



Board Meeting #1
November 15, 2023

Agenda

- ***Welcome from Commerce Commissioner Grace Arnold***
- **Oath of Office**
- Approval of Agenda
- Staff & Board Introductions
- What is a green bank? And overview of MNCIFA
- Election of Chair and Vice-Chair
- Update on Federal resources & other funding sources
- Major activities in the year ahead
- *Greeting from Lieutenant Governor & Others (as they arrive)*
- Requirements & Responsibilities of the Board
- Open Discussion



Oath of Office

Agenda

- *Welcome from Commerce Commissioner Grace Arnold*
- Oath of Office
- **Approval of Agenda**
- Staff & Board Introductions
- What is a green bank? And overview of MNCIFA
- Election of Chair and Vice-Chair
- Update on Federal resources & other funding sources
- Major activities in the year ahead
- *Greeting from Lieutenant Governor & Others (as they arrive)*
- Requirements & Responsibilities of the Board
- Open Discussion

Agenda

- *Welcome from Commerce Commissioner Grace Arnold*
- Oath of Office
- Approval of Agenda
- **Staff & Board Introductions**
- What is a green bank? And overview of MNCIFA
- Election of Chair and Vice-Chair
- Update on Federal resources & other funding sources
- Major activities in the year ahead
- *Greeting from Lieutenant Governor & Others (as they arrive)*
- Requirements & Responsibilities of the Board
- Open Discussion



Staff and Board Introductions (Lissa Pawlisch)

Agenda

- ***Welcome from Commerce Commissioner Grace Arnold***
- **Oath of Office**
- Approval of Agenda
- Staff & Board Introductions
- **What is a green bank? And overview of MNCIFA**
- Election of Chair and Vice-Chair
- Update on Federal resources & other funding sources
- Major activities in the year ahead
- *Greeting from Lieutenant Governor & Others (as they arrive)*
- Requirements & Responsibilities of the Board
- Open Discussion

Minnesota's Climate Action Framework

Immediate near-term actions and a long-term vision:

- Carbon free
- Resilient
- Equitable

Minnesota has big climate plans (and big climate LAWS)



We have big climate goals

Legislatively Determined Goals

100% by 2040 (Carbon-Free electricity): Require that electric utility must generate or procure electricity from carbon-free energy technologies equivalent to at least the following standard percentages of the electric utility's total retail electric sales to retail customers in Minnesota by the end of the year indicated: 80% by 2030 for public utilities, 60% by 2030 for other electric utilities; 90% by 2035 for all electric utilities; 100% by 2040 for all electric utilities. ([Chapter 7, Section 10](#) Amendment to [216B.1691](#) Subd. 2(g))

Greenhouse Gas Emissions (GHG) Reduction Goal: Reduce statewide greenhouse gas emissions across all sectors producing greenhouse gas emissions by at least the following amounts, compared with the level of emissions in 2005: 30% by 2025; 50% by 2030 and to net-zero by 2050. ([Chapter 60 Article 12, Section 61](#) amendment to Mn. Statute [§216H.02 subd.1](#))

2023 MN ENERGY LEGISLATION

Buy Clean, Buy Fair Minnesota
100% Carbon-Free Electricity by 2040
Sustainable Building Guidelines Modifications
Preference Order for Purchase of State Vehicles
RDA Projects Subject to Prevailing Wage/Diversity Report
Solar Reward Expansion
Air Ventilation Program Act
Auto dealers must employ personnel with knowledgeable of electric vehicles
Utility Reporting Due Date Modification
Repeal/Reinstatement of Intervenor Compensation Statute
Electric Vehicle Deployment Program
Strengthen MN Homes
Customer's Access to Electricity Usage Data
Transportation Electrification Plan
Community Solar Garden Modifications
Prairie Island Nuclear Power Plan Settlement Payments
Distributed Solar Energy Standard
Energy Storage Systems Deployment Target
Utility Customer Dispute Resolution
Definition of Low-Income Household
Approval of Projects to Modernize Transmission and Distribution System
Large Wind Energy Conversion System Certification of Need Exemption
Modification of Threshold Requiring PUC Approval
Commerce's Assessment Increase
Compensation for Certain PUC Proceeding Participants
State Competitiveness Funds (1.0 & 2.0)
Climate Innovation Finance Authority
Commissioner authority to administrator Solar for Schools Program
Pre-weatherization and Workforce Training Program
Energy Benchmarking
Electric School Bus Deployment Program
Solar for School Modifications from Xcel to Commerce Department
Solar on Public Building Program Establishment
Energy Storage Incentive Program
Distribute Energy Resources System Upgrade Program
Electric Vehicle Rebates
Dealers Grants to Cover cost manufacturer certification
PACE Loan Program
Residential Electrical Panel Upgrade Grant Program
Residential Heat Pump Rebate Program
Public Utility Diversity Reporting
Energy Storage System Definition
Conforming Changes to definition of large energy power facilities and site permit
Gas and Hazardous Liquid Definitions Changes
Greenhouse Gas Emission Reduction Goal Modifications
Modification to Annual Report on Telecommunications Access Program
Restriction on single family solar installations prohibited
Extension of Sunset on Gas Utility Recovery of Infrastructure Costs
Creation of a Tribal Advocacy Council on Energy
Electric Grid Resiliency Grants
Community Solar Garden Study
Local Climate Action Grant Program
Transfer of Unexpended Withheld RDA Funds





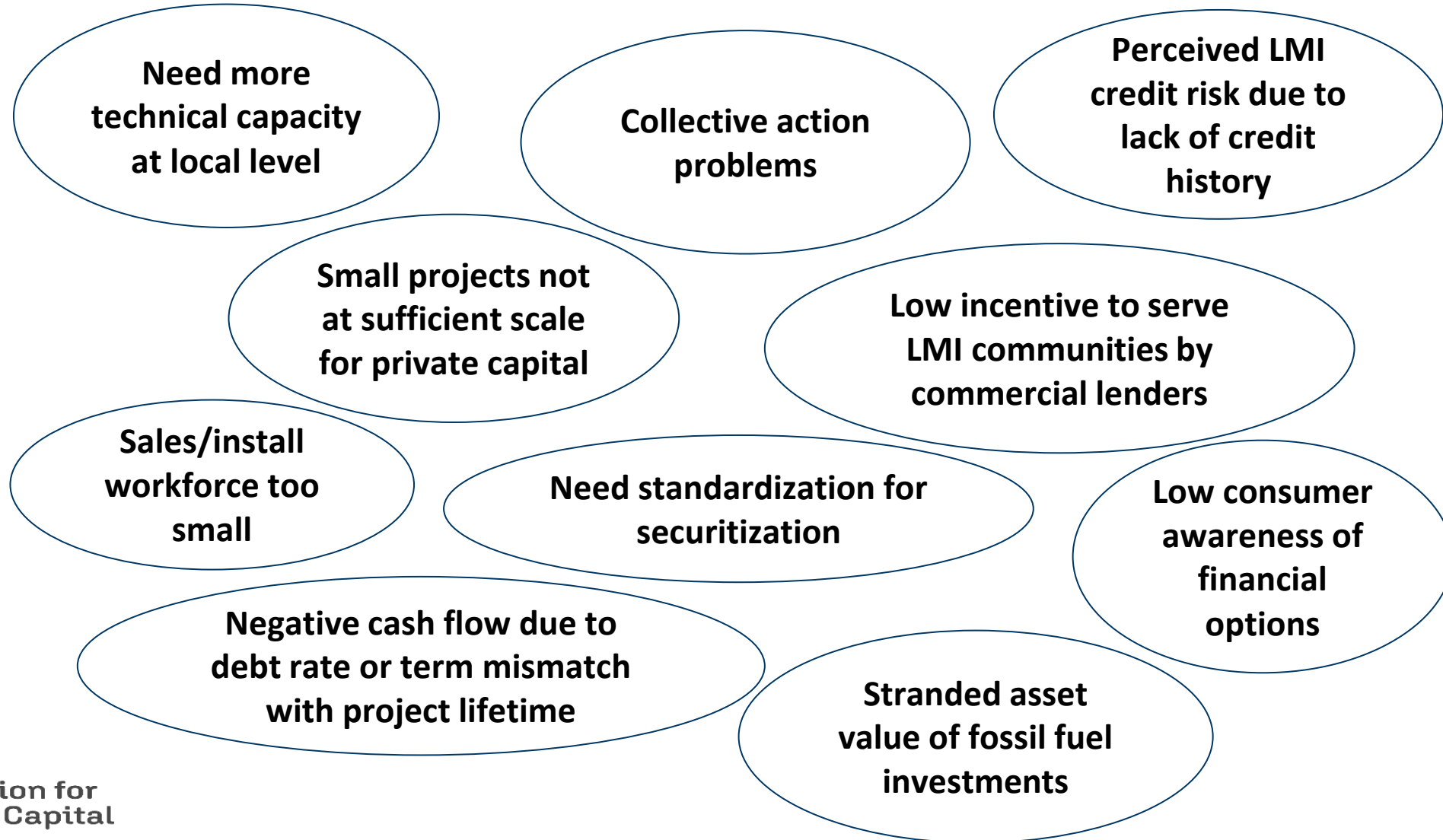
What is a Green Bank? (Brendon Slotterback)

Green Banks are purpose-built to connect capital with clean energy projects



- Green Banks are clean energy finance businesses whose mission is to **use financial tools** to increase sustainable investment
- Green Banks bring together **commercial, public, and mission-driven capital** to drive clean energy investment in local markets
- Green Banks develop local expertise to **break down barriers & connect projects with capital**
- Green Banks use methods that **catalyze greater overall investment** beyond the dollars they deploy

Why are Green Banks Necessary? Business and capital barriers to market penetration of proven technologies



Green Banks knock down barriers for faster and cheaper private market growth with equitable deployment

Finance Strategies

- Debt to make project work for investors & consumers (lower rates, longer terms)
- Alternative underwriting criteria to address households with limited credit history
- Credit enhancements to mitigate risk and induce private investment
- Standardize, aggregate & warehouse small projects to access capital markets
- Predevelopment and development capital to lower cost and increase speed of project construction
- Directly finance first-of-kind transactions to lead by example

Market Creation Strategies

- Standardization of products to enable speed, aggregation and securitization
- Act as first mover to spark deals that require collective action
- Partner with utilities to use non-debt based financing structures to not overburden households with more debt
- Partner with businesses to create and train massive new sales and installation workforce
- Employ innovative structures like on-bill financing products to expand access



Overview of MNCIFA (Pete Wyckoff)

MN Climate Investment Finance Authority

| | |
|--|---------------|
| Climate Investment Finance Authority: a new Minnesota "Green Bank". (SF3035, Article 21, section 2) | \$ 45,000,000 |
|--|---------------|

Statutory Direction

- “To accelerate the deployment of clean energy projects, greenhouse gas emissions reductions projects and other qualified projects through the strategic deployment of public fund in the form of grants, loans, credit enhancements and other financing mechanisms...”
- New independent state agency to be set up starting fall 2023, to seek federal (IRA) Greenhouse House Gas Reduction Funds and pursue potential collaborations with the DOE Loan Program Office
- Additional focus on service to Disadvantaged, Low-income, or Tribal communities

Goals of MNCIFA

- Reduce Minnesota's contributions to climate change by accelerating deployment of clean energy projects
- Ensure all Minnesotans share the benefits of clean and renewable energy
 - Promote the creation of clean energy jobs, particularly in environmental justice communities and communities in which fossil fuel electric generating plants are retiring
 - Promote the principles of environmental justice
- Maintain energy reliability while reducing the economic burden of energy costs, especially in low-income households

“Justice 40”: 40 percent benefits requirement

Statutory Direction

- The authority's targets and strategies must be designed to ensure that no less than **40 percent of the direct benefits of authority activities flow to environmental justice communities** as defined under subdivision 2, by the United States Department of Energy, or as modified by the department.

Labor standards

Statutory Direction

- The authority must give preference to projects that:
 - maximize the creation of high-quality employment and apprenticeship opportunities for local workers
 - utilize energy technologies produced domestically
 - certify that the rights of workers to organize and unionize are recognized
 - agree to implement a project labor agreement
 - must pay prevailing wage (for projects over \$100,000)

Authority duties

Statutory Direction

- The authority must:
 - serve as a financial resource to reduce the upfront and total costs of implementing qualified projects
 - ensure that all financed projects reduce greenhouse gas emissions
 - strategically prioritize the use of the authority's funds to leverage private investment in qualified projects, with the aim of achieving a high ratio of private to public money
- The authority may:
 - employ credit enhancement mechanisms that reduce financial risk for financing entities by providing assurance that a limited portion of a loan or other financial instrument is assumed by the authority via a loan loss reserve, loan guarantee, or other mechanism
 - co-invest in a qualified project by providing senior or subordinated debt, equity, or other mechanisms in conjunction with other investment, co-lending or financing
 - aggregate small and geographically dispersed qualified projects in order to diversify risk or secure additional private investment through securitization or similar resale of the authority's interest in a completed qualified project
 - expend up to 25 percent of funds prior to adopting a strategic plan or investment strategy

Strategic Plan

Statutory Direction

- **Strategic plan.** By December 15, 2024, and each December 15 in even-numbered years thereafter, the authority must develop and adopt a strategic plan that prioritizes the authority's activities over the next two years. A strategic plan must:
 - identify targeted underserved markets for qualified projects in Minnesota;
 - develop specific programs to overcome market impediments through access to authority financing and technical assistance; and
 - develop outreach and marketing strategies designed to make potential project developers, participants, and communities aware of financing and technical assistance available from the authority, including the deployment of community navigators.

Investment Strategy

Statutory Direction

- **Investment strategy;** content; process. No later than December 15, 2024, and every four years thereafter, the authority must adopt a long-term investment strategy to ensure the authority's paramount goal to reduce greenhouse gas emissions is reflected in all of the authority's operations. The investment strategy must address:
 - the types of qualified projects the authority should focus on;
 - gaps in current qualified project financing that present the greatest opportunities for successful action by the authority;
 - how the authority can best position itself to maximize its impact without displacing, subsidizing, or assuming risk that should be shared with financing entities;
 - financing tools that will be most effective in achieving the authority's goals;
 - partnerships the authority should establish with other organizations to increase the likelihood of success; and
 - how values of equity, environmental justice, and geographic balance can be integrated into all investment operations of the authority.

Authority Staffing

Statutory Direction

- The authority must: hire an executive director and sufficient staff with the appropriate skills and qualifications to carry out the authority's programs, making an affirmative effort to recruit and hire a director and staff who are from, or share the interests of, the communities the authority must serve;

Agenda

- *Welcome from Commerce Commissioner Grace Arnold*
- Oath of Office
- Approval of Agenda
- Staff & Board Introductions
- What is a green bank? And overview of MNCIFA
- **Election of Chair and Vice-Chair**
- Update on Federal resources & other funding sources
- Major activities in the year ahead
- *Greeting from Lieutenant Governor & Others (as they arrive)*
- Requirements & Responsibilities of the Board
- Open Discussion



Election of Officers (Lissa Pawlisch)

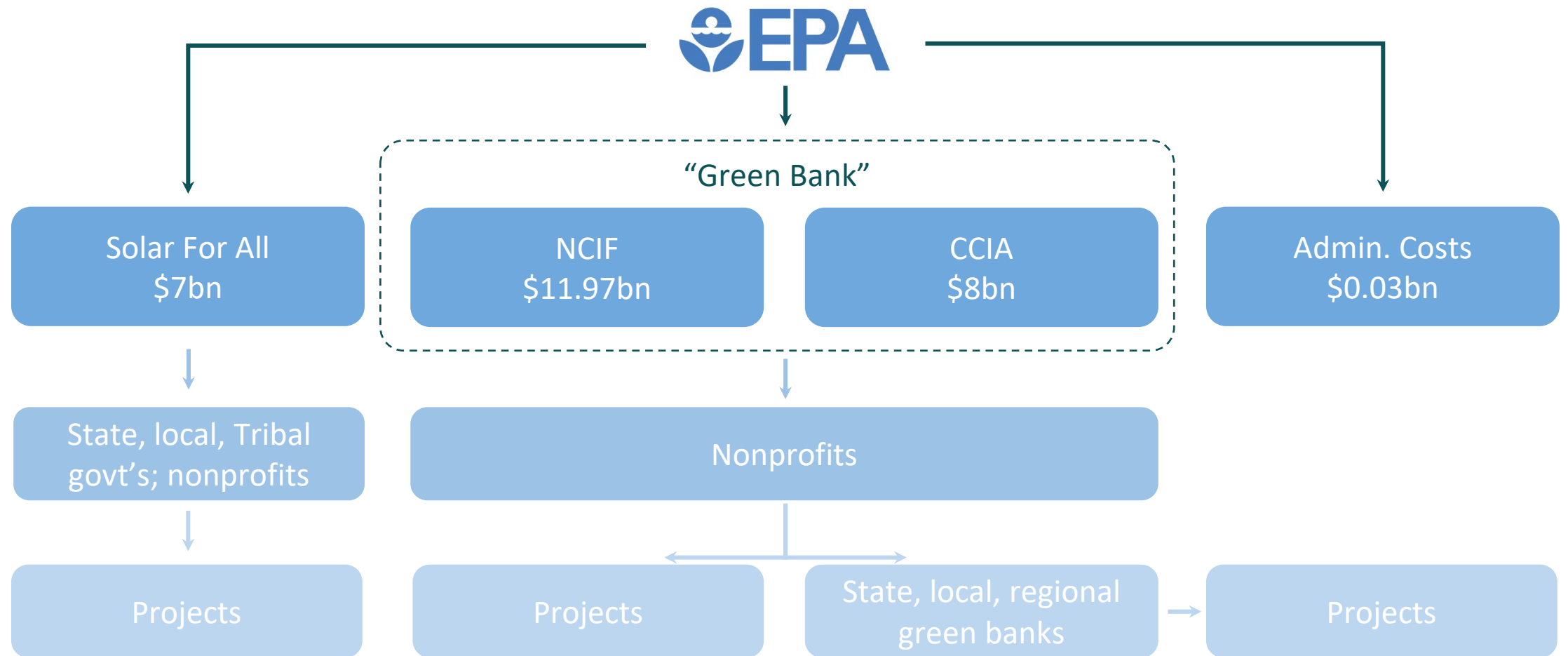
Agenda

- *Welcome from Commerce Commissioner Grace Arnold*
- Oath of Office
- Approval of Agenda
- Staff & Board Introductions
- What is a green bank? And overview of MNCIFA
- Election of Chair and Vice-Chair
- **Update on Federal resources & other funding sources**
- Major activities in the year ahead
- *Greeting from Lieutenant Governor & Others (as they arrive)*
- Requirements & Responsibilities of the Board
- Open Discussion



EPA Process & Funding Opportunities (Brendon Slotterback)

Program Structure



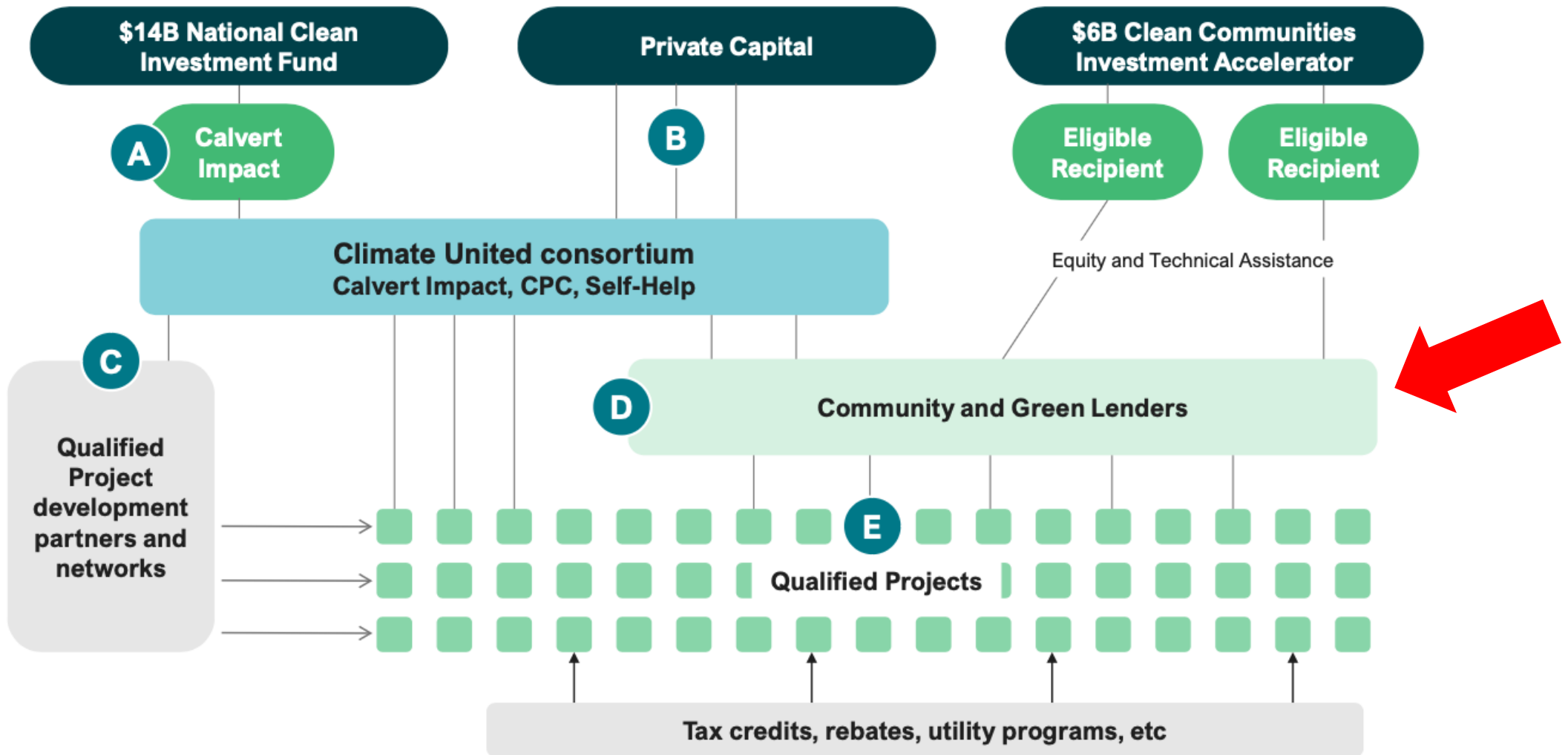
EPA's Greenhouse Gas Reduction Fund

- Both the Clean Communities Investment Accelerator and National Clean Investment Fund programs are aimed at speeding the deployment of “priority projects” that fall into three categories:
 - Distributed generation and storage
 - Net-zero emissions buildings and
 - Zero-emissions transportation
- 100% of the funds distributed through the Solar For All program and the Clean Communities Accelerator must be used to benefit low-income and disadvantaged communities
- And at least 40% of the funds from the National Clean Investment Fund must be used to provide financial support to low-income and disadvantaged communities.

Example Partnerships

| | | | |
|---|-------------|---|--|
| Coalition for Green Capital | NCIF | Focused on creating a national vehicle for lending to clean energy projects, as well as supporting state green banks with capital | Minnesota's support includes a formal sub-awardee request for \$50 million |
| Climate United | NCIF | Multifamily and single family products, LMI solar, zero-carbon transportation | |
| Justice Climate Fund | NCIF & CCIA | Mostly CDFI-focused, focused on low-income communities | |
| Power Forward Communities/Rewiring America | NCIF | Electrify-everything focused. Focused on housing and consumer-facing tools | |

EXAMPLE: How Funds Could Flow





U.S. DEPARTMENT OF
ENERGY

DOE Loan Programs Office (Pete Wyckoff)

MNCIFA can tap into DOE Loans as a SEFI

Joe Biden's \$400 Billion Man

Jigar Shah, who runs the Energy Department's loan program, is trying to hand out a lot of money for green-technology projects, while navigating an unforgiving political environment

Scott Patterson [Follow](#) and Amrith Ramkumar [Follow](#)

Updated July 3, 2023 12:05 am ET



Minnesota's Electric Cooperatives @MNRuralElectric · Jul 25

MREA was excited to help host @JigarShahDC from @ENERGY along with @LIUNAMinnesota! Co-op innovation along with federal support is fueling reliable, affordable clean energy for the 1.7 million Minnesotans served by co-ops. Teamwork makes us stronger! #Energy #CooperativePower



IRA funds increase DOE Loan Authority



- 1) Innovative Clean Energy Loan Guarantees (\$80 billion)
 - “Innovative” Requirement waived if a State Green Bank also contributes to a project
- 2) Energy Infrastructure Reinvestment Program (\$250 billion)
 - Support utilities in transition to clean
- 3) Advanced Vehicle Manufacturing (\$40 billion)
- 4) Tribal Energy Loan Guarantee Program (\$20 billion)

LPO can work with State Green Banks



[Services](#)

[News](#)

[Government](#)

[Q Search](#)

GOVERNOR KATHY HOCHUL

[PRESSROOM](#)

[SCHEDULE](#)

[EXECUTIVE ORDERS](#)

[LEGISLATION](#)

[ABOUT](#)

[CONTACT](#)

 [Environment](#)

 [Financial Services](#)

SEPTEMBER 11, 2023 | Albany, NY

Governor Hochul Announces \$20 Million Financing Fund for Decarbonization Projects in Disadvantaged Communities

Agenda

- *Welcome from Commerce Commissioner Grace Arnold*
- Oath of Office
- Approval of Agenda
- Staff & Board Introductions
- What is a green bank? And overview of MNCIFA
- Election of Chair and Vice-Chair
- Update on Federal resources & other funding sources
- **Major activities in the year ahead**
- *Greeting from Lieutenant Governor & Others (as they arrive)*
- Requirements & Responsibilities of the Board
- Open Discussion



The Year Ahead (Lissa Pawlisch)

The year ahead

2024 Priorities:

- Staffing
- Meeting schedule and cadence
- Initial Investment Decisions and Funding Partnerships
- Strategic and Investment Plans

Nov 2023

- Introduce mission & purpose
- Review Board Responsibilities
- Elect officers

Jan 2024

- Review draft Charter & Bylaws
- Review example investment strategies
- Review options to pursue DOE lending capacity
- Discuss potential Board Committees, Advisory Committees, and/or Work Groups

March 2024

- Review stakeholder engagement plan for Strategic Plan & Investment Strategy
- Review Executive Director Job Description
- Review EPA funding decisions & implications
- Approve Charter & Bylaws

May 2024

- Approve ED search strategy
- Review EPA funding decisions & implications?

Agenda

- *Welcome from Commerce Commissioner Grace Arnold*
- Oath of Office
- Approval of Agenda
- Staff & Board Introductions
- What is a green bank? And overview of MNCIFA
- Election of Chair and Vice-Chair
- Update on Federal resources & other funding sources
- Major activities in the year ahead
- *Greeting from Lieutenant Governor & Others (as they arrive)*
- **Requirements & Responsibilities of the Board**
- Open Discussion

MNCIFA Board Requirements & Responsibilities

Sara Payne, General Counsel

Board Requirements and Responsibilities

- Conflicts of Interest
- Board Procedures (statutory and parliamentary)
- Data Practices and Open Meeting Laws
- Compensation

Conflicts of Interest

MNCIFA board members must:

- 1) Provide evidence of a commitment to the authority's purposes and goals and
- 2) not hold any personal or professional conflicts of interest related to the authority's activities, including with respect to the member's financial investments and employment or their financial investments and employment of the member's immediate family members.

Subd. 10(d)(2)

Statutory Board Procedures

- A majority of board members, excluding vacancies, constitutes a quorum. Action may be taken upon a vote of a majority of the quorum present. (Subd. 10(j))
- If enabling statute does not say that a member has an alternate, a member may not send an alternate or proxy. (Secretary of State's Office; Chapter 15)
- Must make meeting minutes public, including the votes of each member on any action (including appropriations of money). (§ 13D.01)
- When phone or video attendance, all votes must be done by roll call. (§ 13D.015, subd. 3)

Other Board Procedures

- Bylaws and Charter
- Parliamentary or other board procedures
 - Robert's Rules or Other
 - Public participation v. public attendance
 - MNCIFA has a separate requirement to hold quarterly meetings to update the public on MNCIFA activities and invite public participation and questions. Subd. 9(3)

Minnesota Government Data Practices Act, Chapter 13

- Presumes government data are public
- Classifies data that are not public
- Provides rights for the public and data subjects
- Requires that data on individuals are accurate, complete, and secure

Open Meeting Laws

- Meetings must be open to the public
- Purpose of open meeting law:
 - To prohibit actions taken at secret meetings
 - To assure the public's right to be informed
 - To give the public an opportunity to present its views to the public body
 - The law is silent on whether people can speak at a meeting
- Minn. Stat. Chap. 13D

Gatherings not covered by the law

- Gatherings of less than a quorum of members
- Chance or social gatherings (banquets, parties, etc.)
 - *St. Cloud Newspapers v. District 742 Community Schools*, 332 N.W.2d 1 (Minn. 1983).
- Trainings/team building
 - Attorney General opinion 63a-5, Feb. 5, 1975
 - Advisory Opinion 16-006
- But serial meetings may violate Open meeting laws
 - Meetings of groups of less than a quorum to avoid public hearing or reach agreement on an issue.

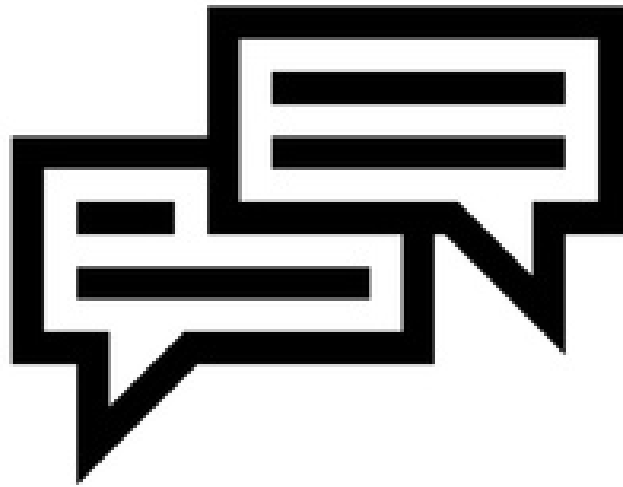
Compensation for board activities

- Rate of \$55/day spent on board activities and certain expenses— when authorized by the board.
- Board members who are state employees may ***not*** be compensated for activities that occur during work hours.
- Boards must adopt internal standards prescribing what constitutes a day spent on board activities for purposes of compensation.

Minn. Stat. § 15.0575, subd. 3

Agenda

- *Welcome from Commerce Commissioner Grace Arnold*
- Oath of Office
- Approval of Agenda
- Staff & Board Introductions
- What is a green bank? And overview of MNCIFA
- Election of Chair and Vice-Chair
- Update on Federal resources & other funding sources
- Major activities in the year ahead
- *Greeting from Lieutenant Governor & Others (as they arrive)*
- Requirements & Responsibilities of the Board
- **Open Discussion**



Open Discussion