

Date: August 19, 2026

Item Activity: Approve

Meeting: MnCIFA Board

Prepared by: Arpita Bhattacharyya, CIO

Item Type: Report & Recommendation

Item Title: Rescind Loan Approval to Neighborhood Development Center Lake and Chicago Innovation Center

Action Requested:

Adopt Resolution No. 2026-9

Information/Background:

On March 19, 2025, the Minnesota Climate Innovation Finance Authority (“MnCIFA”) Board of Directors approved a \$3,000,000 loan to the Neighborhood Development Center (“NDC”) to finance the solar installation and geothermal HVAC system components of its to-be-constructed Lake and Chicago Innovation Center (the “Project”). The Project is at the site of two buildings that were destroyed during the civil unrest of 2020 and was intended to provide a location for assisting BIPOC-owned businesses in scaling their business models. Since the Board approved the loan over one year ago, there have been repeated delays in the Project development timeline. MnCIFA recommends rescinding loan approval and performing a new underwriting when the Project is ready to move forward.

Resources/Financial Impacts: \$3,000,000 in unencumbered funds for use on other Qualified Projects.

Supporting Documentation:

- March 5, 2025, Credit Memorandum
- March 19, 2025, Board Meeting Minutes



RESOLUTION NO. 2026-9

**RESCIND APPROVAL OF LOAN TO NEIGHBORHOOD DEVELOPMENT
CENTER INNOVATION CENTER AND AUTHORIZE FUNDS TO BE UNENCUMBERED**

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 March 19, 2025, the Minnesota Climate Innovation Finance Authority approved a \$3,000,000 loan to Neighborhood Development Center (NDC) to finance the solar installation and geothermal HVAC system components of its to-be-constructed Lake and Chicago Innovation Center; and

WHEREAS, on July 8, 2026, due to ongoing project delays, MnCIFA had informed, and NDC acknowledged that the underwriting for the loan was stale-dated and that as a result MnCIFA would need to rescind the loan approval and conduct a new underwriting of the project.

NOW, THEREFORE, THE BOARD HEREBY RESOLVES that the Minnesota Climate Innovation Finance Authority hereby rescinds its loan approval dated March 19, 2025, and directs the acting Chief Financial Officer to unencumber the funds for use on other Qualified Projects.

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 Memo

Date: March 5, 2025

To: MnCIFA Credit Committee – Meeting Date March 12, 2025

From: Peter Klein

RE: Neighborhood Development Center - \$3,000,000 Financing Request

Action Requested:

Approval of a \$3,000,000 loan to Neighborhood Development Center, a not-for-profit entity, for the purchase and installation of solar and efficient HVAC equipment for a new construction building to be located at 810 East Lake Street in South Minneapolis.

Background:

Neighborhood Development Center (NDC) began in 1993 and has trained over 5,000 low-income neighborhood residents to write a business plan for their own ideas. Over 500 are currently operating and employing over 2,300 individuals. NDC provides entrepreneur training, business loans, business services and incubator space. Its headquarters are on University Avenue in Saint Paul, and it has an ownership in the Midtown Global Market in Minneapolis which is located adjacent to the proposed Innovation Center.

NDC is proposing to build the Lake and Chicago Innovation Center at the site of two buildings that were destroyed during the civil unrest of 2020. The Innovation Center will focus on assisting second stage BIPOC owner businesses toward scaled growth. The project aims to bridge the gap in industrial tech and production scale kitchens for entrepreneurs and innovators in low-income communities. NDC has a strong history of creating meaningful wealth building opportunities for entrepreneurs of color, as well as the creation of livable wage jobs. The facility will have a full food production kitchen, full beauty and cosmetic kitchen, a technology center, media lab, and dynamic office spaces. NDC anticipates assisting 20-30 businesses and the creation of 40-75 livable-wage jobs. The construction costs of the 27,000 square foot facility are expected to be around \$24,000,000.

MnCIFA has been requested to fund a solar installation, a very efficient geothermal HVAC system and component parts of the structure that will enable NDC to reduce the energy use of the facility to less than half of a similarly configured structure. The estimated cost for these components is \$3,000,000. This funding would come from current funds provided by the Legislature. We expect to submit this project for partial funding from the \$25,000,000 Inflation Reduction Act (IRA) award received through the Coalition for Green Capital (CGC). Approximately \$1,500,000 will be reimbursed from the CGC grant funds. The intent of the remaining MnCIFA

portion of this financing (\$1,500,000) is for it to be a bridge loan, and for it to be repaid once the investment tax credit (ITC) has been received or other funding sources are secured.

Proposed Project:

The loan funds will be used to purchase and install a solar energy system and the related HVAC components. The overall construction project sources and uses is outlined below:

Sources of Funds:		Uses of Funds:	
• State of Minnesota - DEED	\$ 4,500,000	General Construction	\$ 18,000,000
• Federal – HHS/OCS	675,000	Solar / Geothermal HVAC	3,000,000
• Local Government Agencies	4,500,000	Acquisition	<u>3,000,000</u>
• Federal Appropriation	1,000,000		
• Other Grants / Donations	5,500,000		
• Ameriprise Loan	3,750,000		
• MnCIFA - Legislation	3,000,000		
• Equity	<u>1,075,000</u>		
• Total	\$24,000,000	Total	\$24,000,000

Financial Analysis:

The audited financial statements, for the year end of December 31, 2023, show that NDC was profitable. The financial ratios below are based on the 2023 audited financial statements:

- Debt-to-Equity .97 (This is a very strong balance sheet)
- Debt Coverage Ratio .92 (This is low but it is caused by \$4.5MM of current debt maturing)
- Risk Rating 1.09
- Scoring Framework 80

Interim financial statements ending September 30, 2024 were also reviewed and they indicate profitability and no deterioration of the balance sheet (Debt-to-Equity of .94).

Of the \$4.5MM of debt that was currently due at the end of 2023, about half was paid off in 2024 and the other half was refinanced. The debt coverage ratio, including this MnCIFA loan if approved, will be in excess of 1.20 for 2025.

Collateral:

MnCIFA will hold a lien on the property in the form of a mortgage. The MnCIFA mortgage might be subordinate to the DEED grant and the Ameriprise loan. If it is subordinate to these, our loan position would be at less than half of the cost of the project [\$4.5MM (DEED) + \$3.75MM (Ameriprise) + \$3MM (MnCIFA) = \$11.25MM].

Risk:

ITC Risk:

- The current ITC rules would indicate that the solar and geothermal projects are eligible for at least a 40% tax credit, currently estimated at \$1,500,000. 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.

Construction:

- NDC has a solid history of developing real estate projects and it has a balance sheet that can handle most unexpected circumstances that often arise with construction projects.

Loan Terms:

The following are the proposed terms of the financing:

- Five-year term with a 20-year amortization, payments deferred for one year with interest accruing June 1, 2025, or 30-days after closing, whichever is later.
 - The interest rate will be set at the 10-year Treasury Bill rate one week before to the closing date.
 - Interest will start to accrue on June 1, 2025, or 30-days after closing, whichever is later. The accrued interest for 2025 and 2026 will be added to the principal amount.
- Monthly interest and principal payments, with a 20-year amortization, will begin on 1/1/27.
 - The loan documents will require NDC to remit all funding received through the direct payment of the ITC within 30 days of its receipt. The loan will be re-amortized after the ITC has been received.

Workforce:

- Prevailing wages will need to be paid and reported.
- Approximately 240 FTEs construction jobs.
- 40 new FTEs created at the project.

Energy Savings:

- 1,425,000,000 Btus annually.
- \$64,000 annual savings.
- 127 MTCO2E avoided annually.

Recommendation:

- It is recommended that the Board of MnCIFA authorize the execution of loan documents, with Neighborhood Development Center and any affiliated entities, for a loan not to exceed \$3,000,000 and to authorize the transfer of funds if all covenants are met.



Meeting Minutes: Minnesota Climate Innovation Finance Authority Board of Directors

Date: 03/19/2025

Minutes prepared by: Parisa Rostamkhani

Location: Minnesota Pollution Control Agency – Conference room 100 / Hybrid

Attendance:

- The meeting began at approximately 9:31am
- Present: Kumar, Teiken, Sultanova, Warmuth, Nelmark, Haagenson, Mills, Perushek, Kohlasch, Fowler
- Absent: Benjamin, McKinnon, Wyckoff

Approval of Agenda:

- Motion: Kohlasch, Second: Teiken
- Unanimous approval- roll call vote

Approval of February 19th Board Meeting Minutes:

- Motion: Kohlasch, Second: Teiken
- Amend meeting minutes to revise sentence on the second bullet point of Executive Director Report:
- Motion: Haagenson, Second: Kohlasch
- Unanimous approval- roll call vote

Board Retreat Debrief:

- Tessa Haagenson gave a brief overview of the MnCIFA Board Retreat on March 7th. The retreat was for education/training, state/federal regulatory landscape, and the shape and direction of the board.
- Stacy Sjogren shared the results from the activities that were done at the board retreat.
- Activity #1: “How do you think the board should approach fulfilling its governance responsibilities in the long term?”
 - Establish annual review, boundaries of ED oversight and support by board.
 - Leverage established policies/best practices
 - Create annual goals and benchmarks of success
 - Leverage committees to support governance
 - Guiding concepts/goals (“answers”)
 - Establish cadence/create a calendar to guide renew of strategy/policies
- Activity #2: What steps should the board take now to start building its governing systems & capabilities?
 - Governance committee
 - More trainings and brainstorming
 - Hiring staff and resources + MOU

- Refining and perfecting
- Activity #3: “What are the current top priorities for the board and MnCIFA at this time?”
 - Funding stabilized
 - Mission reflected in decisions and communications
 - Lending system stabilized
 - Staff & technology scaled to needs
- Activity #4: “How can the board as a whole best support the top 3 priorities?”
 - Establish performance goals for each of the authorities’ priorities on an annual or biannual basis.
- Activity #5: “What does governance look like in 2030?”
 - Established policies and procedures
 - Board fully shifted to oversight role
 - Strong brand and reputation
- Activity #6: “What does administrative success look like in 2030?”
 - Independent agency
 - Fully staffed
 - Green bank leader
 - Policies in place
- Activity #7: “What does public impact success look like in 2030?”
 - MnCIFA is achieving
 - Financially viable
 - Positive public image

Credit Committee Proposals:

- Chair of the credit committee, Julia Nelmark, shared the four project proposals that were approved by the credit committee on March 12th.
- Peter Klein presented the four proposals:
 - 3561 Minnehaha LLC. is asking for a \$2 million loan.
 - Motion to approve 3561 Minnehaha request for \$2 million:
 - Motion: Kumar, Second: Haagenon
 - Unanimous approval – roll call vote
 - 180 Degrees is asking for a \$1.7 million loan.
 - Motion to approve 180 Degrees for \$1.7 million:
 - Motion: Kumar, Second: Teiken
 - Unanimous approval – roll call vote
 - Neighborhood Development Center (NDC) is asking for a \$3 million loan
 - Motion to approve NDC for \$3 million loan
 - Motion: Kumar, Second: Mills
 - Abstain: Nelmark
 - Unanimous approval – roll call vote
 - Greater Minnesota Housing Fund (GMFH) is asking for a \$4 million revolving loan for various projects
 - Motion to approve GMHF \$4 million loan with the stipulation that the loan docs include language to use proceeds for MnCIFA’s mission, and to make sure the proceeds include all applicable state law requirements

- Motion: Nelmark, Second: Haagenson
- Abstain: Teiken, Mills
- Unanimous approval – roll call vote

Executive Director Report:

- Kari Groth Swan thanked everyone for making the MnCIFA board retreat happen. Introduced Arpita Bhattacharyya who is working with MnCIFA as a consultant and is helping with the project pipeline and as well as the LPO.
- The Heights was featured in the CGC semi-annual report. There has been a lot of legal press that has been circulating that our Attorney General's office has been handling.
- The communications position has now been taken down. Almost 200 applications were submitted. We are also in the process of contracting a retired commerce employee who will be able to assist for 10-15 hours a week. Currently working to get a MNIT program manager which will help with all our software/CRM needs. Nighthawk is a state vendor that was selected to help with the website that the Comms position will work with.
- Quarterly meeting will be on March 26th.

Open Discussion/Other Items for the Board:

- No other discussion items were made.

Motion to Adjourn:

- Motion: Kumar, Second: Haagenson
- Unanimous approval – roll call vote
- Meeting ended approximately 11:56pm