

Date: August 19, 2026**Item Activity:** Approve**Meeting:** MnCIFA Board of Directors**Prepared by:** Rachel Lauer, Portfolio Manager**Item Type:** Report & Recommendation

Item Title: Lake Street Solar – Approve Borrower Request for Repayment Deferral

Action Requested:

Adopt Resolution No. 2026-10

Information/Background:

On May 21, 2025, the Minnesota Climate Innovation Finance Authority (“MnCIFA”) Board of Directors approved a \$1,835,000 loan to Lake Street Solar for the finance and installation of solar panels across 10 community sites in the Twin Cities area. MnCIFA has met with Amber Naqvi, owner of Lake Street Solar, regarding the borrower’s request to delay the first repayment date by 6 months. The loan is currently set to begin principal & interest payments on August 1, 2026, but due to utility company delays, projects are behind schedule and have not yet generated the revenue needed for loan repayment. The Finance team is recommending the following credit actions:

- Downgrade the loan risk rating to 4 – Moderate/High Risk
- Extend date of first repayment to February 1, 2027, representing an additional 6-month deferment
- Keep the maturity date the same at August 1, 2034, and re-amortize the loan balance over a 78-month term (7.5 years)
- Require monthly construction pipeline updates until date of first payment
- Require monthly update from Borrower on project utility connections until date of first payment

Interest will continue to accrue at the current rate of 4.50% per annum, and all accrued interest will be capitalized at the end of the new deferment period and amortized for the remaining term of the loan.

Resources/Financial Impacts: May 30, 2026, Interim Financials, Construction pipeline**Supporting Documentation:**

- August 19, 2026, Credit Modification Memo to Board of Directors
- May 21, 2025, Credit Memorandum
- May 21, 2025, Board Meeting Minutes



RESOLUTION NO. 2026-10

APPROVE 6-MONTH REPAYMENT DEFERRAL FOR LAKE STREET SOLAR

The Minnesota Climate Innovation Finance Authority board of directors (the "Board") hereby adopts the following resolution at a meeting duly called and held with a quorum being present.

WHEREAS, the Board adopted bylaws on April 17, 2024, to conduct its business and perform its responsibilities and duties in an orderly, efficient, transparent, fair, and lawful manner; and

WHEREAS, on May 14, 2025, the Board approved a \$1,835,000 loan to Lake Street Solar with an 8-year tenor for the finance and installation of solar panels across 10 community sites in the Twin Cities area;

WHEREAS, Lake Street Solar has requested an extension to the first repayment date on the loan because of utility company delays, which have left projects behind schedule resulting in a lack of generated revenue needed for loan repayment;

WHEREAS, MnCIFA has reviewed and analyzed Borrower financials, and is supportive of granting a repayment extension;

NOW, THEREFORE, THE BOARD HEREBY RESOLVES as follows:

- Lake Street Solar's first repayment date will be deferred 6 months to February 1, 2027
- The risk rating on the loan will be downgraded to a 4 – Moderate/High Risk
- The interest will continue to accrue at 4.50% per annum, and the interest balance will be added to the net principal balance at the end of the deferment period
- The maturity date shall remain the same, August 1, 2034, and the loan balance will be re-amortized over the remaining 78 months of the term
- The Borrower will be required to provide monthly reports regarding the status of the construction pipeline and utility connections

Adopted by the Board this 19th day of August 2026.

Attest: _____

Bali Kumar, Chair

CERTIFICATE OF EXECUTIVE DIRECTOR

I, the undersigned duly appointed and acting Executive Director for the Minnesota Climate Innovation Finance Authority do hereby certify that the attached and foregoing Resolution was duly adopted by the Minnesota Climate Innovation Finance Authority at its Meeting of August 19, 2026, and recorded in the Minutes of that Meeting.

WITNESS my hand this _____ day of _____, 2026.

Peter Klein
Interim Executive Director



CREDIT MODIFICATION MEMORANDUM

Project Name: Lake Street Solar, LLC

August 19, 2026

Prepared By:
Rachel Lauer, Portfolio Manager

I. EXECUTIVE SUMMARY

Executive Summary	
Project Overview at Origination	
Project Name	Lake Street Solar
Sponsor Name	NA
Borrower Name	Lake Street Solar MN, LLC (dba Lake Street Solar, LLC)
Location (City, County)	St. Paul / Minneapolis Ramsey / Hennepin counties
Technology	Solar Panels
Project Description	Lake Street Solar (LSS) and Interfaith Power & Light (IPL) partnered on a 10-site portfolio of solar projects on various community sites.
Project Sources	
MnCIFA Loan Amount	\$1,835,000
Other Debt	
Equity	\$300,280.16
Other Capital (e.g., PRI, Grants)	
Total Project Cost	\$2,135,280.16
MnCIFA Loan Terms at Origination	
Term /Amort	96 mo./96 mo.
Interest Rate	4.50%
Draw Schedule	Single Advance
Repayment Schedule	12 mo. deferred pmt, P&I beginning 8/1/2026
Origination Fee	NA
Origination Date	6/25/2025
Original BOD Approval	5/14/2025
MnCIFA Capital Stack Position	Senior lender
MnCIFA Security/Collateral	Solar energy systems; PPA's, UCC filing on project assets; ITC monetization; Green Cost Share grants
Loan Modification Summary	
Background: On 6/8/26, Amber Naqvi sent MnCIFA a formal request to delay the first repayment date for LSS's loan from 8/1/2026 to 11/1/2026. Due to staff transitions, this request	

was received by PM Rachel Lauer on 7/14, and a meeting with Mr. Naqvi was held on 7/22.

During that conversation with the borrower, MnCIFA learned that LSS has not had the revenue they projected from solar projects. This is due to a number of delays, namely Xcel interconnection issues, application approval delays, reduction in workforce from the Metro ICE Surge, and ending of Safe Harbor for ITC leading to long wait times in the utility queue. As of 7/28, 4 projects are fully connected, 3 are awaiting final connection/completion, and 3 are still in the construction stages. Mr. Naqvi expects the first projects to produce revenue within 3-4 months, and the remaining projects to be completed within next calendar year.

Recommendation:

Due to the nature of the delays, and the first projected revenue being received by LSS in 3-4 months, MnCIFA is supportive of the following modification:

- Downgrade the loan risk rating to 4 – Moderate/High Risk
- Extend date of first repayment to 2/1/2027, an additional 6-month deferment
- Keep the maturity date the same at 8/1/2034, and re-amortize the loan balance over a 78-month term (7.5 years)
- Require monthly construction pipeline updates until date of first payment
- Require monthly update from Borrower on project utility connections until date of first payment

Interest will continue to accrue at the current rate of 4.50% per annum, and all accrued interest will be capitalized at the end of the new deferment period and amortized for the remaining term of the loan.

II. PROPOSED TERMS

Executive Summary	
MnCIFA Loan Terms Following Modification	
Loan Amount	\$1,835,000
Term / Amort	96 mo. / 96 78 mo. amortization period
Interest Rate	4.50%
Draw Schedule	Single Advance
Repayment Schedule	12 18 mo. deferred payment, beginning 2/1/27
Origination Fee	NA
MnCIFA Lien Position	Senior lender
MnCIFA Security/Collateral	Solar energy systems; PPA's, UCC filing on project assets; ITC monetization; Green Cost Share grants

III. CREDIT ANALYSIS

YTD interim financials were received through 5/30/26. This included a Balance Sheet, Income Statement, and Cash Flow. The interim financials highlight several areas where the business may benefit from additional support and financing relief.

Lake Street Solar is currently operating with negative profitability and a highly leveraged balance sheet, but remains active with a growing pipeline, strong short-term liquidity, and positive operating cash flow. While margins are tight and long-term liabilities constrain overall liquidity, the company appears positioned to benefit from prior investments as it works toward improving revenue and stabilizing financial performance.

Overall, while the borrower is facing challenges, the financials present opportunities for restructuring or flexible credit solutions. It is the opinion of the Credit Committee and Executive Management to support this modification to loan terms.

Project Risk Rating

Rating Factors	Previous Value	New Value	Rationale
Risk Rating Downgrade	3.0/5.0	4.0/5.0	Request for deferred payment reflects an inability to meet the debt service required. While delays are due to largely 3 rd party and external factors, LSS does not present with sufficient cash flow to repay their loan without correcting these issues.

IV. FINAL RECOMMENDATION

Granting a 6-month repayment deferral through 2/1/27 allows Lake Street Solar to continue to focus on operational efficiency, like completing utility connections through Xcel Energy and submitting changes to interconnection approval paperwork in a timely manner. This also doesn't put a strain on the borrower's cash flow, and the increase in monthly payments following the deferral period is minimal and can be absorbed through projected revenue to the borrower.

This risk will be mitigated with increased monitoring by MnCIFA until the deferral period ends and P&I payments begin. Allowing this extension is a collaborative solution and sets LSS up on a path for future success.

Credit Memo

Date: May 21, 2025

To: MnCIFA Board Meeting – Meeting Date May 21, 2025

From: Peter Klein

RE: Interfaith Power & Light/Lake Street Solar - \$1,835,000 Financing Request

Action Requested:

Approval of a \$1,835,000 loan to partners Interfaith Power and Light and Lake Street Solar to finance a 10-site 579kW portfolio of solar projects on community sites, including places of worship, homeless shelters, and community centers.

Background:

The Solar Equity Portfolio 2025 represents the second phase of a collaborative, community-centered initiative led by [Lake Street Solar, LLC](#) and [Minnesota Interfaith Power & Light](#) (MNIPL). The project builds upon the success of an earlier portfolio deployed in response to the social unrest and property damage of 2020 in the Twin Cities, which underscored the urgent need for both environmental and racial justice-driven infrastructure investment.

This first deployment not only delivered clean energy to historically under-resourced neighborhoods but also helped demonstrate the viability of community-first climate finance. The model established through this effort has directly informed the structure and ambition of the proposed second portfolio, which continues to prioritize justice-oriented deployment, accessible financing, and scalable clean energy solutions. In the first deployment, Lake Street Solar supplied approximately 70% equity of the entire portfolio's cost, and the remaining 30% was taken as a loan from Minnwest Bank.

Building on this proven track record, the current application to MnCIFA seeks financing for a new 10-site portfolio totaling 579.18 kW DC of rooftop solar installations – collectively known as the Solar Equity Portfolio 2025. This second-round initiative continues our commitment to serve communities that have historically faced barriers to clean energy access.

Importantly, the majority of host sites meet the LIDAC designation under the EPA EJ Screen 2.0, with four qualifying under the CEJST (Climate and Economic Justice Screening Tool) and five meeting criteria for the EPA's

IRA Disadvantaged Communities definition. These designations underscore the portfolio's alignment with MnCIFA's environmental justice and climate equity priorities.

Proposed Project:

The MnCIFA financing will join with private capital to fund 6-year to 8-year PPAs for 10 host properties. Those properties and the size of the corresponding rooftop solar installations are:

Host Property	System Size (kW DC)	Current Usage (kWh)	Avoided Cost - PPA Term Year 1 (\$/yr)	Avoided Cost - Post PPA Term Year 10 Est. (\$/yr)	Community Impact Summary
Redeemer Lutheran Church, Minneapolis	30.7	41,648	\$291.54	\$7,890.32	Serves Harrison neighborhood; youth programs, housing nonprofit, and resilience hub
San Pablo Iglesia / St. Paul's Church, Minneapolis	49.88	30,800	\$67.76	\$5,677.43	Serves predominantly Latina community and the Phillips neighborhood
New Creation Baptist Church, Minneapolis	36.5	41,310	\$1,317.79	\$8,407.97	Serves predominantly Black community; includes food shelf and community gardens
First Baptist Church, St. Paul*	91.6	220,000	\$44.00	\$25,642.01	Serves predominantly Karen community; children's and immigration support programs
Celtic Junction Arts Center, St. Paul*	63.8	85,680	\$514.08	\$11,363.17	Promotes Celtic music and arts; platforms BIPOC and LGBTQ artists
180 Degrees, 1281 East 7th St, St. Paul*	27.8	88,390	\$35.36	\$12,306.14	Programs for youth homelessness, trafficking, re-entry support
180 Degrees, 1301 East 7th St, St. Paul	48.1	23,889	\$205.45	\$3,119.15	Second site – see above

Clark Grace UCC, South St. Paul	16.2	19,200	\$307.20	\$3,514.60	First African-American UCC in MN; formed through racial healing congregation merger
Mount Olivet Lutheran Church, Plymouth*	123	198,400	\$496.00	\$23,208.83	Serves Plymouth community; supports food shelf via community garden
Spirit of Hope UMC, Golden Valley*	91.6	109,691	\$274.23	\$13,095.65	Suburban congregation serving the Golden Valley community
<i>*Denotes Demand-Metered</i>			<i>Includes 7% demand reduction savings when applicable</i>	<i>Accounts for 2.5% annual rising rates from the utility and 7% demand reduction.</i>	

The Solar Equity Portfolio 2025 will deploy rooftop distributed energy systems across ten host sites using proven commercial solar technology that delivers both high energy output and low lifecycle maintenance costs. The design reflects the project’s commitment to resilient, efficient, and equitable infrastructure, leveraging advanced components to ensure optimal energy generation, system reliability, and compliance with state and federal climate investment priorities.

MN Interfaith Power & Light has provided the network of relationships to create a diverse and well-rounded portfolio of hosts and projects. Through their connections to many faith communities and their partnerships with other environmental and community-response nonprofit organizations, they have developed the trust to bring this opportunity to key clients and potential clients to the PPA opportunity. They provide education about rooftop solar and its benefits and guidance through the decision-making process, meeting with the multiple stakeholders involved in nonprofits and faith communities. They handle any applicable municipal rebate applications and communicate updates and field questions through the interconnection application and construction process. They support client celebration efforts and carry success stories forward to support new portfolios and solar uptake for those who can benefit from this Solar PPA program.

Sources and Uses

The Solar Equity Portfolio 2025 is designed to blend public and private capital using a mission-aligned PPA model that ensures no upfront costs for host institutions while delivering long-term energy savings and ownership opportunities. The financing strategy leverages federal, state, and local incentives to reduce capital needs and support project bankability.

Sources and Uses of Funds

Source	Estimated Contribution (\$)	Estimated Contribution (%)
MnCIFA Loan	\$1,835,000.00	86%
Equity from Lake Street Solar	\$200,280.16	9.3%
Equity from MNIPL	\$100,000.00	4.7%
Total Sources	\$2,135,280.16	100%

Use	Estimated Amount (\$)	Estimated Amount (%)	Per Watt
Equipment (modules, inverters, BOS)	\$ 1,025,351.38	48%	\$ 1.77
Installation (labor, permitting) including 8-year O&M services and related warranties	\$ 573,198.44	27%	\$ 0.99
Engineering	\$ 43,671.16	2%	\$ 0.08
Development and Management Services / Financing	\$ 377,303.17	18%	\$ 0.65
Outreach Partner (MNIPL)	\$ 115,756.00	5%	\$ 0.20
Total Uses	\$ 2,135,280.16	100%	\$ 3.69

Financial Analysis:

The financial analysis is based on audited financials of the Lake Street Solar on project cashflows over the 8-year term.

- Debt-to-Equity: 0.76
- Debt Coverage Ratio: 0.24
- Risk Rating: 2.9
- Scoring Framework: 71

Collateral:

The MnCIFA loan will be secured by:

- **Solar Energy Systems** (modules, inverters, racking, BOS components)
- **Power Purchase Agreements (PPAs)** and all associated revenue streams
- **Incentive Payments** (ITC monetization, Green Cost Share grants, where applicable)
- **UCC-1 Filing** on the project LLCs' assets

Risks:

Standard Solar Construction Risks

- **Construction:** Timeline can change, due to customer schedules and other changes. Lake Street Solar will mitigate through internal EPC use.
- **System Performance:** Mitigated through proven equipment (Jinko, SolarEdge) and monitoring (SolarAMPs platform).
- **Customer / PPA Counterparty Risk:** Mitigated via pre-screening of nonprofit hosts and potential credit enhancements; 8 of 10 PPAs are currently signed and ready to begin construction and the last 2 should be signed in May.

Tax Credit Risk

- The current ITC rules would indicate that the solar investment is eligible for at least a 30% tax credit. There have been discussions at the federal level to make adjustments to the ITC, but it is doubtful that any changes would affect this project as changes should not occur until 2026. The ITC will be retained in the cash flow of the project and would have a significant negative impact if it was not
- Structured around conservative timelines; bridge funding options under consideration.
- Federal ITC and depreciation rules are currently codified through 2032, substantially reducing near-term regulatory risk.

Tariff Risk

- Changes in U.S. trade policy, such as new or increased tariffs on imported solar panels or inverters, could affect equipment pricing and availability. Lake Street Solar mitigates this risk by procuring from Tier 1 suppliers with tariff-compliant manufacturing footprints and by engaging in procurement conversations early to lock in pricing. The portfolio avoids reliance on suppliers subject to active anti-dumping or countervailing duty investigations.

Loan Terms:

The following are the proposed terms of the financing:

- 8 year term, with a 8-year amortization schedule with interest accruing August 1, 2025 with interest and principal payments beginning August 1, 2026.
 - The interest rate will be set at the 10-year Treasury Bill rate one week before the closing date.

- Interest will start to accrue on August 1, 2025. The accrued interest from August 1, 2025 through July 31, 2026 will be added to the principal amount.
- Monthly principal and interest payments will begin no later than August 1, 2026 and all outstanding principal and interest will be paid in full by August 1, 2034

Workforce:

- Prevailing wages will be paid and reported.
- Approximately 3-5 FTEs construction jobs.
- 1 FTEs created

Energy Savings:

- 2.21 Billion BTUs annually
- 265 tons of annual CO2 avoided
- 7,665 tons of CO2 avoided over the life of the project.

Recommendation:

- It is recommended that the Board of MnCIFA authorize the execution of loan documents, with Interfaith Power & Light Lake Street Solar for a loan not to exceed \$1,835,000 and to authorize the transfer of funds if all covenants are met.



Meeting Minutes: Minnesota Climate Innovation Finance Authority Board of Directors

Date: 05/21/2025

Minutes prepared by: Parisa Rostamkhani

Location: Minnesota Pollution Control Agency – Conference room 600 / Hybrid

Attendance:

- The meeting began at approximately 9:30 am
- Present: Kumar, Teiken, Nelmark, Haagenonson, Benjamin, Kohlasch, Fowler, Warmuth, Sultanova
- Absent: Wyckoff
- Perushek joined at 9:34 am, McKinnon joined at 9:35 am, Mills joined at 9:36 am

Approval of Agenda:

- Motion: Kumar, Second: Haagenonson
- Unanimous approval- roll call vote

Approval of April 16th Board Meeting Minutes:

- Motion: Kumar, Second: Teiken
- Unanimous approval - roll call vote
- Abstain: Kohlasch, Sultanova, Warmuth

Governance Committee Update:

- Kumar gave an update on the governance committee. The current members are Mills, Perushek, Kohlasch, and Kumar. The first meeting is in the process of being set up, and Haagenonson will speak on her thoughts from the board retreat.

Conflict of Interest Policy:

- Nelmark went over the Conflict of Interest policy that was put in place to protect MnCIFA's interest when the board members are contemplating entering a financial proposal or request or any transaction or arrangement that would benefit a private interest of any MnCIFA board members. The Annual Conflict of Interest form and the Board Meeting Conflict of Interest forms were reviewed. The board members will sign the Board Meeting Conflict of Interest form before each discussion and will have a vote on any proposed project finance request. This is only for a member who knows ahead of any board meeting that they have a conflict of interest with a financial proposal. If a board member has a conflict of interest, then the board member shall not participate in the proposed financing request discussion and must recuse themselves from voting on

that particular issue. The Annual Conflict of Interest form will be sent to all board members to be signed and sent back to staff.

- An individual conflict of interest includes, but is not limited to, any of the following conditions:
 - (a) A board member is an employee or board member of an applicant or is a family member of anyone involved in the applicant's agency.
 - (b) The board member works in a volunteer capacity for an applicant or an applicant's organization.
 - (c) A board member has equity or a financial interest in or partial or whole ownership of an applicant organization.
- Improper actions resulting from a conflict of interest include but are not limited to the following:
 - (a) A board member uses their status or position to obtain special advantage, benefit, or access to the applicant's time, services, facilities, equipment, supplies, badge, uniform, prestige, or influence.
 - (b) A board member receives or accepts money or anything else of value from an applicant.
 - (c) A board member votes or takes action on any business of the MnCIFA in a manner that is favorable to the personal interest more than or in opposition to the interest of the MnCIFA.
- Motion to approve the Conflict of Interest Policy:
 - Motion: Nelmark, Second: Mills
 - Unanimous approval – roll call vote
- Credit Committee Updates:
 - Nelmark gave an update on the credit committee discussion on composition and mechanics, evolving lending terms and conditions. There will be non-public credit committee meetings for more robust discussions to be made, so that conversations can be more transparent on certain projects that are brought about. This practice will help in managing both the risk and transparent nature of what the members are called to do.

Review of Credit Memos:

- Winegar, Inc. is seeking approval for a loan of \$1.8 million for the installation of a 600-kW (AC) solar system at its 120,000 square foot manufacturing facility in Waseca. The energy produced will be used to partially power the operations of the facility.
 - A discussion was made on why this specific project was selected to be considered for financing. Peter Klein explained that it will give a significant reduction to CO2 emissions, which is MnCIFA's mission, as well as helping manufacturers in a non-metro area of Minnesota.
 - Motion to authorize a \$1.8 million loan to Winegar, Inc.:
 - Motion: Nelmark, Second: Fowler
 - Unanimous approval – roll call vote
- Neighborhood Development Center is seeking approval for a loan of \$1.5 million for the establishment of a Community Development Financial Institution (CDFI) Small Business Green Energy Loan Fund. This program will focus on serving BIPOC and immigrant-

owned small businesses in Environmental Justice communities across Minnesota. The eligible projects will be decarbonization and renewable energy installations in underserved communities.

- Motion to authorize a \$1.5 million loan to Neighborhood Development Center:
 - Motion: Haagenson, Second: Perushek
 - Abstain: Nelmark, McKinnon
 - Unanimous approval – roll call vote
- Interfaith Power & Light Lake Street Solar is seeking approval for a loan of \$1.8 million to finance a 10-site 579kW portfolio of solar projects on community sites, including places of worship, homeless shelters, and community centers. Both entities will be listed as borrowers on the loan.
 - Motion to authorize a \$1.8 million loan to Interfaith Power & Light Lake Street Solar:
 - Motion: Nelmark, Second: Fowler
 - Abstain: Mills
 - Unanimous approval – roll call vote

Executive Director Report:

- Kari Groth Swan gave an update on the state legislature and federal policy proposals on behalf of Pete Wyckoff. Kohlasch informed that MPCA has been tracking the bill. These grants are focused on greenhouse gas reduction and climate resiliency. McKinnon also mentioned that DEED is waiting for news on an agreement that relates to the state budget results.
- There has been an offer to the position for Communications to Mo Schriener, who is the Director of External Affairs at Commerce. She will start on June 4th and will take the lead on the website design. Her contract will be signed by the end of the month.
- References are being checked for the CFO position and hope to have someone by mid-June. The hiring for the CIO position is still in process and anticipate having the position filled by late July.
- A MNIT IT program manager will hopefully start after July 4th. This person will help in the procurement of systems needed, such as CRM, funding, lending and portfolio management, grant compliance, website, and technology considerations. Other job descriptions are being drafted with consideration of the Org Chart.
- There will be a binding Insurance Policy effective June 1st for Directors' and Officers' liability insurance. The coverage is for a \$1 million limit, which was recommended for an agency this size. This protects MnCIFA's Board and Executive Team if they are personally sued for actual or alleged wrongful acts in management.
- The MnCIFA audit will be completed by September 30th, which is in sync with other state agencies.
- There are negotiations being made on a new space for MnCIFA, as Commerce needs their space back by June 1st due to the new telework policy mandated by Governor Walz. Anticipate being in our final space by the 1st of September.
- We are anticipating the Solar For All \$23.8 million transfer from Commerce sometime soon.
- The GB50 has created two new workgroups that MnCIFA will be participating in; one is a capitalization workgroup, and one is a philanthropic workgroup.

- A one-pager has also been created on Direct Pay that has been used at webinars and other events.

Other Business and Discussion for the Board:

- No other discussion items were made.

Motion to Adjourn:

- Motion: Kumar, Second: Mills
- Unanimous approval – roll call vote
- Meeting ended approximately 12:04 pm

Action Items:

- Board members to receive Annual Conflict of Interest form to fill out and send back by June 1st.