includes methodology, segmentation, reserve calculations, trends, provision recommendations, and management's attestation of adequacy. *New*
- Internal controls require quarterly secondary review of major assumptions, data, and calculations. *New*

# New Policies: Risk Acceptance and Exceptions

- **Purpose:**

- This policy establishes MnCIFA's risk tolerance framework, defining the level and types of risk MnCIFA is willing to accept in pursuit of strategic objectives, while ensuring compliance with applicable laws, regulations, and funding requirements.

# New Policies: Risk Acceptance and Exceptions

- Risk boundaries set the maximum levels of risk MnCIFA will accept across its lending activities; all teams must operate within these limits, and deviations must be escalated and approved. *New*
- MnCIFA considers several categories of risks when setting boundaries, including credit, market, liquidity, operational, compliance, and reputational risks. *New*
- A Risk Tolerance Statement defines the level and types of acceptable risk across the organization; it is reviewed annually by the Credit Committee and approved by the Board. *New*
- Exception authority is defined through an Authority Matrix that outlines which roles or bodies may approve deviations from policy or risk limits; exceptions beyond delegated authority must be escalated. *New*
- All approved exceptions must be documented, tracked, and included in regular risk reporting; trends are reviewed to identify emerging risks or adjust thresholds. *New*

# New Policies: Real Estate Appraisal and Evaluations

- **Purpose:**

- The purpose of this Appraisal and Evaluation Policy is to ensure that MnCIFA obtains independent, high quality, and compliant appraisals and evaluations to support safe and sound lending decisions for real estate related loans.
- This policy ensures that all collateral valuations used in the underwriting, modification, renewal, workout, foreclosure, or liquidation of real estate–secured credit are accurate, independent, and compliant with applicable federal and state regulatory requirements.

*(Regulatory Requirements for Appraisals and Evaluations are listed in the Code of Federal Regulations (eCFR) Title 12 / Chapter 1 / Part 34 / Subpart C / 34.43)*

# New Policies: Real Estate Appraisal and Evaluations

- Requires strict independence between loan origination and appraisal functions; staff involved in originating or approving loans cannot influence appraiser selection or valuation outcomes. *New*
- Appraisers must be state-licensed or certified, competent, independent, and free of conflicts of interest. MnCIFA maintains an Approved Appraiser List. *New*
- Use of appraisals performed for other institutions or by appraisers not on the Approved Appraiser List requires internal review and prior Credit Committee approval. *New*
- Appraisals are required for real estate-related transactions except for specified exemptions (e.g., low-value transactions, abundance-of-caution liens, certain business loans, limited modifications, or when only evaluations are required). *New*
- Evaluations must be written and provide sufficient detail, analysis, and support to demonstrate reliable collateral valuation consistent with safe and sound practices. *New*
- Limited Appraisals may be used when appropriate, with use of the Uniform Standards of Professional Appraisal Practice's (USPAP) Departure Provision agreed in advance. *New*
- Prior appraisals or evaluations may be reused for new credit only when fully documented and still valid; new appraisals are required when outdated (over 18 months) or when market or property conditions have materially changed. *New*
- Loan modifications and workouts require updated collateral information; evaluations or appraisals are required depending on whether new money is advanced and whether collateral conditions have changed. *New*

# New Policies: Charge-Off and Recovery

- **Purpose:**
  - The purpose of the Loan Charge Off and Recovery Policy is to establish consistent standards for identifying, approving, recording, and managing loan charge offs and recoveries within MnCIFA's loan portfolio.

# New Policies: Charge-Off and Recovery

- Loans are charged off when deemed uncollectable or when collection costs exceed expected recovery. *Unchanged*
- Loss amounts are removed from the portfolio and charged to the Loan Loss Reserve. *Unchanged*
- Common triggers for charge-off review include: *New*
  - 90 days past due with no meaningful contact or payment.
  - 120 days past due with no cooperation and no viable collection plan.
  - Borrower bankruptcy or death; loans must be evaluated and charged off within 60 days of notification or referred to legal counsel.
- Charge-offs are reviewed and approved by the Credit Committee and reported to the Board of Directors. *New*
- Foreclosure and other legal actions require Credit Committee's approval and are reported to the Board. *New*
- Recoveries *Updated*
  - All collections after charge-off (payments, collateral sales, bankruptcy proceeds, judgments) are credited to the charged-off ledger and Loan Loss Reserve.
  - Deficiency notes may be negotiated; any payments received count as recoveries and credit the loan loss reserve.

# Financial Team Activity Updates

- Loan Management System
  - Recent milestone:
    - Completed the MNIT Enterprise Services Architecture Review Board (ESARB) review. System approved for use.
    - Salesforce licenses and Salesforce cloud backup procured
  - Current Activities:
    - Last steps of procurement process (SOW and License Agreement for Carahsoft)
  - Expected Start Date of Implementation:
    - July/August 2026 (4 weeks after contract is signed)
  - Expected Production Date:
    - December 2026/January 2027

*Big thanks to MNIT (And Maya) for their guidance and support!*

# New Policies: Stress Testing and Scenario Analysis Policy

- **Purpose:**
  - The purpose of the Stress Testing & Scenario Analysis Policy is to ensure MnCIFA systematically evaluates the potential impact of adverse economic, financial, and portfolio-specific conditions on its individual loans and overall loan portfolio.

# New Policies: Stress Testing and Scenario Analysis Policy

- Portfolio stress testing is required annually once the loan portfolio reaches at least \$70 million. *New*
- MnCIFA conducts both loan-level scenario analysis and portfolio-level stress testing to assess the impact of adverse conditions on its loan portfolio. *New*
- Loan-level scenario analysis evaluates borrower resilience under stressed conditions and occurs during underwriting and periodically based on risk rating or performance changes. *New*
- Portfolio-level stress testing evaluates the potential impact of shock events on overall portfolio performance; at minimum, tests must shock interest rates, DSCRs, and collateral values. *New*
- Results are used to set and validate risk tolerances, evaluate concentration limits, inform the allowance for loan loss methodology, and trigger risk-mitigating action plans when results fall outside acceptable ranges. *New*
- The Executive Team prepares and communicates the annual testing plan, oversees completion, and reports results and recommended actions to the Credit Committee and Board. *New*



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# Legal Office Updates

Peter R. Jones  
Staff Attorney

## Legal Templates

- Creating standard form documents with Jellum Law Firm
  - Promissory Note, Security Agreement, Loan Agreement
    - Sprint over next several weeks with goal to have these completed by mid-July 2026
    - New document format used with MN Marine Art Museum

## Tribal Affairs

- May 29, 2026: Informational meeting with Prairie Island Indian Community Net Zero Director
- July 10, 2026: MN Indian Affairs Council (MIAC) – MnCIFA will reintroduce and discuss the Call for Applications

## Other

- Data Inventory and process flow for responding to data requests
- Foreclosure and Collections to be supported by Jellum Law Firm

Thank You!

The MnCIFA Team