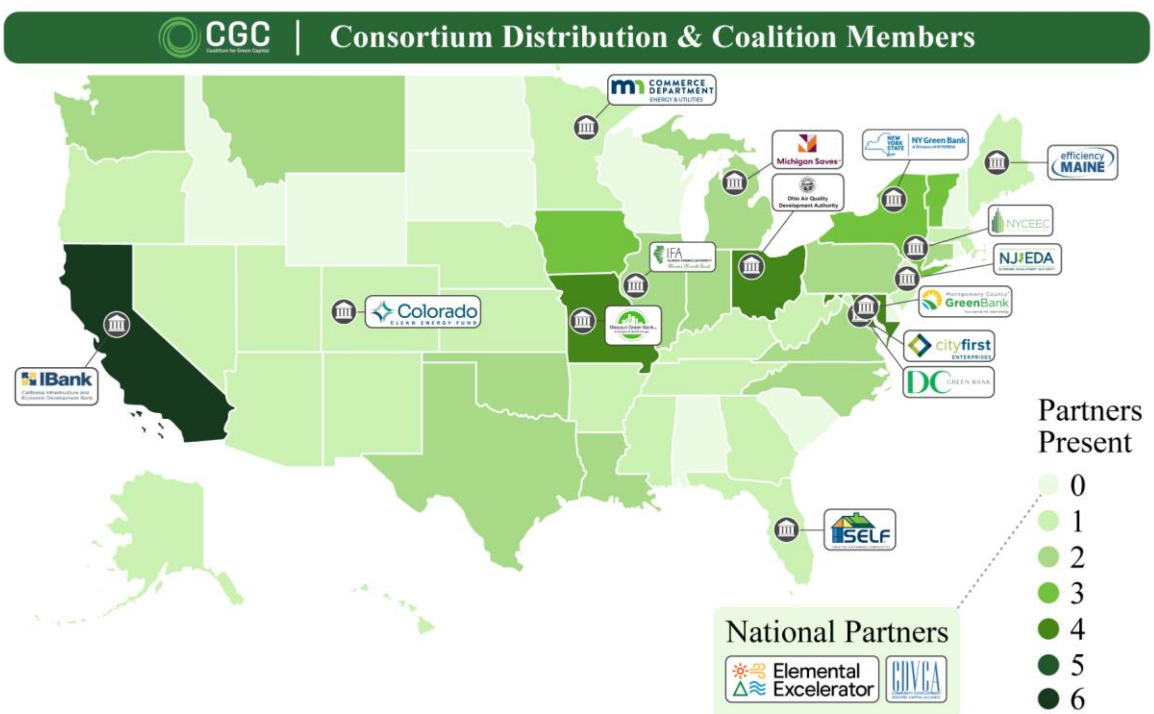
1. PROGRAM PLAN

1.1. Program Vision

To accomplish a rapid and just transition to a clean economy, America needs a massive mobilization of capital investment catalyzed by innovative public-private financing in every community. With the Greenhouse Gas Reduction Fund ("GGRF"), the Environmental Protection Agency ("EPA") has an unprecedented opportunity to lay the foundation for a just and equitable transition to a clean economy by working in and with communities and the public and private sectors. With GGRF funding, the Coalition for Green Capital ("CGC") plans to become a national green bank with the scale necessary to mobilize capital investment and transform markets nationwide. With the program laid out in this application, CGC will accelerate the transition to clean, reliable energy and ensure that the benefits of this transition reach all Americans, especially those in low-income and disadvantaged communities ("LIDACs"). By creating a national green bank, CGC will not only directly invest in qualified projects, as defined in Section 134(b)(1) of the Clean Air Act, but also partner with and expand an economically self-sufficient ecosystem of green banks and community partners. By providing co-investment opportunities and other services as a national green bank, CGC will accelerate the recycling of capital to maximize benefits.

For more than a decade, CGC has led the green bank movement by supporting the creation of more than twenty state and local green banks—mission-driven community lenders that use innovative financing to accelerate the transition to a clean energy economy. To expand and accelerate this work, CGC created the American Green Bank Consortium (the "Consortium"), which consists of 42 green banks and other financing entities located across all ten EPA regions (shown in the map below), each sharing a similar mission.



Since 2011, Consortium Members have catalyzed nearly $15 billion of combined public and private investment in qualified projects, a majority of which EPA identifies as its three Priority

Project Categories: (1) distributed energy generation and storage; (2) net-zero emissions buildings; and (3) zero-emissions technologies (collectively, "Priority Projects").[1] In 2022 alone, green banks caused $4.6 billion of combined investments in qualified projects, with more than $1.2 billion of these investments being located in LIDACs.

CGC is ready to use its expertise to establish the first national green bank in the United States and now seeks an NCIF grant award of $10 billion to do just that. A one-time, $10 billion balance sheet capitalization will allow CGC to create the Coalition for Green Capital Fund ("CGC Fund"), which will allow CGC to both invest directly in qualified projects and foster an ecosystem of green banks, community lenders, and community partners by providing them with capital, co-investment opportunities, and other services. CGC will invest in regional- and national-level qualified projects that span across multiple states and provide significant benefits that can be unlocked by a national entity. It will also provide financial and support services to facilitate the use of standardized financial products, accelerate recycling of capital sourced from GGRF grant awards, and expand green investing into LIDACs and rural and Tribal communities. Through these contributions, CGC will support the creation of a self-sustaining green bank in every state in the country and drive the adoption of Priority Projects in every LIDAC across the United States.

To realize this vision, CGC has built a coalition of 18 named subrecipients ("Coalition Members" and together with CGC, the "CGC Coalition") that includes 16 well-established state and local green banks and two national nonprofit organizations. CGC's green bank Coalition Members have extensive track records of catalyzing private capital investments in Priority Projects and billions of dollars in financial assets under management. These green banks have a history of driving impact through community engagement, innovating financial products, and mobilizing capital. They will help deploy an NCIF grant award quickly to maximize the benefits of those public dollars. Consistent with CGC's program described herein, these green banks will generate these benefits through direct investing in qualified projects and conducting market-building and predevelopment activities within their respective geographic regions. This will allow transformative action in the communities in which they operate, consistent with both state policies and EPA's three GGRF Program Objectives: (1) reducing emissions of greenhouse gases ("GHG") and other air pollutants; (2) delivering benefits of GHG- and air pollution-reducing projects to American communities, particularly LIDACs; and (3) mobilizing financing and private capital investment to stimulate additional deployment of qualified projects.

CGC's Coalition Members also include two national nonprofit organizations: (1) Elemental Excelerator, Inc. ("Elemental"), a nonprofit investor in climate technologies and projects with a focus on deep community impact; and (2) Community Development Venture Capital Alliance ("CDVCA"), the network for the field of community development venture capital investing whose funds provide equity capital to businesses in underinvested markets. Of CGC's 18 Coalition Members, three are also Certified Financial Development Institutions ("CDFIs")—Solar Energy and Loan Fund in Florida ("SELF"), City First Enterprises, Inc., and CDVCA. More detailed descriptions of each of CGC's Coalition Members is provided in Attachment 1.1 – Description of Coalition Members. In addition to the Coalition Members, CGC has for years been building an ecosystem of other early-stage green banks, community lenders, community based organizations

[1] *See* Green Banks in the United States: 2022 U.S. Green Bank Annual Industry Report (Mar. 2023), a copy of which is provided as Attachment 1.1 – 2022 Green Bank Annual Report.

("CBO") and more that share a common vision and that have provided letters of support or commitment (collectively with CGC and the Coalition Members, the "Network").

Barriers to Tackling the Climate Crisis and Achieving America's Climate Goals

Climate change, and its disruptive effects on all aspects of society, has rapidly evolved from a future threat to an immediate crisis. As described in the Long-Term Strategy of the United States, addressing this crisis requires "immediate and sustained investment" to eliminate GHG emissions and transition the country's transportation and power generation sectors to clean, renewable energy. But this transition cannot focus solely on reducing emissions. Climate change has and will continue to disproportionately impact the most vulnerable, including LIDACs, geographically dispersed communities, and Tribal communities. And as the law envisions, it is critical that a large portion of these investments and their benefits are directed to these communities.

Through executive action and engagement with state, local, territorial, and Tribal government partners, the Biden Administration has established a robust set of climate goals and economic and social priorities. These goals include: meeting the country's Nationally Determined Contribution of achieving a 50–52% reduction from 2005 levels in economy-wide net GHG pollution in 2030; ensuring that the energy transition creates high-quality jobs, particularly in LIDACs; advancing environmental and climate justice through an all-of-government approach; and committing to the Justice40 Initiative mandate that 40% of the overall benefits of certain Federal investments flow to disadvantaged communities that are marginalized, underserved, and overburdened by pollution.

Many barriers must be addressed to achieve the Administration's climate and social equity objectives. Key among these barriers is the inability of households and businesses in LIDACs to access private capital at reasonable terms to invest in Priority Projects. These barriers create a vicious cycle because there is no effective demand for private capital investment as it is not available at reasonable terms.

Prior clean energy financing and deployment initiatives, such as federal tax credits for renewable energy generation, have largely overlooked communities that lack access to the private capital needed to invest in and deploy qualified projects. Market barriers and gaps such as the lack of risk transfer mechanisms to address counterparty credit risks have excluded households and businesses in those communities. And the transformation of market dynamics and facilitation of private capital investment in Priority Projects in LIDACs greatly lags developments in other communities where households and businesses can already access private capital at reasonable terms to invest in and deploy Priority Projects. This lag necessitates a concerted and holistic effort to increase the funding and effective demand for Priority Projects and instigate a comprehensive market transformation in LIDACs.

The GGRF represents a critical opportunity to overcome these barriers.

CGC's Contribution: Filling the Gap in the Current Financing Ecosystem

CGC has spent years preparing for this moment. CGC has the people, the immediate and longer-term pipelines of investment opportunities in qualified projects, and the programs to overcome these obstacles and establish a national green bank capable of achieving the GGRF Program Objectives and the nation's climate goals.

People. CGC has a multitalented, diverse, and experienced team to execute the GGRF Program Objectives set forth by EPA. They include a **management team** with a breadth of experience with green banks, project financing, and community engagement (see Section 2.2.1), and a distinguished **Board of Directors** with extensive expertise and track records of driving financial innovation and transformation (see Section 2.2.2). CGC has also established a comprehensive and inclusive governance system of ten Regional Advisory Councils organized to geographically match the ten EPA regions, a Tribal Advisory Council, and an Environmental Justice Advisory Committee as described in detail in Section 2.2.1. Further, CGC's **Coalition Members** consist of sixteen well-established state and local green banks and two national nonprofit organizations, all with extensive track records of leveraging billions of public dollars to increase private capital investment in Priority Projects. CGC's many partnerships that comprise the CGC **Network** and that are reflected in the attached letters of support and commitment will ensure that CGC can transform markets and drive adoption of Priority Projects in every LIDAC in the country, as well as rural and Tribal communities.

CGC's management team also includes talent, workforce, and people development experts who are ready to execute the staffing plan and provide recruiting assistance and training for the Network of partners. After this application is filed, CGC will also immediately commence the competitive processes necessary to obtain the slate of outside contractors required for executing this vision, such as law firms, depository institutions, underwriters, accountants, and other service providers, so that CGC will be ready the day an announcement of funding is made.

Pipelines of Qualified Projects. CGC and its Network have already generated a pipeline of qualified projects across all ten EPA regions with a demand for $29 billion of investment capital in fiscal year one alone. More than 55% of the qualified projects are located in LIDACs, and more than half of the total pipeline was originated by CGC. CGC's projected pipeline for the second half of 2024 alone includes more than $14 billion of demand for investment capital from qualified projects, again with more than 55% of the projects in LIDACs.

CGC developed this pipeline using three primary methods: (1) direct outreach to partners by CGC's experienced management team and Board of Directors; (2) a Request for Information ("RFI") CGC conducted in June 2023 that generated more than sixty substantive concept papers and proposals from both for-profit commercial entities and a variety of nonprofit entities; and (3) incorporating the work of CGC's Network of partners, including those green banks that CGC has helped develop over the last ten years.

CGC also conducted the impact analysis described in Section 1.2.2, which demonstrates that the rapid deployment of an NCIF grant award, compared to deployment over a longer period of time, significantly increases beneficial outcomes aligned with the GGRF Program Objectives. This is why a robust current transaction pipeline is so important. To generate the maximum beneficial impact, CGC plans to deploy capital sourced from an NCIF grant award as quickly as possible while being consistent with prudent underwriting standards. To that end, CGC seeks a one-time balance sheet capitalization, as permitted by 2 CFR § 1500.4(a) and consistent with the NCIF Notice of Funding Opportunity ("NOFO"), to be able to achieve the GGRF Program Objectives, especially Program Objective 1. Based on its current transaction pipeline, CGC and its Coalition Members expect to be able to invest the entire $10 billion NCIF grant award in qualified projects and related activities within one year and will completely expend and disburse the entire award within the proposed three-year period of performance.

Once the capital is in hand, CGC, as described throughout this application, will be able to earn income, leverage that capital and income, attract additional capital and qualified projects, and, most importantly, expedite and maximize the climate, equity and community benefits that can result from the use of these funds. CGC proposes a three-year period of performance because it is confident it can invest the entire $10 billion grant award in qualified projects and related activities in that period and therefore make program income available. If program income is made available as it is received (instead of only after the grant is closed), those funds can be recycled and redeployed more rapidly to increase the beneficial outcomes from greater and faster investments in qualified projects. Transparency and accountability with respect to an NCIF grant award are of paramount importance and so CGC is willing and prepared to continue to report on its activities as part of a closeout agreement with EPA.

Program and Financing Solutions. CGC and its Coalition Members will use proven financial products described in Section 1.2.4.1 to mobilize additional private investment in the clean energy transition. Using these financial products and as shown in the diagram on the following page, CGC expects to turn a $10 billion NCIF grant award into $35 billion of public-private investment in year one, and by the end of year seven to turn that into $157 billion of total direct public-private investment. CGC's direct investment could also drive an additional amount of indirect investment, meaning investments in qualified projects that result from market transformations caused by CGC even though CGC is not directly investing in those qualified projects. These indirect benefits could double the total investment driven, resulting in over $300 billion of total direct and indirect investments in qualified projects after seven years.[2]

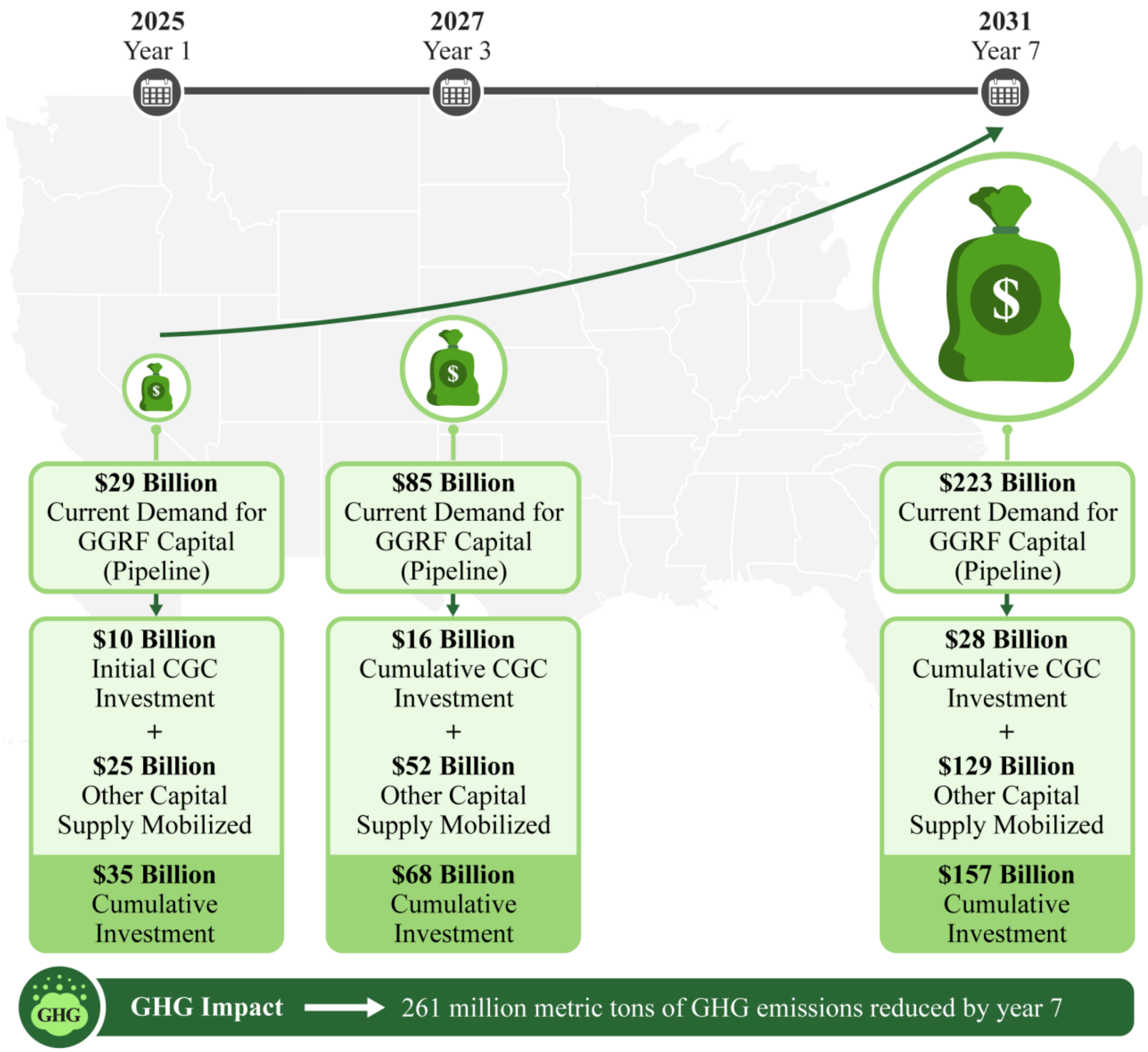
CGC also constructed a financial model, which is provided as Attachment 1.1 – CGC Financial Model ("Financial Model"), to provide analyses of different investment scenarios. Based on the Financial Model, CGC anticipates being able to achieve an overall capital mobilization ratio of more than 15:1 after seven years. This means that for every dollar invested by CGC, $15 of total capital that would not have otherwise been deployed in qualified projects will be invested in those projects (see Section 1.2.2.3).

Ultimately, the purpose of these investments is to create beneficial outcomes for Americans, consistent with the first two GGRF Program Objectives. CGC's impact analysis (described in detail in Sections 1.2.2.1 and 1.2.2.2) shows that by 2030 its portfolio allocation would result in the avoidance of 233 million metric tons of GHG emissions. This reduction alone is equal to nearly 4% of the reductions necessary to achieve the Administration's climate goal for the entire country. And by 2035, CGC's portfolio would: (1) abate 643 million metric tons of GHG emissions; (2) create 3.7 million new jobs; and (3) save Americans more than $150 billion.

Coordination

CGC is also seeking grant awards under EPA's Clean Communities Investment Accelerator ("CCIA") and Solar for All ("SFA") competitions. Each of these competitions complement CGC's

[2] *See* McKinsey Sustainability, Delivering Transformative Impact from US Green Bank Financing at 22 (Apr. 2023), a copy of which is provided as Attachment 1.1 – McKinsey Sustainability Green Bank White Paper (assessing the impacts of financial assistance using GGRF grant funds for investments in categories of qualified projects and finding that "indirect mobilization across private investment could double catalyzed investment").



vision to create a national network that helps establish a local green bank in every state in the country. CGC seeks an NCIF grant award to capitalize the CGC Fund so that CGC can make direct investments and provide capital and financing and co-investment opportunities and other services for its Network and for all GGRF grant recipients. To provide sufficient capital for those state and local green bank and other community lenders, CGC also seeks grant funds from the CCIA competition. In states where no entities have filed Notices of Intent, CGC is seeking to provide sufficient coverage to ensure all LIDACs receive the benefits of SFA grant funds; therefore, CGC is seeking an SFA grant award to help establish green banks in North Dakota and South Dakota. Grant awards from each of these competitions would thus strengthen the Network to carry out the GGRF Program Objectives. GGRF grant funding will also unlock access to a variety of other forms of financial assistance from EPA and other federal agencies and philanthropic sources that will more fully realize the vision of a national green bank that makes direct investments and supports state and local green banks. Members of CGC's Network also deploy capital sourced from a wide variety of public and private sources. CGC's GGRF grant-funded investments, technical assistance, and technical assistance services will complement those resources by expanding their operations and impact.

Conclusion

EPA has the opportunity to provide the capital necessary to fund the first-ever national green bank in the United States. With this initial capitalization from an NCIF grant award, CGC will create a clean energy finance ecosystem that will continuously deliver on the GGRF Program Objectives and the nation's climate goals for many years to come.

1.2. Investment Strategy

1.2.1. Community Engagement and Accountability Strategy

1.2.1.1. Community Engagement Plan

Throughout CGC's long history of successfully developing local green banks and financial products, CGC has worked closely with a broad range of communities, including LIDACs and rural and Tribal communities. CGC designed its community engagement plan in collaboration with its Environmental Justice Advisory Board ("EJAB"), Coalition Members, and a diverse group of CBOs that make up the Community Investment Working Group. CGC convened the Community Investment Working Group with Dream.org after the passage of the Inflation Reduction Act ("IRA"), to create a space for national community, education, and environmental justice organizations to identify benefits and priorities important to low-income, critically impacted and geographically diverse communities. See Attachment 1.2.1.1 – Description of CBO Partners and Attachment 1.2.1.1 – Dream.org Spotlight.

As part of its process, CGC also integrated best practices and expertise from WE ACT for Environmental Justice, the U.S. Department of Energy ("DOE"), the National Renewable Energy Laboratory, and the GGRF Equity and Best Practices Alliance, each of which are attached as Attachment 1.2.1.1 – Best Practices.

The resulting four-pronged plan responds to community needs by both addressing environmental injustice and fostering wealth creation in communities from owning, installing, maintaining, and using qualified projects. CGC and the Community Investment Working Group focused the plan on being responsive to the needs of communities and creating opportunities for their development of long-term wealth. CGC also targeted rapidly lowering emissions of GHGs for everyone while specifically reducing emissions of other air pollutants that have disproportionate adverse impacts in LIDACs. CGC then incorporated the plan throughout every aspect of its organization and deployment strategy. The following description is a short summary of the four prongs of CGC's community engagement plan. For a detailed plan and schedule, see Attachment 1.2.1.1 – Community Engagement Plan.

1. **Outreach and Education:** Working together with partners and communities, within six months of receipt of an NCIF grant award, CGC and its Network will launch a targeted multi-tiered education campaign to increase public knowledge around green financing and solutions. By the end of year one, CGC will have hosted 62 curated listening sessions and financial training events in underserved and neglected communities. By engaging existing and identifying new local partners, including in the relevant supply chains, CGC can be responsive to community-specific needs and enable rapid adoption of clean products, services, and technologies.

2. **Predevelopment Assistance:** In collaboration with other award winners, CGC will create and maintain an accessible online platform that convenes developer, lending, and community partners to better identify projects, obtain financing and build capacity. CGC will also provide on the ground pre-development assistance directly and through its partners. CGC will fund technical and community-based partners to provide the technical services needed to deploy qualified projects.

3. **Workforce Development:** To encourage equitable economic growth, CGC will support targeted workforce training to increase access to quality employment while reducing pollution. In partnership with at least five CBO partners and North America's Building Trade Unions ("NABTU"), CGC will: (1) launch sixty apprenticeship and pre-apprenticeship certification programs within one and a half years; (2) develop a "Guide to Green'" primer for community-led businesses and entrepreneurs within six months; and (3) implement CGC's Equity Agreement (described in Section 1.2.1.2).

4. **Qualified Project Selection and Deployment:** By supporting an online platform and on the ground services that convene developer, lending, and community partners, CGC will fill equity gaps by embedding community engagement strategies from the onset. CGC will also use its Equitable Investment Framework described in Section 1.2.1.2 to create positive feedback loops that will help developers shape their qualified projects to avoid project delays, decrease costs and resistance to implementation, and provide communities with more direct input and access to clean energy benefits.

Engagement Efforts

CGC's partnership with communities is reflected by the more than 300 letters of support provided as Attachment 1.2.1 – Community Engagement and Accountability Letters of Support, including letters of support from the Governors of eleven states. And CGC's efforts to engage communities will only grow from there. CGC, together with its Network, will be responsive to the changing needs of communities and develop the virtuous cycle necessary to deploy capital to be invested in qualified projects across rural and Tribal communities and all LIDACs.

***Tribal Community Engagement Efforts*.** CGC's Coalition is committed to ensuring that qualified projects are developed and deployed with and by Tribal communities. CGC has built strong relationships with organizations like Tribal Infrastructure Alliance ("TIA"), Blue Lake Rancheria, and Spruce Root, each of which provided letters of support. Two of these organization's leaders will serve as chairs of CGC's Regional Advisory Councils. These organizations provide the foundation from which CGC will continue to expand its engagement with Tribal communities. For example, CGC and TIA are developing a national Tribal green bank that will enable Tribes to leverage their leadership and resources into financing for qualified projects with Tribal ownership, as described in TIA's Community Engagement and Accountability Letter of Support. CGC's Coalition Members, including Colorado Clean Energy Fund ("CCEF"), have also worked with sovereign indigenous communities to fill gaps in commercial lending practices and support critical community-led initiatives. Last year, CCEF financed an agricultural irrigation project to deploy state-of-the-art micro-hydro technology that can minimize the Tribe's operating costs in periods of constrained water supply. In assisting Tribal communities, CGC and its Network will embrace the principles of Free, Prior, and Informed Consent (as described in Section 1.2.1.2). These engagement efforts will be guided by both of DOE's and California's guides to Tribal engagement, both of which are provided in Attachment 1.2.1.1 – Tribal Engagement Guides.

Rural Community Engagement Efforts. CGC has collaborated with rural communities to create state financing institutions in states with large rural populations, including Colorado, Minnesota, and Texas. Two of these state financing institutions are Coalition Members—CCEF and the Minnesota Climate Innovation Finance Authority, which is supported by the Minnesota Commerce Department. As evidence of this engagement, CCEF recently partnered with a rural electric cooperative to win a U.S. Department of Agriculture grant program supporting on-bill financing for clean energy upgrades. See Attachment 1.2.1.1 – CCEF TOBR Program. Michigan Saves, another Coalition Member, makes nearly 50% of its investments in qualified projects in rural communities. Michigan Saves has developed deep relationships with rural municipal utilities and rural electric cooperatives, helping run their on-bill programs. CGC also takes a whole-community approach and constantly works to identify market gaps for clean energy products, technologies, and services in states with large rural populations. For example, CGC is submitting applications in the SFA competition to develop green banks in North Dakota and South Dakota. CGC is also working to establish green banks in states with large rural hubs, such as Alabama, Arizona, Georgia, Iowa, Kentucky, Louisiana, Mississippi, North Carolina, New Mexico, Tennessee, Utah, and West Virginia.

LIDAC Engagement Efforts. Working together with households, businesses and others in LIDACs is fundamental to CGC and its Coalition Members. For example, the majority of the Ohio Air Quality Development Authority's ("OAQDA") projects in the last five years have been in Ohio's Priority Investment Areas, cities, or counties the state recognizes as distressed. Sixty-five percent of the capital deployed by the Illinois Finance Authority went to finance public water quality and clean energy projects that have been targeted to benefit disadvantaged communities. And since its inception, 84% of New York City Energy Efficiency Corporation's ("NYCEEC") projects have been in or supporting low- to moderate-income ("LMI") communities. In 2022 alone, the Consortium's community lenders invested $1.2 billion in LIDACs, resulting in solar and energy efficiency upgrades for households and schools. In that same year, CGC launched the EJAB, which is comprised of a diverse set of experts across many energy fields, to reinforce CGC's commitments to environmental justice and community engagement throughout the green bank network. By working with community focused experts, CGC developed a series of new strategic partnerships with groups such as the Southeast Climate and Energy Network, Dream.Org, the Bullard Center for Environmental Justice, and Deep South Center for Environmental Justice (each of which submitted an attached letter of support). In collaboration with the EJAB, CGC then developed its 3-5-7 Framework—a set of performance indicators that represent the goals, strategies, and metrics needed to help gauge whether investments in qualified projects are responsive to community needs (discussed further in Section 1.2.1.2). In 2023, CGC convened the Community Investment Working Group described above and elevated the EJAB to become the Environmental Justice Advisory Committee, which is an advisory committee to CGC's Board of Directors. CGC is continuing to build and support the ecosystem of environmental justice advocates and CBOs to better inform its community engagement strategies and investment approaches throughout LIDACs.

1.2.1.2. Community Accountability Plan

CGC's community accountability plan employs three key tactics to drive transparency, accountability, and participation: (1) implementing a community benefits agreement—the Equitable Investment Commitment Agreement ("Equity Agreement")—to ensure accountability and transparency; (2) using an Equitable Investment Framework and publishing data to ensure accountability in its investment policies and transparency through reporting; and (3) establishing advisory committees and other internal and external governance processes to ensure participation and communication from, with, and across communities.

CGC developed its community accountability plan with the intention to create a robust and transparent governance structure that will build trust with communities and encourage their essential participation in meaningfully reducing emissions of GHGs and other air pollutants. CGC developed this approach by maintaining a strong focus on transparency and participatory governance, seeking input from the EJAB, Coalition Members with experience deploying and tracking community benefits agreements like Elemental, and the Community Investment Working Group described in Section 1.2.1.1. As with its community engagement plan, CGC also incorporated best practices from other government agencies and organizations (Attachment 1.2.1.1 – Best Practices).

The Equity Agreement

To ensure that CGC and its Network remain committed to core justice principles, CGC will work with its growing network of community lenders and CBO partners to implement Equity Agreements based on EPA- and DOE-recognized examples. To increase visibility and incorporate community voices throughout investment-making structures, CGC and its Network will implement Equity Agreements to:

- enumerate and detail CGC and its relevant partners' commitments to the core justice principles as guided by CBO experts;
- detail the community benefits CGC's Network intend to provide to communities through their financing activities;
- establish clear expectations between the owners and developers of the project to be deployed and the community it intends to benefit, and require the compilation of best practices and strategies for community engagement; and
- establish a best practice process for community lenders to identify as Justice40 Local Community Accelerators—trusted, local community-based organizations to anchor state and local community engagement efforts.

The Equitable Investment Framework

CGC will employ an Equitable Investment Framework throughout its project deployment activities. Equitable development prioritizes the needs of underserved communities through policies and programs that reduce disparities while fostering places that are healthy and vibrant. CGC's 3-5-7 Framework depicted on the following page will complement its commitment to equitable development by identifying benefits and priorities directly from communities, including low-income communities, environmental justice communities, and geographically diverse communities. The 3-5-7 Framework represents the goals, strategies, and metrics identified by these communities to be responsive to their needs.

The 3-5-7 Framework informs CGC's Equitable Investment Framework, which has three major components: (1) an investment screening framework to ensure that equitable investments are surfaced and prioritized; (2) a component to ensure that investments that have prioritized benefits are rewarded in CGC's underwriting process; and (3) a portfolio management component to ensure

3 Goals

1. **Support targeted, affordable financing** to households & businesses in disadvantaged communities for the adoption of clean energy solutions in a form that leads to high adoption & market penetration & results in lower energy bills that are more affordable in proportion to income.
2. **Deliver clean energy financing to & through businesses** located in & owned by residents of those targeted disadvantaged communities, which may require financial assistance for the formation & growth of those businesses themselves, while creating a clear pathway for residents in those communities to get good paying jobs working in those businesses.
3. **Work with communities to develop innovative new models for energy development & ownership.** These models will allow community members to both have more decision-making over their energy future & enjoy the long-term financial benefits that come.

5 Strategies

1. **Advance energy equity,** by increasing access to clean technology & workforce opportunities for communities of color & low-income neighborhoods.
2. **Lead the development of green product offerings** that are responsive to the unique needs of disadvantaged communities & are accessible at a small enough scale that they can assist in the development & implementation of smaller community-based projects.
3. **Employ a robust community engagement** & participatory strategy with each project deployment.
4. **Create opportunities** to ensure that households & businesses in disadvantaged communities have ownership of clean energy assets.
5. **Identify & work with community-based partners** as local accelerators to facilitate project deployment & maximize co-benefits for communities.

7 Metrics

1. **Reduce energy cost** for communities.
2. **Lower** GHG emissions.
3. **Leverage targeted programs** to increase access to clean energy for communities.
4. **Boost climate resiliency** & enable communities to adapt to the impacts of climate change.
5. **Capitalize** women & BIPOC-owned community businesses.
6. **Lead** community-based ownership of clean energy assets.
7. **Facilitate** community input in a just transition

that benefits and goals are achieved through CGC's investments and where possible exceeded. This is reflected in CGC's Investment Screening Level Scoring System ("ISLSS"), which is detailed in Section 1.2.6 and ensures that investments at the screening stage do not just reduce emissions of GHGs and provide financial returns but also advance environmental equity and community empowerment.

CGC will also implement transparency and accountability by creating data analytics tools with its CBO partners and publishing periodic reports on its activities and their associated outputs and outcomes. CGC will base its metrics on those in the 3-5-7 Framework and will ensure community priorities are always reflected, both before and after investments are made in qualified projects. For example, pre-investment, CGC will evaluate equity and community priorities throughout the screening, underwriting and portfolio management processes. Post-investment, CGC will analyze investing and impact data across its investment portfolio to track community benefits. CGC will then compile this data for periodic reporting and incorporate the data within a central online platform that will be publicly accessible by community lenders, stakeholders, and members. By providing communities with the resources needed, CGC and its Network will support communities holding CGC accountable for the outcomes and the benefits that all qualified projects must create.

Committees and Community Participation

CGC will implement an open and transparent governance structure that facilitates community stakeholder input and inclusive decision-making. As detailed in Sections 2.2.1 and 2.3.2, CGC has implemented a governance structure where communities have representation on Regional Advisory Councils and a process to nominate candidates for CGC's Board of Directors. CGC will also hire staff from within each region and from LIDACs and Tribal and rural communities so that their perspectives are represented within the organization as well.

CGC has two Board-appointed standing and advisory committees and a National Advisory Board with Regional Advisory Councils. These groups will deepen transparency, elevate community voices and expertise, and increase opportunities for community input into the investment policies, procedures, and strategies of CGC and its Network. CGC's committees and advisory boards include the following:

- **Environmental Justice Advisory Committee,** to provide guidance and recommendations to the Chair and CEO to ensure integration of environmental justice considerations into CGC's programs, policies, and activities and give local communities a voice with the Board of Directors.
- **Diversity, Equity, Inclusion, and Accessibility Committee,** to research, develop, and lead efforts that improve diversity, equity, and inclusion within CGC and across its Network of partners, which will be integrated through employee training opportunities. This standing committee will also work to achieve a broad representation of diverse communities within CGC's team and the staff of the larger Network.
- **National Advisory Board and Regional Advisory Councils,** to ensure the equitable deployment of direct and indirect investment in states, territories, and Tribal lands within EPA regions. CGC created this advisory committee to facilitate dialogue amongst local communities and its Network. This ensures that the interests and goals of each are reconciled and that direct community benefits are achieved and empowers these committees to also recommend funding allocations within their region.

1.2.2. Investment Objectives

1.2.2.1. Climate and Air Pollution Benefits

CGC analyzed the potential impact of its investments in qualified projects across the following five key outcomes: (1) reductions in emissions of GHGs; (2) reductions in emissions of non-GHG air pollutants; (3) new jobs created; (4) energy cost savings; and (5) public health benefits. The first two of these outcomes directly align with GGRF Program Objective 1, while the next three directly align with GGRF Project Objective 2 and are discussed in Section 1.2.2.2 below.

The analysis is based on the methodology conducted in Attachment 1.1 – McKinsey Sustainability Green Bank White Paper, which assessed the impacts of financial assistance using GGRF grant funds for investments in categories of qualified projects. The methodology and full results of the analysis are presented in detail in Attachment 1.2.2.1 – CGC Impact Assessment. The underlying data on a year-by-year basis is provided in Attachment 1.2.2.1 CGC Impact

Assessment Supporting Data. This modeling demonstrates that if it is awarded \$10 billion, CGC's proposed investment program will account for 3.9% of the reduction in emissions of GHGs necessary to achieve the Administration's goal to reduce U.S. emissions of GHGs by 50-52% below 2005 levels by 2030.

Metric	Impact over time		
	To 2030	To 2031 (Seven Years)	To 2035
GHG **Emissions reduced** (Mt CO_2e)	▼ **233 Mt** emissions	▼ **261 Mt** emissions	▼ **643 Mt** emissions
NO_x **Non-GHG emissions reduced** (NO_x, SO_2, $PM_{2.5}$, NH_3, VOC)	▼ **127,420** cumulative tons	▼ **160,340** cumulative tons	▼ **372,130** cumulative tons

The results of the first two outcomes CGC modeled—reductions in emissions of GHGs and reductions in emissions of non-GHG air pollutants—are summarized in the chart above and demonstrate significant reductions in emissions that will further GGRF Program Objective 1. This analysis included timelines that reflect the seven-year maximum period of performance identified by EPA, as well as the 2030 and 2035 timelines associated with the Administration's climate and clean energy goals. CGC plans to report the reductions of emissions realized from its program as described in Section 1.3. Results over a three-year period are included in Attachment 1.2.2.1 – CGC Impact Assessment Supporting Data.

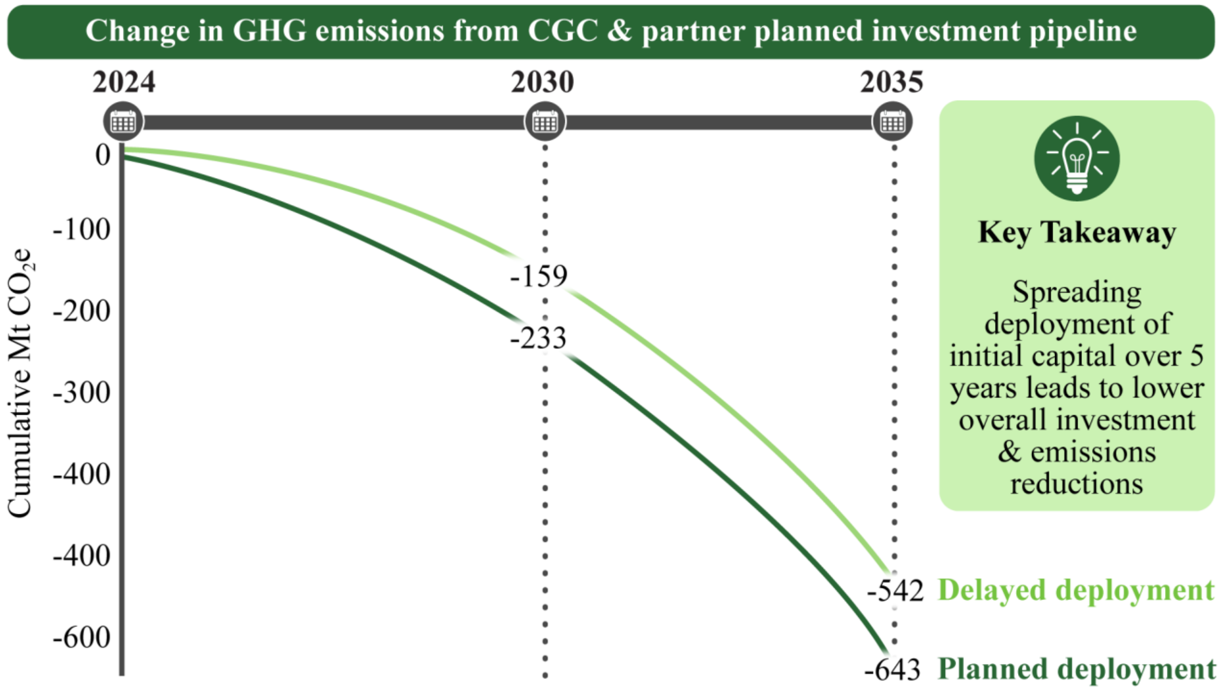
These targets are achievable if investments are made with adequate speed and at the necessary scale to drive GHG emission reductions, and if total aggregate investment is multiplied through capital recycling.

The Speed of Investments Made in Qualified Projects Matters

Investments that are made earlier in products, technologies, and services that reduce emissions of GHGs have a much larger impact than similar investments made later. Qualified projects that begin operating sooner will result in greater reductions or avoidance of GHG emissions, which are cumulative in nature and remain in the atmosphere over time. Similarly, displacing fossil-fuel electric generation more rapidly will increase the emissions reductions associated with electrification, thereby improving the efficacy of many Priority Projects such as heat pumps, EVs, and batteries that are only as clean as their electricity supply.

To enable the speedy deployment of qualified projects, EPA should make the full NCIF grant available upfront in a one-time balance sheet capitalization as opposed to disbursing grant funds over a longer period of time. The graph below illustrates that disbursing \$2 billion per year over five years compared to disbursing \$10 billion in year one results in 30% fewer reductions of emissions of GHGs by 2030.

CGC has built a six-month transaction pipeline of qualified projects (Section 1.2.4.2) with demand for more than \$14 billion of NCIF capital. CGC will execute definitive agreements and invest capital in qualified projects in this pipeline as quickly as possible while adhering to prudent due diligence and underwriting standards (Section 1.2.6) and risk management policies (Section 2.4).



The Scale of Qualified Projects Matters

Investments in electricity generation and infrastructure, both utility-scale and distributed, result in the largest reductions in emissions of GHGs per dollar invested using NCIF grant funds. Larger-scale qualified projects are usually less expensive to deploy per unit of their capacity and output such as the cost per megawatt to deploy solar or wind generation because of economies of scale. Moreover, technologies exist that enable the deployment of renewable generation at scale, such as high-voltage transmission and energy storage, and that result in large reductions of GHG emissions per dollar of investment. Their combined impact on reducing new GHG emissions makes investment in utility-, community-, and commercial-scale renewable generation and critical enabling technologies an important part of CGC's pipeline. At the same time, CGC will transform supply chains and community engagement to cause accelerated adoption of smaller-scale projects, such as heat pumps or distributed solar.

Balancing these considerations, CGC has developed a diversified portfolio of qualified projects that include Priority Projects, other types of qualified projects that deliver significant impact with respect to GGRF Program Objective 1, and projects that deliver significant equity and community benefits, particularly to residents in LIDACs, consistent with GGRF Program Objective 2. CGC's mix of qualified projects is described in Sections 1.2.3.1 and 1.2.4.2.

The Speed of Capital Recycling Matters

CGC will also optimize emission-reduction benefits by quickly recycling capital to maximize the total aggregate investment available for qualified projects. As CGC's Financial Model shows, capital recycling over time will be the primary driver of aggregate investment. CGC anticipates being able to recycle approximately $3 billion of deployed capital a year starting in the second fiscal year (2025-2026) through a combination of balance sheet leverage and off-balance sheet investment vehicles. Financial products with relatively higher returns can be recycled both more rapidly and with larger amounts paid for them than is possible for financial products with relatively lower returns. Moreover, qualified projects with higher expected returns typically can attract more private capital investment once the investment has been sufficiently de-risked through the use of public financial support. Therefore, to maximize capital mobilization for investments in qualified projects (GGRF Program Objective 3) and their beneficial impacts (GGRF Program Objectives 1 and 2), CGC will balance prioritizing higher return projects in its sizeable pipeline without sacrificing its focus on Priority Projects and their deployment across important market segments and geographies.

1.2.2.2. Equity and Community Benefits

As discussed above in Section 1.2.2.1, CGC also modeled equity and community benefits aligned with GGRF Program Objective 2, including new jobs created, energy cost savings, and public health benefits such as fewer deaths, hospital admissions, asthma incidences and lost days of work. Again, the full results of this analysis, including a breakdown of the specific health benefits, are presented in Attachment 1.2.2.1 – CGC Impact Assessment. Year over year data is provided in Attachment 1.2.2.1 – Supporting Data. Below is a summary of these impacts:

Metric	Impact over time		
	To 2030	To 2031 (Seven Years)	To 2035
Creation of new jobs (# of FTEs)	▲ **2 M** total jobs	▲ **2.1 M** total jobs	▲ **3.7 M** total jobs
Cost savings (billions)	▲ **$52** billion	▲ **$59** billion	▲ **$158** billion
Health benefits (mortality, hospital admissions, asthma incidences, lost work days)	▼ **69,950** total occurrences	▼ **81,100** total occurrences	▼ **144,950** total occurrences

CGC will choose from its ample portfolio of projects to cause at least 50% of its total investment in qualified projects to be in LIDACs. CGC is confident it can accomplish this because the percentage of projects in LIDACs in both CGC's six-month transaction pipeline and longer-term pipeline currently exceed this target. Combined with the robust community engagement and accountability plans described in Section 1.2.1, CGC will ensure that the economic and public health benefits associated with its investments are concentrated in these communities. Moreover, as discussed in both Sections 1.2.1.2 and 1.3, CGC will provide transparent public reporting on its investments to ensure accountability to the communities in which CGC invests.

1.2.2.3. Market Transformation Benefits

For more than a decade, CGC has mobilized private investment to combine with public capital and invest in clean energy projects, activities, and technologies that have been implemented by green banks across the country. That mission was and is the primary objective of CGC from inception. CGC's Coalition Members demonstrate a proven track record of mobilizing private capital to stimulate additional investment in qualified projects, consistent with GGRF Program Objective 3. For example, in just four years, the DC Green Bank[3] increased its capital mobilization ratio to 5:1, meaning that each dollar of investment by DC Green Bank drives $5 of total capital investment that would not have otherwise gone into qualified projects. Other examples of Coalition Members with strong track records of private capital mobilization include Missouri State Environmental Improvement and Energy Resources Authority ("EIERA") (6:1), SELF (8:1), NYCEEC (12:1), and CCEF (14:1). Since 2011, green bank members of the Consortium have achieved an average mobilization ratio of 3.54:1 (see Attachment 1.1 – 2022 Green Bank Annual Report).

CGC expects to achieve an overall private capital mobilization ratio of over 15:1 by the end of seven years, meaning that for every $1 of NCIF grant funds invested by CGC, over $15 of total public-private investment will have been mobilized over that time period. In year one, CGC anticipates that direct investments by CGC and its Network members will have a ratio of 2.6:1 as private capital-sourced debt and equity investments will on average make up at least two-thirds of the capital stack for a given qualified project. By the end of year three, that ratio will increase to 6:1 by partnering with financial institutions to provide overall financing packages where CGC provides subordinated capital (e.g., junior debt) and credit enhancements that allow for greater private capital investment in qualified projects. By year seven, CGC forecasts a total private capital mobilization ratio of over 15:1 as a result of blending broader forms of portfolio leverage with robust project-level private capital mobilization.

CGC will primarily increase the capital mobilization ratio, and thus drive financial market transformation, in three ways: (1) increasing the private capital mobilization on any individual project by increasing the proportion of private investment to public investment in each project; (2) borrowing on its balance sheet; and (3) recycling its debt assets. CGC will aim to securitize its own financial assets and the financial assets originated or otherwise made in qualified projects by members of its Network to then allow those financial assets to be packaged and sold in secondary markets. This will return capital to the financial asset owner so that they can originate new financial assets associated with investments in new qualified projects. Over time, CGC will also standardize financial products, enabling further capital mobilization through credit warehouse facilities and financial asset securitizations.

CGC will also implement strategies to accelerate capital mobilization, which is critical to achieving economics of scale for the deployment and recycling of capital investments. Slower deployment will make it harder to achieve economies of scale because financing facilities will take longer to structure and implement, be undersized at first, and diminish the interest of and ultimate participation by private capital investors as shown in the Financial Model (compare Model Scenario 1 and Model Scenario 2). CGC's goal with respect to its Coalition Member, Elemental, is to establish a robust co-investing strategy to support cross-coalition transparency, centralization, and coordination that will in turn promote private capital mobilization. Elemental will help craft bespoke partnerships with green banks, CDFIs and credit unions to provide deal flow, create efficiencies in accessing outside capital, and provide programmatic support throughout project deployments. See Attachment 1.2.2.3 – Elemental Overview.

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[3] DC Green Bank's official name is "DC Green Finance Authority," but it operates under the public-facing name "DC Green Bank."

CGC anticipates that much higher levels of private capital mobilization—including ratios of 20:1 or more—are possible through credit enhancement platforms and pooled investment vehicles. For example, CGC will consider investing in a nonprofit credit enhancement platform described in Energetic Insurance's Transaction Partnership Letter of Commitment called GreenieRE that aims to reduce financing risks such as counterparty credit risk, collateral value risk, performance risk for investments in qualified projects. GreenieRE would use CGC's investment in it as capital reserves to support the large-scale issuance of credit enhancements and other insurance-like products for qualified projects, especially Priority Projects in LIDACs. See also the more than 40 letters of support for the GreenieRE platform from a broad range of entities from the clean energy insurance ecosystem, provided as part of Attachment 1.2.1 – Community Engagement and Accountability Letters of Support.

1.2.3. Portfolio Allocation

1.2.3.1. *Project Categories*

CGC's portfolio allocation is focused on maximizing reductions of emissions of GHGs and other air pollutants in line with GGRF Program Objective 1. CGC's expected portfolio includes projects in each of the Priority Project categories, as well as other qualified projects that will produce significant reductions in emissions of GHGs and other air pollutants and deliver benefits to American communities, particularly LIDACs.

As described in Sections 1.2.2.1 and 1.2.2.2, CGC's impact analysis supports the inclusion of other categories of qualified projects beyond Priority Projects because they represent the best opportunities to maximize emissions reductions and other beneficial outcomes per dollar of an NCIF grant award. For example, investments of public dollars in energy transformation technologies, such as high-voltage transmission facilities, frequently make compelling economic sense.[4] These larger-scale qualified projects are also intended to overcome economic coordination problems and incentivize private capital investment in catalytic and transformative investments, such as credit enhancements to de-risk private capital investments in transmission facilities necessary to interconnect new clean energy resources at scale. CGC's management team has deep expertise in this area. Although transmission facilities can be capital-intensive, CGC will explore capital structures and specialized financial products that attract additional private investment to transmission facilities without sacrificing a balanced and diversified overall portfolio of investments.

Taking all of this into consideration, CGC's expected portfolio allocation across these categories, which is supported by its current pipeline of projects, is as follows:

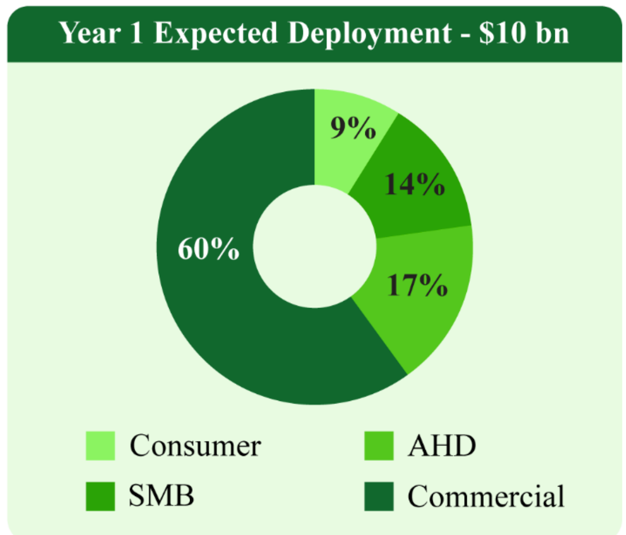
[4] Indeed, a large part of the intended reductions in emissions of GHGs under the IRA are unlikely to occur without large-scale investments in high-voltage transmission facilities. *See* Attachment 1.2.3.1 – Transmission Report ("Electricity Transmission is Key to Unlock the Full Potential of the Inflation Reduction Act" by Princeton Zero Lab).

Expected Deployment	Year 1	Year 3 – Cumulative	Year 7 – Cumulative
Distributed Energy Generation & Storage	26%	25%	25%
Net-Zero Emissions Buildings	34%	34%	37%
Zero-Emissions Transportation	14%	14%	13%
Other	26%	26%	25%

For additional detail on the specific types of qualified projects in each of these categories and examples thereof, see Attachment 1.2.3.1 – Project Categories.

1.2.3.2. Market Segments

CGC segments the market into four main categories: (1) consumer; (2) commercial; (3) small business/nonprofits ("SMBs"); and (4) affordable housing developers ("AHDs").[5] The diagram depicts CGC's projected portfolio allocation across these segments.



Of these segments, SMBs and AHDs work specifically with LIDACs, and CGC has cultivated relationships with organizations that fit within these categories such as Local Initiatives Support Corporation, or LISC, and the National Association of Local Housing Finance Agencies. For the consumer segment and commercial segment, CGC gives strong preference in its origination, screening, and underwriting processes described in Section 1.2.6 to investments that are in LIDACs.

With respect to the consumer segment, CGC plans to partner with organizations in its Network that work directly with consumers, including its Coalition Members. CGC will collaborate with organizations that have attractive consumer offerings that involve qualified projects but that have had barriers to offering them to LIDACs due to financing concerns by private capital providers. CGC will also help develop these offerings where they do not currently exist. The experience of many of CGC's Coalition Members and Network partners indicates CGC will find opportunities to step in where other private capital providers, such as commercial lenders, have not by, for example, looking at credit criteria such as ability to pay as opposed to FICO scores. By continuing to demonstrate how this segment can be served, CGC expects to catalyze private capital that can eventually step in to serve. Already on the consumer side, CGC is in discussions with several organizations where CGC capital would help backstop private capital investments in rooftop solar

[5] CGC defines SMBs as organizations other than affordable housing developers that focus on directly serving households and businesses in LIDACs. AHDs are developers of affordable housing, and CGC's commercial segment covers all other conduits through which CGC will deploy capital in qualified projects.

and energy storage, home energy efficiency, or community solar and energy storage for consumers with low or no FICO scores.

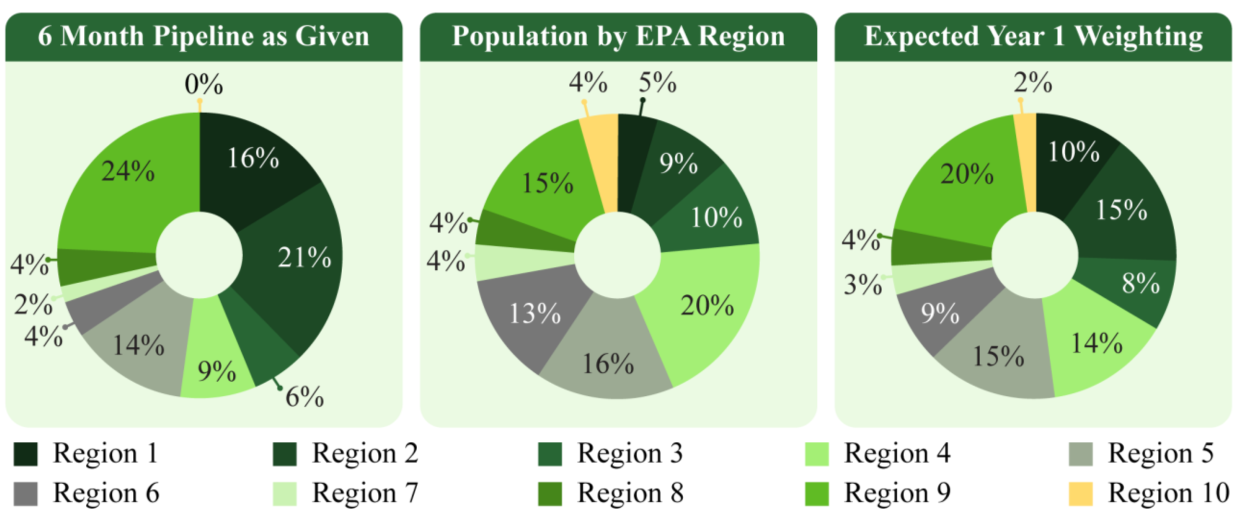
CGC's strategy with respect to the commercial segment is to be a catalytic lender and investor encouraging commercial partners to accelerate, expand and deploy private capital in LIDACs where they might not have otherwise. Thus far CGC's discussions with organizations ranging from Fortune 500 companies to smaller regional players have been well-received as demonstrated within Attachment 1.2.4.3 –Transaction Partnership Letters of Commitment. As a result, CGC is confident that it can deploy the majority of its capital for investments in Priority Projects in LIDACs. For example, there is a fundamental chicken-and-egg problem around lower income community adoption of EVs, which have a high up-front cost and limited charging infrastructure. CGC is working with several commercial entities to get them to invest in and deploy EV charging facilities in LIDACs in its first fiscal year by providing financing structures that help mitigate some of their investment risks.

1.2.3.3. Geographies

CGC plans to deploy a portfolio of qualified projects in the categories described in Section 1.2.3.1 across all ten EPA regions and in geographically diverse communities, including LIDACs and rural and Tribal communities. CGC's goal is to make investments across the ten EPA regions in proportion to the U.S. population in that region.

Within each region, project selection will be driven by CGC's investment screening tools discussed in Section 1.2.6 that will provide bonus screen scoring measures for qualified projects in LIDACs and rural and Tribal communities. Moreover, CGC will provide additional bonus screen scoring for qualified projects in LIDACs that are "energy communities" or are the locus for higher emissions of GHGs or other air pollutants. CGC's regional, Tribal, and national advisory boards will also make recommendations regarding allocations to ensure that regional and local community voices are directly involved in governance and investment allocation, as discussed in Section 2.2.1.

The chart below shows the distribution of CGC's initial portfolio across the ten EPA regions, along with CGC's expected year-one weighting that considers bonus screen scoring measures:



Note: Expected Year 1 Weighting is CGC expected portfolio allocation across geographies by the end of year 1. The Region 10 pipeline has $67 million in projects for the second half of 2024 (and $144 million for all of FY 2024-2025) even though that amount rounds to 0% in the chart above.

The portfolio allocation across geographies will change over time in response to ongoing engagement with communities and community lenders as well as financial intermediaries and the developers of qualified projects. This will ensure that the portfolio is best positioned to achieve the goals and objectives of the GGRF program.

CGC will focus much of its predevelopment, market-building and labor and equitable workforce development plans (as described in Sections 1.2.5.1, 1.2.5.2, and 1.2.5.3, respectively) on the development, origination, and finance ecosystem for Priority Projects in LIDACs and rural and Tribal communities. This effort, which will include a focus on developers, contractors, and workers, is important to achieve the market transformation benefits in these communities described in Section 1.2.2.3.

The examples below illustrate some ways in which CGC will partner with LIDACs and rural and Tribal communities to ensure that Priority Projects will be deployed in these communities.

Tribal Communities. CGC will help its partner, TIA (i.e., Tribal Infrastructure Alliance), develop a Tribal national green bank, as described in TIA's Community Engagement and Accountability Letter of Support (Attachment 1.2.1.1). This national Tribal effort will complement and grow CGC's current pipeline of Tribal and native Alaskan projects, which includes projects with Blue Lake Rancheria Tribe and Spruce Root, a native Alaskan-led CDFI. CGC is committed to developing a Tribal-owned and led green financing ecosystem. CGC has also instituted a Tribal Advisory Council (see Section 2.2.1) to ensure that Tribal leaders and communities are represented within CGC's operations across local, regional, and national efforts. Moreover, CGC will set a target that 2% of its investments will flow to Tribal communities, which is greater than the Tribal communities' percentage of total U.S. population.

Rural Communities. CGC and its Coalition Members have long worked to support geographically diverse communities, particularly rural communities, in advancing sustainable finance projects. As just one example, USDA recently provided CCEF, a Coalition Member, a loan to capitalize an on-bill repayment program with rural electric cooperative Tri-State Generation and Transmission (see Attachment 1.2.1.1 – CCEF TOBR Program). To ensure that rural states and regions are receiving their fair share, CGC will target 20% of its investments to rural communities (see Section 1.2.6) and provide national offerings that will aim to backfill investments into any rural areas of the country that are not currently served by a local green lender.

LIDACs. More than 55% of CGC's pipeline of investment opportunities for the first year are in LIDACs. CGC's investment process, as described in Section 1.2.6, includes a target of more than 50% of investments in Priority Projects in LIDACs and will drive further increases in that percentage as funds are deployed and recycled. CGC is also working closely with Elemental to adopt long-held practices such as incorporating structured community input during diligence, and compensating community members for their time and expertise during both diligence and in more extensive partnerships for project deployment.

1.2.4. Financial Products and Transactions

1.2.4.1. Financial Products

Description of Financial Products

CGC and its Coalition Members have been at the forefront of developing financial products to mobilize private capital and catalyze demand for clean economy products, technologies, and services for over a decade. CGC has convened the Consortium regularly for the last five years to discuss financial products and share learnings. This forum for shared knowledge encourages the innovation and scale of financial products—when one works in one community, it can be deployed elsewhere. For example, SELF has created a "plug and play" financial product for other green banks out of its Green Home Loan product, which provides LMI homeowners with accessible capital for energy efficiency, storm resilience, and other improvements. Its proprietary underwriting is based on the ability to repay, instead of traditional FICO scores. Meanwhile, Michigan Saves' residential loan program served as inspiration for Colorado RENU's residential loan product and the Connecticut Green Bank's Smart-E residential loan program. The Smart-E program has in turn has been packaged for adoption by other green banks. Moreover, each of CGC's green bank Coalition Members currently offers specific financial products for Priority Projects that can be expanded with an NCIF grant award.

CGC has also conducted substantive working groups with Consortium members, community lenders, and experts in the field that have resulted in a detailed encyclopedia of financial products, which is provided as Attachment 1.2.4.1 – Financial Products Working Group Report and Attachment 1.2.4.1 – Secondary Markets Working Group Report.

In addition to Consortium meetings and GGRF-focused working groups, CGC ran an RFI in June 2023 to solicit actionable investment opportunities in qualified projects and information on the financial products that would need to be provided directly or indirectly by a national green bank to deploy these qualified projects. This process netted over sixty substantive responses and concept papers from a variety of for-profit companies, not-for-profit organizations, community organizations, academic organizations, and governmental related entities, creating an additional $4.4 billion in potential investment opportunities in qualified projects for CGC's pipeline across all of CGC's proposed product categories. A copy of the RFI is provided as Attachment 1.2.4.1 – CGC Request for Information.

Beyond a general need for low-cost capital, many of these responses identified the need for more specific types of financial products, especially credit enhancements and insurance-like products across the clean energy ecosystem and working capital needs for community-based businesses such as contractors. In addition to the many financial products identified by the working group and the RFI, below is a non-exhaustive list of financial product categories and financing structures that CGC and its Network will look to implement and its currently expected terms:

Financial Product	Risk Assessment	Indicative Term Bands (as of filing)	Notes
Equity	High risk	Investment terms tailor-made to needs and financial position of project or business. Typically participating preferred stock with identified path to exit. Can provide capital to high-impact projects or businesses when collateral and other requirements of lenders are not present.	Highly catalytic capital to foster rapid growth and leverage debt capital, but a relatively small portion of the overall portfolio because of risk. Preferably used sparingly and when it unlocks other benefits.

Loan Loss Reserves and Credit Enhancements	Low to high risk	Highly dependent on the counterparties, CGC's internal risk assessment, and the investment.	Inherently catalytic capital, priced to encourage market participation where private capital needs to flow.
Junior Debt	Medium to low risk – medium collateral	6-15% fully loaded interest rate, can be partially or wholly payment-in-kind, can be non-amortizing, can be pre-payable. Preferable current term is 3-7 years.	Catalyzes bank loans or other private sector senior debt in a project or business. Higher risk than senior debt, but less risky than equity.
Senior Debt	Low risk – high collateral	4-10% cash coupon, can be non-amortizing, can be pre-payable. The preferred current term is 2-10 years with some loans needing to go longer. Can be in the form of a revolver or working capital facility.	This is the largest expected single category of investment. These loans need to be able to be standardized and securitized to allow for CGC's balance sheet and off-balance sheet leverage. These need to be safe, highly securitized loans.

CGC's partner green banks and community lenders have experience in developing and deploying financial products within these bands. For some of the non-standard financial products such as credit enhancements in the form of loan loss reserves and counterparty credit insurance, CGC has conducted market outreach, education, and research to ensure these financial products can scale up quickly, be truly catalytic in terms of driving private capital to communities that have not historically benefitted from it, and generate positive net financial returns if supported by a creditworthy national green bank.

For example, CGC is in discussions with Energetic Insurance concerning the use of GreenieRE as a nonprofit credit enhancement platform with reserves supported by CGC's capital investment that will enable CGC's Network of partners and others to provide the necessary public-private financing of qualified projects. The sponsors of GreenieRE have engaged in extensive market research and outreach efforts with credit enhancement providers, as well as developers and financial intermediaries, to better understand market gaps for credit enhancements and other insurance-like products and begin to develop financial products to address those gaps. GreenieRE's capital reserves could support the issuance of credit enhancements that enable the securitization of financial assets for qualified projects serving customers with low or no FICO credit scores (see Energetic Insurance's Transaction Partnership Letter of Commitment in Attachment 1.2.4.3).

The financial product categories listed above enable financial intermediaries of all types, including community lenders, to directly finance or support qualified projects and simultaneously attract additional private capital by addressing or mitigating specific risks and barriers to private capital mobilization that remain even after market development efforts.

Portfolio Allocations

The table below details the distributions of how each of the financial product categories described above support CGC's project categories (described in Section 1.2.3.1) and market segments (described in Section 1.2.3.2):

	DEG	ZEB	ZET	Other	Total	Consumer	SMB	AHD	Commercial	Total
Equity	1%	1%	0%	1%	3%	0%	1%	0%	2%	3%
LLCE	4%	3%	1%	4%	13%	5%	2%	0%	6%	13%
Junior Loans	10%	7%	3%	8%	29%	0%	7%	9%	13%	29%
Senior Loans	19%	14%	6%	16%	55%	5%	4%	9%	38%	55%
Total	34%	26%	11%	29%		9%	14%	17%	60%	

Abbreviations: DEG: Distributed Energy Generation and Storage, ZEB: Net-Zero Emissions Buildings, ZET: Zero-Emissions Transportation, SMB: Small Business/Nonprofits, AHD: Affordable Housing Developers, LLCE: Loan Loss Reserves and Credit Enhancements

These allocations are estimated projections based on CGC's pipeline of qualified projects as of the date of filing.

With respect to geographies, approximately 75% of CGC's capital will be allocated to investments in qualified projects at the state- and local-level and related predevelopment and market-building activities. This capital will be distributed across the ten EPA regions based on the percentage of total U.S. population in each region. This capital distribution by region, combined with CGC's targets of at least 50% of investments in LIDACs, at least 20% in rural communities, and at least 2% in Tribal communities, will ensure that these diverse geographies also benefit from the financial product offerings of CGC and its Network. CGC will make these investments through its direct investing platform as well as through green banks, community lenders, and commercial partners (i.e., Coalition Members and program participants). CGC will provide its Coalition Members and program participants with capital to originate, recycle, and grow their investments in their portfolio of qualified projects.

The remaining approximately 25% of CGC's overall portfolio allocation will be used for national- and regional-level investments, which will include: (1) financial products that enable community lenders to recycle and grow their balance sheets; (2) bespoke financial products such as credit enhancements and insurance products that can only be facilitated at the national or regional level; and (3) direct investing in qualified projects by CGC beyond its national and regional projects. Products to support recycling include mechanisms to provide warehouse credit facilities and financial product purchase programs that community lenders can access to better manage their portfolio level risks and recycle their capital. Indeed, as part of CGC's investment screening process discussed in Section 1.2.6, CGC will provide bonus screening credit and capital incentives for proposed investments that can be more easily recycled such as equity equivalent investment in a community lender that will use its balance sheet to provide easily aggregable and securitizable financial products. CGC's proposed financial products specifically include credit enhancements that can facilitate private capital mobilization, especially in LIDACs, on Tribal lands, and other underserved communities.

1.2.4.2. Current Transaction Pipeline

As discussed above, CGC and its partners have developed a six-month pipeline of qualified projects that demonstrates the opportunity for possible direct investments of over $14 billion. This pipeline, more than half of which was originated by CGC itself, is primarily the result of three key actions: (1) CGC recruited an experienced management team that has been working to develop partnerships across the clean energy development and finance ecosystem since the passage of the IRA; (2) CGC ran the June 2023 RFI described in Section 1.2.4.1; and (3) incorporating the work of CGC's Network of partners, including those green banks that CGC has helped develop over the last ten years. These qualified projects are distributed across EPA's categories of Priority Projects, across the country in each of the ten EPA Regions, and a majority of them are located in LIDACs (see Section 1.2.3). CGC's transaction pipeline is supported by the nearly 60 letters included in Attachment 1.2.4.2 – Current Transaction Pipeline Letters of Commitment.

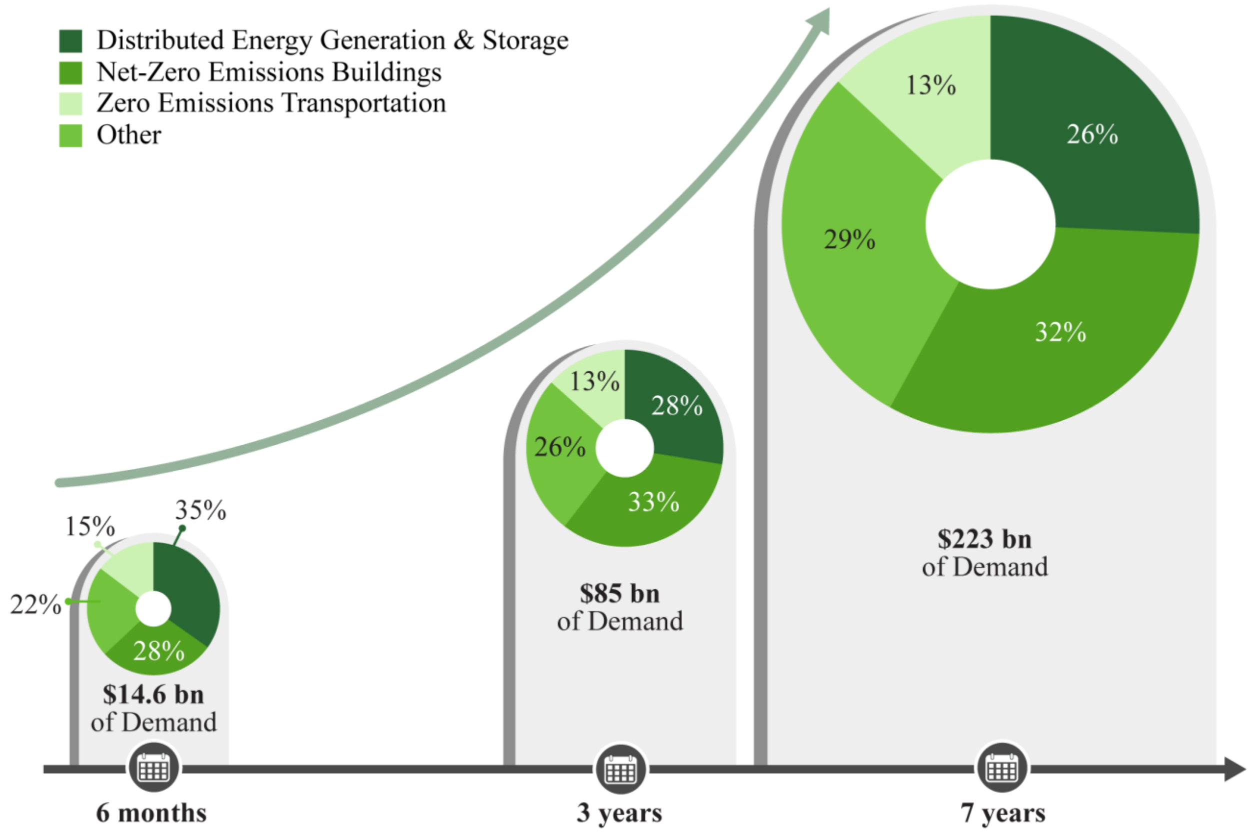
Potential investments include catalytic financial products to unlock tax equity financing for new Net-Zero Emissions Buildings at the construction stage, debt financing for EV charging stations in LIDACs, and investments in distributed solar and storage projects, as well as virtual power plants, on Tribal lands. For more detail see Attachment 1.2.4.2 – Current Transaction Pipeline.

Beyond CGC's pipeline of projects for the second half of 2024 discussed above in Section 1.2.4.2, CGC has already developed a potential pipeline of capital demand for qualified projects in excess of $29 billion for the first year of funding, $85 billion over three years, and over $200 billion over the course of seven years as depicted on the next page.

Because of the volume of investment opportunities in qualified projects CGC has already identified, CGC aims to invest the requested $10 billion NCIF grant award within one year and will completely expend and disburse the funds within three years (i.e., CGC's proposed period of performance). The speed at which NCIF grant funds are invested has a significant impact on the overall beneficial outcomes for communities, including greater and faster reductions in emissions of GHGs, so it is of paramount importance to move quickly to make investments in qualified projects (see Sections 1.2.2.1 and 1.2.2.2). A three-year period of performance provides CGC and its Coalition Members flexibility to conduct the screening, due diligence, and underwriting mandated under the investment policies discussed in Section 1.2.6 while also meeting some of the tremendous demand for capital in qualified projects to make an immediate impact.

CGC will continuously refresh, expand, and deepen its portfolio. It will repeatedly launch Requests for Proposals ("RFP") for actionable investment opportunities in qualified projects. A prompt announcement of an award itself will attract additional proposals. CGC will also support RFPs by all of its Network partners.

Through these efforts and the market development described in Section 1.2.5, CGC and its Network partners will identify new partners, particularly in LIDACs, that might otherwise be unaware of these opportunities.



1.2.4.3. Transaction Partnerships Plan

CGC has extensive experience partnering with green banks, community lenders, and project sponsors to finance and deploy qualified projects. This experience is reflected in CGC's existing robust pipeline of qualified projects and the more than 100 attached Transaction Partnership Letters (see Attachment 1.2.4.3 Transaction Partnerships Letters of Commitment). These letters provide details regarding potential partnerships CGC may immediately pursue with an NCIF grant award pursuant to its investment policies described in Section 1.2.6. Broadly, these partnerships generally follow one of two models: (1) an expansion of CGC's Network of green banks and other community lenders; or (2) partnerships with national commercial companies that are on the forefront of greening the U.S. economy.

Green Banks and Other Community Lenders. CGC will provide established and emerging green banks and other community lenders with capital to build up their balance sheets so that they, in turn, can provide financial products for community-focused Priority Projects. This capital will largely take the form of loans and equity equivalent investments such as EQ2 investments in CDFIs. Because many of these community lenders and emerging green banks may be new to investing in clean energy technologies, CGC will assist them in originating investments in community-focused Priority Projects. Over time, CGC intends to develop at least one economically self-sufficient green bank in every state, meaning that they would have at least $50 million of assets under management or otherwise have operating income that makes them financially sustainable. CGC expects that with the additional support available to community lenders from CCIA and SFA grant funds, they will quickly be able to develop the capability to self-originate investments in Priority Projects as well. CGC will also support these entities by developing and deploying financial products that they can easily recycle to increase their new operating income and by providing credit enhancement platforms. At the same time CGC will invite green banks and other community lenders to participate in the provision of financial products to larger-scale qualified projects at the regional and national scales such as co-investments in a portfolio of community solar projects serving LIDACs across the country.

National Commercial Partners. In addition to its relationships with green banks and community lenders, CGC has forged partnerships and engaged in significant discussions regarding potential qualified project pipelines with many large commercial companies. CGC considers these partnerships crucial to scaling clean energy investments and institutionalizing new financing markets that directly target LIDACs. Moreover, CGC intends to work with businesses in every link of the supply chain of Priority Projects to transform not only the financial markets but also the private sector by partnering with original equipment manufacturers, distributors, retailers and more. For example, CGC is developing a partnership with NextEra Energy, the largest developer of renewable generation projects in the United States, where CGC would provide credit enhancements to help NextEra expand and accelerate its deployment of distributed generation and energy storage projects in LIDACs (see Attachment 1.2.4.3 – Transaction Partnership Letter of Commitment of DG Development & Acquisition, LLC). In addition to partnerships with renewable energy providers, CGC will seek agreements with some of the largest asset managers for clean energy projects on increasing clean energy investments in LIDACs through risk sharing tools.

Between these potential partnerships and CGC's intent to conduct an RFP as described in Section 1.2.4.2, CGC anticipates being able to create a pipeline of qualified projects so much larger than the NCIF as to be virtually inexhaustible. This will allow CGC to be highly selective and prioritize projects in LIDACs, rural and Tribal communities, and projects with relatively higher returns that support a sustainable business model.

1.2.5. Market Development Plan

1.2.5.1. Predevelopment Plan

CGC's predevelopment activities focus on addressing market and technical risks by deepening knowledge of the risks and rewards of private capital investments in qualified projects. These activities drive project formation and maximize eventual private sector participation, especially in LIDACs, so CGC plans to run grant competitions to select partners to assist with deployment in these areas. These activities can be categorized as follows:

Community Outreach and Feedback. CGC will provide community lenders, developers, contractors, and potential end-users or customers critical feedback and analyses of market and technical trends and the overarching needs and concerns of communities through its multi-pronged community engagement plan (Section 1.2.1). CGC will also provide ongoing monitoring of the development and finance ecosystem for community-focused qualified projects. Such feedback and analyses will be especially critical in providing a voice of the community for larger-scale community-focused projects, such as the deployment of community solar generation projects and community EV charging facilities, where there may be a relatively large number of community members that might be affected by the deployment of a proposed project. As referenced in Section 1.2.1.1, the Coalition, via Elemental, will also provide a suite of community-engagement tools to embed community input into market development surrounding project deployments.

Commercial and Financial Feasibility Studies. These studies will evaluate the economic viability of community-focused qualified projects and provide a financial profile of proposed projects, including their projected costs, revenue streams, and project-related financial risks. This will, for example, assist project developers, contractors, project offtakers, customers, community lenders and other financial intermediaries, to better understand how to employ efficient risk mitigation measures, such as counterparty credit risk insurance products. The studies will also help these parties understand how to access special revenue streams, such as tax credits and the sale of electric energy attributes in local or regional power markets, or risk mitigation measures that they could apply to reduce the overall costs or risks associated with financing and deploying qualified projects.

Site and Building Assessments. Energy audits and other types of building assessments identify energy system inefficiencies and potential areas for beneficial investments in building retrofits and clean energy infrastructure, such as air-source heat pumps, distributed solar, and energy storage. These audits and assessments will reveal the potential for obtaining better products and services, such as HVAC services and lighting, at a lower delivered cost. Energy audits will be a particularly relevant predevelopment activity in the net-zero emissions buildings category, as the insights are likely to enable investments in building retrofits and energy efficiency measures.

Technology and Resource Studies. These studies support community lenders and other local partners (e.g., contractors), as well as developers and financial intermediaries, in understanding the technical aspects of emerging, commercially available technologies, products, and services, such as air source heat pumps and virtual power plants. In turn, they reduce perceived and priced-in risks in the financing of specific qualified projects in LIDACs. These studies will also analyze the resource potential for qualified projects in LIDACs and will consider factors such as resource availability and intensity, end-use needs or demand, and the economic availability and relative costs of complements, and substitutes.

Design, Engineering, Permitting, and Regulatory Assistance. CGC will coordinate the activities of its Network to develop and leverage their experience with community-focused qualified projects, especially Priority Projects. This coordination will help CGC share best practices, with the goal of implementing projects that are well-designed technically and with regard to relevant regulatory requirements. Effectively navigating regulatory requirements such as requirements associated with federal financial assistance (e.g., federal bonus tax credits for community-focused solar projects), local permitting, and interconnection to the local grid, will both minimize projects' soft costs and maximize net revenues. By learning and sharing best practices, the Network can develop more routinized and replicable models for the different types of community-focused qualified projects, especially Priority Projects, and thereby facilitate the standardization, aggregation, and securitization of the associated financial products. This will enable the deployment of qualified projects at scale in LIDACs.

1.2.5.2. Market-Building Plan

Non-Financial Market-Building

To address the most pressing non-financial barriers to adoption of clean technologies in LIDACs, CGC will launch marketing, community engagement and outreach efforts with green banks and other community lenders, qualified project developers and sponsors, CBOs, commercial financial intermediaries, and households and businesses. CGC has reserved a significant grant pool for market engagement and pre-development through trusted community partners, including environmental justice, economic development, and community based organizations, and has selected Coalition Members such as Elemental, CDVCA and others with successful track records in building markets in LIDACs. CGC will: (1) directly market at the national and regional levels; (2) provide community lenders and the developers, sponsors of and contractors for qualified projects with marketing resources for outreach at the state and community levels; and (3) expand community outreach efforts to grow the pool of skilled labor, equipment, and other resources available to deploy Priority Projects in LIDACs.

CGC will also engage with its Coalition Members, including Elemental, on extensive market building activity to address non-financial barriers, as further described in Attachment 1.2.2.3 – Elemental Overview. CGC is including a $15 million grant to Elemental to expand their existing pre-development work, including training the CGC Network on Elemental's input and equity diligence approach developed over a decade of investing in and with LIDACs. Elemental prioritizes the community at each stage of the investing process, including workforce development, project identification and selection, public education campaigns, and the development of innovative financial products.

CGC will also partner with national developers, such as Invenergy, retailers and other large property owners, original equipment manufacturers, and national housing developers that can drive origination of investments in qualified projects across the country, including in communities where there may not be a community lender to undertake such origination activities. CGC will also collaborate with the developers and vendors of advanced data analytics and artificial intelligence platforms to assist all entities in the finance ecosystem for qualified projects in identifying the most impactful investment origination opportunities.

Financial Market-Building

For more than a decade, CGC has shown that when green banks demonstrate that a particular type of clean energy project is commercially viable, then the private market adopts that project. NY Green Bank demonstrated this for community solar in New York State and now private capital investors finance almost all community solar projects in New York. Building on the success of CGC's Coalition Members and partnering with collaborative efforts like DOE's National Community Solar Partnership, CGC plans to demonstrate that Priority Projects in LIDACs can generate sufficient returns to private capital investors to mobilize their participation. CGC will partner with private sector partners at each stage to help build familiarity with the products, technologies, and services comprising Priority Projects, applicable financial products and financing structures, communities, and geographies that the GGRF program is designed to benefit. Where necessary, CGC may take subordinate capital positions, or provide credit enhancements, to specifically address risks that prevent or hinder private capital investment. Financing innovations, demonstrated success, and community engagement will eventually attract private capital at scale into transforming energy generation and consumption in all LIDACs.

CGC will structure these financial products to be assets that can be easily recycled by CGC, community lenders and other financial intermediaries in the large public capital markets through their aggregation and sale to private capital investors. The development, deployment, and recycling of these financial assets will drive the financing ecosystem for qualified projects as CGC, community lenders, and other financial intermediaries will be ready to originate and sell new financial assets. Indeed, existing green banks including CGC's Coalition Members already have a great deal of experience in tapping the larger public capital markets to recycle their financial assets, such as the Connecticut Green Liberty Bonds (and Notes) and the Illinois conduit bonds backed by Community Property Assessed Clean Energy ("C-PACE") programs. CGC will continually demonstrate successful deployment, transfer the business to the private sector as it matures, and then innovate and develop new sustainable markets where positive impacts are aligned with positive returns.

1.2.5.3. Labor and Equitable Workforce Development Plan

CGC is working with labor, community groups and businesses to address the obvious shortage in skill sets and inequitable allocation of such job opportunities as demonstrated by the letters of support from the AFL-CIO and others provided as Attachment 1.2.5.3 – Labor and Equitable Workforce Letters of Commitment. According to DOE's U.S. Energy & Employment Report 2023, there were 3.1 million jobs in net-zero energy products, technologies, and services, an increase of 3.9% from 2021. But given the rate of deployment of qualified projects needed to achieve the Administration's climate and clean energy goals, the workforce must grow faster. CGC intends to build a bridge between opportunity and people through its Workforce and Talent office and its alliance with labor, as illustrated by the presence of an AFL-CIO representative on CGC's Board of Directors and the Memorandum of Understanding ("MOU") with NABTU, provided as Attachment 1.2.5.3 – NABTU MOU.

Below is a summary of CGC's labor and equitable workforce development plan. This plan prioritizes investments in clean energy products, technologies, and services to grow the new clean energy economy "from the middle out and bottom up" and empower the American workforce.

CGC's approach to addressing these challenges and achieving these objectives is founded on three principles: (1) creating quality jobs; (2) supporting local workforce development; and (3) prioritizing the employment of a diverse workforce that shares equitably in the benefits of the clean energy transition. To ensure CGC's projects will generate high-quality jobs that align with the U.S. Department of Labor's eight Good Jobs Principles, CGC will require, monitor, and ensure compliance with the Build America, Buy America Act, the Davis-Bacon Act, and any other related federal laws and policies, as applicable. This will ensure that to the extent required under federal laws and policies the jobs created by these projects provide wages that meet or exceed the local prevailing wage, provide family-sustaining benefits such as paid leave and caregiving support, and promote workforce security and mobility. As discussed in Section 1.2.1.2, CGC will also require Equity Agreements that will include considerations for the creation of quality local jobs. The Equity Agreement will also evaluate qualified projects for their contributions to quality labor. Additionally, CGC will develop and apply a national-level Project Labor Agreement ("PLA") to be executed with NABTU and a workforce development evaluation to ensure that projects empower workers and focus on equity outcomes for communities.

Internal policies. CGC is committed to upholding internal policies and activities that will enable it to successfully impact labor and equitable workforce development. Specifically, CGC will facilitate representative hiring for quality jobs at all levels and will set policies and procedures to ensure that workers who reside in LIDACs are eligible and encouraged to apply. Furthermore, CGC's Board of Directors includes organized labor representation to guide its strategy at the national level. CGC will also establish a finance pool to directly fund workforce development programs, such as training and upskilling, certifications, job placement assistance, mentorship programs, on-the-job training, workplace safety, and legally compliant diversity, equity, inclusion, and accessibility ("DEIA") hiring.

Project Labor Agreements. CGC will establish a national-level PLA with NABTU. CGC has already entered into an MOU with NABTU that outlines a PLA (see Attachment 1.2.5.3 – NABTU MOU). This national-level agreement will flow down to projects by CGC and require the community lenders to whom it distributes funding to require or have a significant priority for projects that have a PLA with a labor organization that includes equitable workforce development provisions. Such provisions will be evaluated on how they support hiring from Justice40 communities to promote a diverse workforce that equitably shares in the benefits of that project.

The PLA with NABTU will ensure compliance with the Build America, Buy America Act, the Davis-Bacon Act, and any other related federal laws and policies, as applicable, and will include tracking and reporting requirements. Crucially, it will also have provisions for diverse and equitable workforce development, such as non-discriminatory hiring practices, workplace safety, strategies for recruiting from the target population into unions and workforce programs, mechanisms to connect individuals with wraparound services during trainings through CBOs and government agencies, and associated monitoring and evaluation of individuals' success. The PLA will also define strategies to recruit minority, women, and veteran-owned businesses seeking access to contracts related to projects.

Equitable Workforce Development. CGC will apply an equitable workforce development evaluation process to its lending partners. Compliance with the Build America, Buy America Act, the Davis-Bacon Act, and any other related federal laws and policies, as applicable, will be a screening criterion for CGC's investments in qualified projects, both direct and indirect. CGC will also evaluate the tracking and reporting compliance methods used by the developers and sponsors of these qualified projects. The evaluation will center on equitable workforce development strategies, including a workforce assessment, workforce partnerships, and having a legally compliant DEIA plan.

Potential lending partners will also describe their strategy for partnering with training programs, including registered apprenticeship programs, direct entry pre-apprenticeship programs, and nonprofit, for-profit, community college, and other higher education workforce development programs. If programs cannot demonstrate that they are meeting graduation goals, the potential lending partner can describe how they will partner with them to improve successful implementation. Such activities may include improving recruitment strategies, providing wraparound services, such as childcare, transportation, public benefits support, or funding stipends to cover living expenses during training activities.

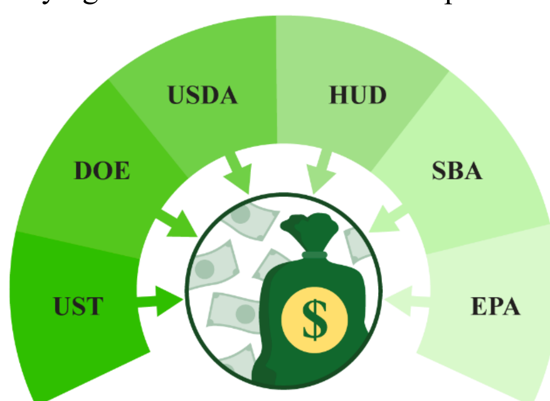
Manufacturers and Supply Chain. To ensure that permanent jobs associated with the clean energy transition are encouraged to use union workers and catalyze equitable workforce development, CGC will have preferred evaluation criteria for projects that pay prevailing wages to manufacturing, operations, and maintenance workers. CGC will require community lenders that receive funding from CGC to have a stated preference for potential program participants that commit to Labor Peace Agreements with a labor organization to ensure workers have a fair and free chance to organize.

Training, Best Practices, and Resources for Partners. CGC will support its partners in adopting best practices for equitable workforce development and supporting organized labor through a variety of training and resources. CGC will host workshops among members to share best practices for PLAs, Community Workforce Agreements, Community Benefit Agreements, and other ways to address barriers to achieving an equitable workforce. Further, CGC will encourage partners to engage stakeholders around the equitable workforce development provisions of the national PLA and the policies applicable to smaller projects. For example, CGC's partnership with Elemental will provide hands-on coaching with project deployments as well as a detailed community engagement plan for every project deployment, which includes a concerted focus on workforce development. In turn, this coaching and scoping work will be incorporated into best practices and tools that can be shared with Coalition Members. With Elemental as a Coalition Member, CGC will continue and expand this approach described in Attachment 1.2.2.3 – Elemental Overview.

Monitoring and Evaluation. CGC will ensure adoption of its core standards across its Network and verify regulatory compliance. CGC will allocate sufficient internal resources to implement these provisions and to enable rigorous monitoring at the national level. To capture additional equitable workforce development impacts, CGC will track metrics related to the success of individuals in workforce development programs and resulting employment, such as rates of graduation, job placement and retention, and career advancement in high quality jobs evidenced by wage and benefits data. CGC will also track employers' creation of high-quality jobs, the amount of their workforce that is from the desired population, and community or labor partnerships.

1.2.5.4. Coordination Plan

While CGC is an applicant in each of the three GGRF competitions, CGC will cooperate and coordinate with all grantees, particularly concerning standardization and reducing duplication of expenses. The NCIF, CCIA, and SFA components of the GGRF program are designed to work together; by partnering with other GGRF grant fund recipients, CGC can help deliver maximum impact per dollar of GGRF grant funds, including those not awarded to CGC and its Coalition Members. For example, by developing, sharing, and relying on standardized financial products, underwriting, and data standards CGC will drive broader development of easily recycled financial products across the NCIF, CCIA, and SFA programs—and across GGRF grant recipients and program beneficiaries. By stimulating easier recycling of capital, CGC will make each dollar of GGRF grant funds mobilize additional private capital investments in qualified projects to create additional beneficial outcomes for communities.



We plan to leverage existing financial resources from federal government agencies

Beyond the GGRF, CGC will also leverage other available resources from the federal government through the many federal financial assistance and incentive programs administered by the U.S. Treasury ("UST"), DOE, the U.S. Department of Agriculture, the Department of Housing and Urban Development, the Small Business Administration, the U.S. Department of Transportation, and EPA. Below are planned efforts to coordinate with and leverage large-scale programs administered by UST and DOE as examples.

UST administers a wide range of tax credit programs aimed at the deployment of qualified projects, including programs augmented under the IRA that provide production and investment tax credits and associated bonus credits for qualified projects such as Tax Code Sections 45, 45Y, 48, and 48E, especially in LIDACs, as well as cross-cutting provisions in the Tax Code that provide for elective or direct pay and transferability of tax credits. CGC will assist both tax exempt and commercial entities in accessing federal tax credits for qualified projects made available under the IRA. A primary focus of this assistance will be aimed at allowing nonprofit entities to monetize the value of these tax credits for qualified projects deployed in LIDACs through direct pay as well as monetization opportunities using the new tax credit transferability option, and CGC may help coordinate the creation of a clearinghouse or platform that allows for more efficient transfers. For both tax exempt and taxable entities, CGC may also provide or support the third-party provision of bridge financing to allow them to monetize tax credits before they are funded by the UST.

DOE manages an approximately $8.5 billion Home Efficiency and Home Electrification and Appliance Rebate Program administered in partnership with state and local governments, as well as its loan guarantee programs under Title XVII of the Energy Policy Act (the "Title XVII Program") administered by the Loan Programs Office. The Title XVII Program has approximately $290 billion in loan guarantee authority for qualified projects under its State Energy Finance Institutions ("SEFI") and Energy Infrastructure Reinvestment ("EIR") financing components. DOE may be able to provide up to $40 billion in loan guarantees for qualified projects that receive financial support or credit enhancement from a SEFI, which include, but are not limited to, state green banks, economic development, infrastructure finance, housing finance agencies, and state energy offices, a number of which are already part of CGC's Network. In addition, under the EIR program, DOE can provide up to $250 billion in loan guarantees to qualified projects that retool, repurpose, or replace energy infrastructure that has ceased operations or that enable operating energy infrastructure to avoid or reduce emissions of GHGs and other air pollutants. DOE staff have already engaged with CGC and several members of the Network regarding the SEFI program because they want to work with a national partner who can coordinate efforts with and across SEFIs, while also indicating that there may be opportunities to collaborate with regards to the EIR program. Such collaboration is essential because the objectives and capabilities of a national green bank is complementary to the objectives and capabilities of the DOE under the SEFI and EIR programs and because the $290 billion in loan guarantee authority that DOE has under these programs expires in the fall of 2026.

1.2.6. Investment Policies

CGC's overall objective is to facilitate diverse investments in qualified projects throughout the ten EPA regions. Although only 40% of the investments are mandated to be located in and benefit LIDACs, CGC's goal is to make at least 50% of its investments in Priority Projects in LIDACs. Furthermore, CGC is aiming to make at least 2% of its investments on Tribal lands and 20% in rural communities, both above their respective percentages of the U.S. population.

CGC expects to allocate approximately $7.5 billion for investments in qualified projects (largely Priority Projects), as well as market-building and predevelopment activities, at the state and local level through its direct investment platform, Coalition Members, and other program participants. CGC plans to use the remaining approximately $2.5 billion for financial products and other investments in larger-scale qualified projects that need to be managed at the regional or national level.

CGC plans to invest the entire $10 billion NCIF grant award in qualified projects and related activities within one year and will completely expend and disburse the entire grant award within the proposed three-year period of performance. CGC will accomplish this by selecting qualified projects from its $29 billion pipeline that best meet the three GGRF Program Objectives. Through this initial deployment, leveraging the CGC balance sheet, creating collateralized loan obligations, and capital recycling from repayments, CGC will create additional capital for investments for the future where it will maintain its focus on the three GGRF Program Objectives.

For CGC's direct investments, the investment policy includes robust transactional-level screening and decision-making processes to ensure the broad portfolio aligns with the GGRF Program Objectives, EPA requirements, and core justice principles and are made across all ten EPA regions, while maintaining appropriate governance and controls. For indirectly-sourced investments (i.e., investments sourced by Coalition Members and other program participants), CGC will—by the date of EPA funding—ensure those parties comply with the sourcing, screening, underwriting, portfolio management, and financial recycling standards that are consistent with what it will implement for directly-sourced investments.[6] Coalition Members and program participants will comply with overall investment framework policies, risk management, compliance, and reporting required by CGC in order to meet its overall investment aims and to meet the GGRF Program Objectives and comply with all EPA requirements.

In summary, CGC's investment policy process includes the following stages:

Stages of Investment Policy

Stage 1 Investment Sourcing	Stage 2 Investment Screening	Stage 3 Underwriting	Stage 4 Investment Committee Review /Approval	Stage 5 Portfolio Management
• Conduct preliminary assessment & risk review • Collect relevant data • Execute non-disclosure agreement (NDA), if needed	• CGC Investment Screening Level Scoring System (ISLSS) • Enter investment in pipeline database	• Conduct in-depth financial feasibility analysis • Conduct benefit assessment • Assess investment against full portfolio • Issue Letter of Intent	• Determine investment financial feasibility & mission alignment • Issue final Term Sheet • Close investment	• Conduct quarterly financial & operating review • Evaluate portfolio fit

[6] CGC will work with Coalition Members and program participants to review, and if necessary, update their existing investment policies to ensure this consistency across investments.

Stage One: Investment Sourcing

Potential investments in qualified projects will be sourced both from CGCs Origination Team and Network partners. CGC's sourcing staff on the Origination Team will work with state and local green banks, developers, and CBOs in each of the ten EPA regions to develop a pipeline of investment opportunities in qualified projects. The Origination Team will conduct preliminary analysis to ensure potential investments meet EPA guidelines and are financially feasible. All potential investments must be in clean energy products, technologies, services, or related financial products that further GGRF Program Objective 1 while also meeting EPA's eligibility requirements for qualified projects.

CGC expects to make the following types of investments: privately held equity in companies, equity equivalent investments in companies and/or qualified projects, junior debt investments, senior debt investments, and investments in other financial vehicles (e.g., credit enhancements and other insurance-like financial products, pooled equity and debt vehicles) (see Section 1.2.4.1 for a discussion of financial products). CGC will place special emphasis on funding Priority Projects located in LIDACs and include at least one of the additional attributes described in EPA's NOFO—climate change, clean energy and energy efficiency, clean transportation, affordable and sustainable housing, training and workforce development, remediation, and reduction of legacy pollution, and/or development of critical clean water infrastructure. CGC's Origination Team will also evaluate investments in the underlying qualified projects for important risk factors, including technology, reputational, deployment, and environmental risks. After the sourcing staff on the Origination Team decides the investment opportunity should move forward, and has assembled necessary project information and documents, they will enter the opportunity into CGC's qualified-project database.[7] Once the sourcing staff completes an internal Origination Memo, they will forward it to the screening team. The Origination Memo is designed to ensure that the Origination and Underwriting Teams have the relevant data to determine whether to make an investment in a qualified project. The Portfolio Management ("PM") Team may instruct the Origination Team and its sourcing staff to emphasize originations in certain market segments and geographies, or for certain project categories or financial products to ensure an appropriate investment balance.

Stage Two: Investment Screening

After the Origination Memo is complete and a qualified investment is in the pipeline database, the screening staff is responsible for winnowing the pipeline of investment opportunities in qualified projects to investments and projects that are highly actionable, meet some minimum level of financial/commercial viability, and are expected to result in outputs and outcomes that further the GGRF Program Objectives, with a focus on Priority Projects in LIDACs. These investment opportunities are evaluated using CGC's ISLSS (i.e., Investment Screening Level Scoring System), which includes a basic financial analysis and an evaluation of expected outputs and outcomes, especially those benefiting LIDACs. The basic financial analysis will evaluate if the potential investment meets CGC's required risk/return thresholds, if loan-to-value requirements are met, and whether and to what extent there may be some type of extreme or unusual downside risks that require special consideration. The ISLSS also considers portfolio concentration and

[7] As part of their mission to identify actionable investment opportunities in qualified projects the Origination Team will have the authority to enter into non-disclosure agreements ("NDAs") with the developers and sponsors of qualified projects.

diversity within and across the ten EPA regions, as well as to what extent an investment is expected to result in outcomes that provide climate and air pollution benefits, equity and community benefits, and market transformation benefits. CGC intends to have at least 50% of its investments located in LIDACs. Based on the Board of Director's desired investment portfolio mix in each fiscal year, the ISLSS will also incorporate specific weightings to ensure the desired targeting of market segments and geographies, project categories, and financial products. The ISLSS will also help ensure that the actionable investment opportunities evaluated by the Underwriting Team have already incorporated aspects of evaluating and managing investment risks (including but not limited to concentration, counterparty, financial asset type, capital impairment, and environmental risks). When a potential investment does not meet CGC's criteria for underwriting, the Origination Team will follow up with the project's developer or sponsor to explore alternative investment structures that may enable underwriting. The Origination Team may also offer technical assistance to assist with investment restructuring before an investment is made.

The Origination Team will use additional screening measures to assess qualified investment opportunities with a housing component. Qualified projects that increase or maintain affordable housing and reduce or eliminate displacement of low-income households will receive special consideration. If a project includes the development or rehabilitation of housing units, at least 20% of the aggregate housing units must be affordable for low-income households. CGC's scoring criteria will give credit to protection mechanisms in real estate development plans that maintain the existing stock of affordable housing and create additional units. CGC will measure affordability for low-income households using HUD's guidance, as follows: Extremely Low-Income – 30% of area median income, Very Low-Income – 50% of area median income, Low-Income – 60% of area median income and High Low-Income – 80% of area median income. Additional consideration will be given to qualified projects with a housing component that commit to enhanced benefits such as net zero/negative emissions or the higher levels of Passive House, LEED certification, National Green Building Standards, or Enterprise Green Community standards.

To minimize displacement of low-income households that might result from investments in qualified projects with a housing component, CGC's investment policies will require project developers/sponsors to comply with the Uniform Relocation Assistance and Real Property Acquisitions Policies Act. To the extent low-income households must relocate because of a project, CGC will require: temporary lease units in other buildings at same rent or the owner pays the differential, lease renewals before and during the rehabilitation, and the ability to return to the property under substantially same terms offered prior to the relocation. To prevent rapid cost increases for housing, CGC will institute a preference for making investments in qualified projects with a housing component that include rent restrictions tied to area median income and to fund improvements that have direct impact on utility cost burdens of renter households.

For both housing and non-housing investments, the screening staff will complete a screening memo and log a proposed investment in the pipeline database. Afterwards, the project can move onto underwriting. The screening memo ensures the Origination Team appropriately identified the relevant risks and opportunities of any proposed investment in a qualified project.

Stage Three: Underwriting

The Underwriting Team conducts thorough due diligence, based on approved underwriting standards. The underwriting process considers several investment-specific financial factors, including risk/return, collateral or other forms of security, financial scenario analyses, and securitization and recycling potential. In addition to investment-specific financial factors the Underwriting Team will also consider broader financial factors, such as portfolio concentration risk, and the risks and opportunities of a proposed investment as related to the GGRF Program Objectives, including expected outputs and outcomes.

As part of the Underwriting Team's evaluation process, they may enter into indicative term sheets, MOUs, and/or preliminary framework agreements to allow for a more detailed negotiation on next steps as well as detailed due diligence needed to fully evaluate an investment and provide a recommendation to the Investment Committee. For an investment to be considered by the Investment Committee the Underwriting Team needs to complete an Underwriting Memo. The Underwriting Memo is a formal document that discusses, in detail, the financial aspects, the risks in making an investment, and the steps that the Portfolio Management Team would potentially take should an investment be made. In addition, the Underwriting Memo includes both qualitative and quantitative analysis of expected outputs and outcomes, a risk management assessment, and an evaluation of the qualified project's impact on unique factors (if relevant), such as housing affordability for low-income households. The Underwriting Team will also work with Portfolio Management to understand the current state of the overall portfolio and how any investment will impact the portfolio to ensure that CGC is investing appropriately across market segments and geographies, project categories, and financial products in all ten EPA regions.

The financial aspects of a project that the Underwriting Team will consider and discuss in the Underwriting Memo will also necessitate building financial models. The type of financial product sought out (e.g., equity, equity equivalent, mezzanine debt, credit enhancement) will determine the relevant financial analysis and risk factors that require close attention.

Stage Four: Investment Committee Review and Approval

Once the Underwriting Team completes full due diligence, the project will be passed to the Investment Committee for final consideration. The Investment Committee will evaluate investments for financial feasibility and mission alignment, based on reports provided by the Origination and Underwriting Teams. The Investment Committee will further consider financial viability, risk/return, recyclability, expected outputs and outcomes, and appropriate coverage and diversification across project categories, market segments and geographies, financial products, and investment counterparties. Before any investment in a qualified project, the Investment Committee must approve the project by a majority vote. If the investment is greater than a previously set threshold or a projected investment return is below a previously set financial threshold, the full Board of Directors must approve it. The Investment Committee will make decisions decisively and swiftly to ensure investments are made in all ten EPA regions within the 12-month timeline. Once approved by the Investment Committee, the Underwriting Team will work to prepare the appropriate financing documents (e.g., a loan agreement, a note purchase agreement for an equity equivalent investment) and move to a speedy closing alongside the Finance Team. The Legal and Portfolio Management Teams and their outside financial advisors and legal counsel will provide additional support as needed. If not approved by the Investment Committee, the Origination Team may follow up with the project sponsor to determine if further assistance could lead to later approval of the investment.

The Investment Team as a whole, but also the Portfolio Management Team and the Investment Committee members specifically, are focused on risk management. CGC's high-level risk management philosophy is: (1) Front End: to not take undue risk in making investments; (2) Portfolio: to diversify risk across the portfolio to avoid systematic challenges; and (3) Back End: to manage risk actively at the investment level through the PM team. From a concentration and portfolio perspective CGC's current thresholds are to not have more than 2% of net assets invested in any one investment, no more than 5% of net assets invested with one counterparty, no more than the percentage of total U.S. population of an EPA region +5% invested in an EPA region on a net asset basis, no more than 40% of net assets invested in any Priority Project category, to not have more than 10% of private capital mobilized from one financial institution, and to have a blended approach to counterparties in terms of size, scale, and location at the Investment Committee's discretion.

Stage Five: Portfolio Management

Portfolio Management is not just a compliance and reporting function but also a critical part of CGC's planning and investment process. The PM Team is responsible for data collection, risk assessments, and ensuring all investments remain compliant with financial parameters and covenants established in the financing documents. The PM Team is also tasked with improving financial outcomes, outputs, and outcomes that further the GGRF Program Objectives and reducing financial and other risk through proactive management of CGC's investments and continuous dialogue with its investment counterparties.

The PM Team's responsibilities include working with all other teams to ensure attainment of portfolio level diversity targets, including diversity across market segments and geographies, project categories, financial products, and investment counterparties. The PM Team will also prepare quarterly reports about risk, asset allocation, and the current status of all investments for CGC's Board of Directors. The PM Team will also focus on systemic risks that may affect the entire portfolio, including broader macroeconomic, political, and environmental/climate risks.

The PM Team will work externally with CGC's investment counterparties to minimize risk, maximize return on capital, and structure CGC's investments in qualified projects to produce outputs and outcomes that further the GGRF Program Objectives. This process involves the PM Team being in contact with investment counterparties to understand the status of investments and the challenges they may be facing as well as any actions CGC can take to assist the performance of its investments. The PM Team will conduct quarterly check-ins on performing assets, monthly check-ins on struggling assets, and more active contact on asset that are non-performing or at risk of impairment. These challenges, in turn, can be addressed as part of CGC's market development plans discussed in Section 1.2.5. This also involves the PM Team working with state and local partners to determine ways investments in qualified projects can provide significant and meaningful beneficial outcomes in communities across the country.

Investment Process Management

CGC will evaluate and update its investment policies annually to ensure that its investment portfolio is prudently constructed and managed and will result in outputs and outcomes that further the GGRF Program Objectives. In addition to meeting to consider individual investments, the Investment Committee will also meet at least quarterly to evaluate the investment portfolio and strategy and its progress towards meeting investment goals and objectives, as reported to it by the Portfolio Management, Finance, and Community and Environmental Justice Teams. CGC is focused on continuous improvement of its investment process and as such, the Investment Committee is tasked with quarterly consideration of and updates to the investment policies, the

Investment Team dashboard, the investment origination, and underwriting tools, and/or various investment-related Teams' guidelines to ensure the investment goals and objectives are met. The Board of Directors and the full Investment Team will also meet annually to determine policy, provide direction, and implement any necessary changes to CGC's investment policies and process.

Other Considerations

Most of the investments CGC expects to make directly in qualified projects will be subordinated capital investments (e.g., junior debt and equity equivalent investments) in singular projects. However, CGC may also make investments in other broader financing structures aimed at directly or indirectly supporting multiple qualified projects, including, but not limited to, investments in credit enhancement platforms, private investment funds, operating companies and/or pooled risk vehicles (i.e., third-party investment funds). All the policies and criteria used for the evaluation and disposition of investments in singular qualified projects will also apply to these broader financing structures.

Examples of CGC Underwriting Standards

Listed below are key financial factors CGC would consider prior to making an investment when approaching a senior secured loan for a project, a junior unsecured loan, or an equity investment in a company. Before getting to this stage though, CGC will have confirmed whether the project is a qualified project and where it fits into CGC's portfolio from an LIDAC, sector, and risk perspective. The example below is not definitive or exhaustive but exemplifies how CGC looks at different risked products in relation to each other.

Financial Product	Philosophy	Relevant Metrics
Senior Secured Loan	Highly safe loans that CGC aims to securitize and package to quickly recycle – CGC aims to make the loans that private lenders will be making in 2-3 years when they understand the risks	Rate, term, collateral, amortization, counterparty creditworthiness, co-investors, standardized documentation
Junior Unsecured Loan	Highly catalytic loans that CGC hopes to be able to hold on its balance sheet to leverage, but whose primary goal is to mobilize private capital – CGC aims to unlock private capital by being the missing piece of the capital stack, willing to take some risk that might be borne by equity but also being flexible to mobilize private debt	Rate, term, payment in kind vs. cash coupon, collateral, amortization, private capital mobilized (equity and other debt), counterparty creditworthiness, standardized documentation
Equity Investment	Highly catalytic capital that can finance rapid growth and leverage debt capital, but a small portion of the overall portfolio because of risk; can finance startup or growth of projects or businesses when collateral and other requirements of debt are	Growth potential, risk/return analysis, clear path to liquidity, ownership by LIDAC entrepreneurs, outsized impact on

	not present; preferably unlocks other Network benefits for CGC's investment ecosystem	community and greenhouse gas, ecosystem benefits

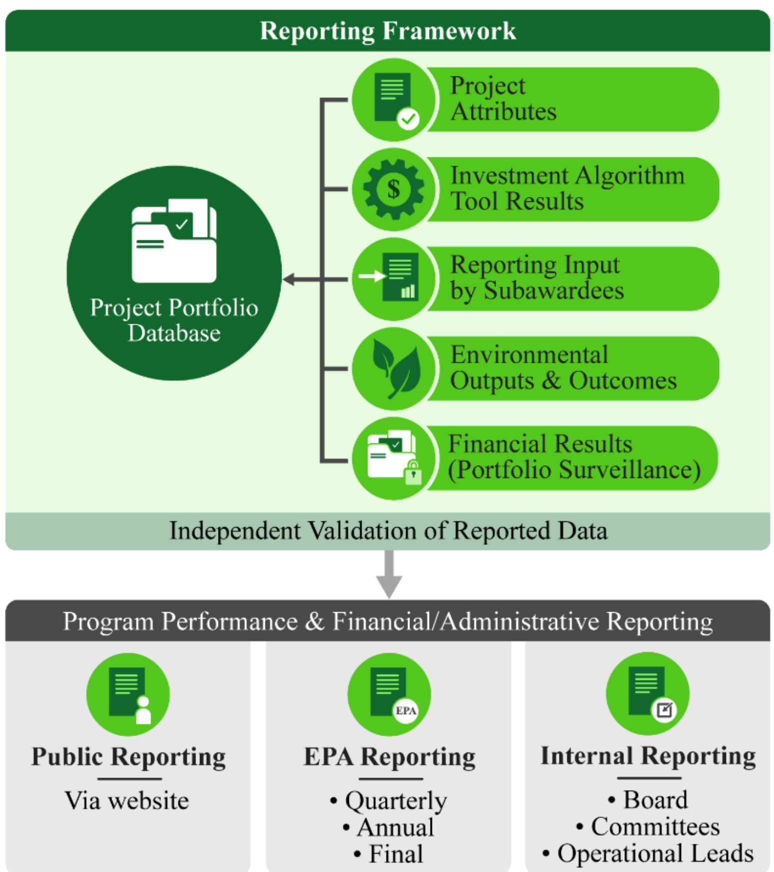
Investment Policies with Respect to Coalition Members

CGC's Coalition Members will conform their investments in qualified projects made with NCIF grant awards to the framework of the investment policies and processes described above, including, but not limited to, ensuring consistency of their origination, underwriting, risk management, compliance, and reporting processes with CGC underwriting standards. Coalition Members must also agree to shared risk screening and management tools, compliance and reporting tools, and standards to ensure overall system level accountability and best practices.

1.3. Program Reporting

1.3.1. Reporting Plan

CGC's reporting program will track and report the outputs and outcomes of activities funded by an NCIF grant award that further the GGRF Program Objectives accurately, efficiently, and transparently. This framework is depicted below.



CGC aligns its reporting program with each of the GGRF Program Objectives by tracking and reporting outputs and outcomes related to climate and air pollution benefits, equity and community benefits, and market transformation benefits across each of the different product categories described in Section 1.2.3.1. Attachment 1.3.1 – CGC Reporting Plan identifies these outputs and outcomes in detail. CGC will measure installation of Priority Projects and qualified projects by type of project and location, among other initiatives, as the outputs of its investments. CGC will also measure outcomes using performance indicators (e.g., reduced and avoided emissions, reduction in energy costs, increase in affordable housing units, and increase in private capital mobilized for qualified projects) and track percentages in LIDACs and rural and Tribal communities. CGC will also report on outputs and outcomes to help measure progress on qualified projects to mitigate the effects of climate change, remediate and reduce legacy pollution, and develop critical clean water infrastructure.

To ensure the efficacy of its investments in qualified projects, CGC will measure and track the reduction of emissions of GHGs and other air pollutants and their impacts with widely adopted methodologies, such as the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard, EPA's AVERT tool, and select IPCC methodologies. Additionally, CGC will comply with EPA standards and industry standard frameworks, such as the International Sustainability Standards Board, Taskforce for Climate-related Financial Disclosures and the Government Finance and Officers Association of the United States and Canada. CGC will also competitively select both an independent third-party sustainability expert and a community equity expert to validate CGC's and the Network's data collection and reporting procedures with input from its community partners.

CGC will centralize the collection and storage of all required data to create a one-stop-shop that provides ready access to all data on outputs and outcomes relevant to the GGRF Program Objectives and the ability to prepare reports efficiently and effectively. To ensure transparency and accountability for all federal grant funding received, CGC will include a reporting condition in all subawards and all agreements for financial or technical assistance and will provide support to subrecipients to complete reporting. Each Coalition Member and program participant in the Network will either implement the reporting plan or an approved equivalent.

CGC will then compile the data received from Coalition Members and program participants, including data on the outputs and outcomes described above, into a single, comprehensive Project Portfolio Database ("PPD") that will allow for oversight and auditing of program performance. CGC will provide EPA with unrestricted access to the PPD and will work with EPA on a plan to make appropriate portions of the PPD available to the public. CGC expects that EPA and other GGRF grant recipients will agree on a common approach with interoperable data standards for measuring, monitoring, and reporting to encourage blended portfolio reporting, analysis, and recycling.

1.3.2. Reporting Capacity

CGC will ensure capacity to implement the grant's reporting requirements by using four resources: people, technology, policies, and auditing.

People. CGC will expand its existing organizational reporting capacity by appointing an experienced and qualified official to serve as Chief Compliance Officer ("CCO"). The CCO will be responsible for creating, operating, and maintaining reporting systems and policies. The CCO will lead a team of metrics and reporting experts and will be supported by both the Chief Operating Officer's ("COO") data management and technology specialists and the Chief Financial Officer's ("CFO") financial reporting team.

Technology. CGC will obtain state-of-the-art data systems and capabilities through one or more competitive procurements. By procuring commercially available data management systems that can be programmed to effectively collect, track, and report on outputs and outcomes relevant to the GGRF Program Objectives, CGC will comply with EPA's reporting requirements. By procuring data systems that are capable of interfacing with EPA's data systems, CGC will also expand its reporting capacity by improving the efficiency of reporting information out of its data systems and by improving compatibility with other GGRF recipients and financial institution systems.

Policy. In addition to implementing the reporting plan described in Section 1.3.1, CGC will ensure organizational reporting capacity through policies related to information security, information retention, data access, and transparency. As discussed in Section 1.3.1, CGC will also include a condition of all subawards and all agreements for financial or technical assistance that requires each Coalition Member and program participant to certify that the organization will either adopt CGC's reporting related policies or their equivalent for their operations that are funded by an NCIF grant award. CGC will provide technical assistance as needed for CGC's subrecipients.

Auditing. CGC will ensure organizational reporting capacity through vigorous use of internal and external auditing and oversight. CGC will design the auditing and oversight function based around a program evaluation plan consistent with EPA Order 1000.33: U.S. EPA Policy for Evaluations and Other Evidence-Building Activities, and the Foundations for Evidence-Based Policymaking Act of 2018. CGC will design the program evaluation plan to facilitate real-time, continuous program evaluation to ensure program effectiveness and results.

1.3.3. Past Performance and Reporting History

CGC is well-positioned with the collective experience of the organization, its Board of Directors, management team, and Coalition Members to implement and complete EPA's grant performance and reporting requirements. CGC's Board of Directors brings a breadth of experience working with federally funded assistance agreements as noted in Section 2.2.1. CGC has also met with several service providers that specialize in the administration of federal grant funds and will conduct a competitive procurement prior to the award of federal grant funds. Several of CGC's Coalition Members have experience successfully administering federal grant funds, including California Infrastructure Bank ("CA IBank"), CDVCA, OAQDA, NYCEEC, and SELF. For example, the State of Ohio through its state agencies like OAQDA and Ohio EPA ("OEPA"), which are working together on implementing grant awards, are accustomed to federal- and state-level reporting and compliance requirements. OEPA, with state partners, has successfully implemented over $3.8 billion in federal grant funding over the last 35 years through the Clean Water and Drinking Water State Revolving Fund ("SRF") program, including federal reporting to EPA and compliance with annual reviews by Region 5 to validate financial and programmatic requirements. And under UST's State Small Business Credit Initiative 2.0 ("SSCBI 2.0"), CA IBank was allocated in 2021 approximately $391 million to its Small Business Loan Guarantee Program, and $200 million to a newly created venture capital program—the Expanding Venture Capital Access program. CA IBank has met all reporting requirements during SSBCI 2.0's period of performance thus far.

CGC has also completed and managed domestic local and state government funded assistance agreements and federally funded assistance agreements from the Rwandan, Cambodian and South African governments, as described in Section 2.1.3. Completion and management of these assistance agreements required the timely satisfaction of reporting requirements, including reporting requirements related to specified outputs and outcomes, program performance, financial management, and program administration pursuant to federal, state, and local review and certification requirements. For example, CGC's receipt of a federally funded assistance agreement from the Rwandan government for the launch and operationalization of the Rwanda Green Investment Facility ("RGIF") included rigorous performance and reporting requirements, which culminated in CGC's receipt of a certificate of completion and recommendation for future related services from the Rwandan government. CGC has also managed numerous private philanthropic assistance agreements.

1.4. Program Budget

1.4.1. Expenditure and Disbursement of Awarded Funds

CGC's proposal for expending and disbursing awarded funds prioritizes timeliness and efficiency in fund deployment to maximize the impact of those funds when measured against EPA's three GGRF Program Objectives. An important element of CGC's proposal is its plan to invest all grant funds within the first year after receiving an award.

As demonstrated throughout this application, CGC's proposal to deploy 100% of the portion of an award that is allocated to financial assistance within one year of receiving the award is supported by a detailed record, incorporates a comprehensive set of procedures and controls, and will avoid the detriments and reduced benefits of delaying the deployment of funds.

As discussed in Section 1.2.2.1, deploying funds over a five-year period instead of over one year would diminish the reduction of GHGs by 30%. Deploying over seven years would achieve an even smaller percentage of the reduction of GHGs that CGC's proposal is designed to achieve.

CGC's proposed approach for expending and disbursing awarded funds is grounded in the record associated with the $29 billion in qualified projects described in Sections 1.2.4.2 and 1.2.4.3. With an initial pipeline that is already nearly three times the amount of funding requested from the NCIF, CGC and its Coalition Members will be able to identify and prioritize investments in qualified projects that are within LIDACs quickly, have an existing need for the financial assistance that is allowable under the NCIF program, and will begin generating the program income that will support continued operability of CGC and the CGC Fund beyond the period of performance.

CGC proactively conducted outreach to the financial services and commercial banking sectors to identify the different capabilities and services that will be essential to CGC's ability to deploy the entire award that is allocated to financial assistance within one year of receiving the award. Through that outreach, CGC confirmed that the financial services and commercial banking sectors possess all capabilities necessary to assist CGC with the timely, efficient, and prudent expenditure and disbursement of funds as proposed in this application and regularly provide all necessary services to the entities the sectors support. See Attachment 1.2.4.3 –Transaction Partnership Letters from Amalgamated, Citi, Goldman Sachs, Mizuho Securities, and Wells Fargo.

1.4.2. Budget Description and Table

The detailed budget table included as Attachment 1.4.2 – Budget Table – CGC (the "Budget") documents reasonable costs in support of the program proposed herein. The Budget balances the requirements for granularity and thoroughness with the need to present the information in a clear and effective manner by including all major budget items on the first page and including itemized lists for many of the major budget lines in an Appendix specific to that item. Below is a summary table from the Budget.

Summary Budget Table		
Direct Costs		
Financial Assistance to Qualified Projects		$9,654,000,000
Acquisitions of Intangible Property	*$ 200,000,000*	
Subawards to Program Participants	*$5,071,000,000*	
Subawards to Subgrantees	*$3,583,000,000*	
Particpant Support Costs	*$ 800,000,000*	
Predevelopment Activities		$ 70,000,000
Market-building Activities		$ 116,000,000
Program Administrative Activities		$ 146,000,000
Personnel	*$55,000,000*	
Fringe	*$16,000,000*	
Contractual Services	*$61,000,000*	
Travel	*$ 4,000,000*	
Others	*$10,000,000*	
Direct Cost, Subtotal		**$9,986,000,000**
Indirect Costs, Subtotal		**$ 14,000,000**
Total Budget		**$10,000,000,000**
% Share for Financial Assistance		**96.54%**

The Budget Includes Costs that are Reasonable to Accomplish the Proposed Program

As established in the program vision and explained in detail throughout the program plan (Sections 1.1 through 1.4.2), CGC proposes to achieve the GGRF Program Objectives through the creation of the CGC Fund, which will allow CGC to serve as a national green bank that both invests in qualified projects and provides financial and other assistance to a growing ecosystem of state and local green banks, community lenders and other community organizations. As demonstrated by the following examples, the costs included in the Budget are reasonable to enable CGC and its Coalition Members to execute the proposed program and are consistent with important statutory, regulatory, and administration requirements and priorities.

Funding for Program Activities is Reasonable for the Proposed Program

Consistent with direction in the NOFO, the Budget prioritizes the use of grant funds for providing financial assistance to qualified projects, allocating 96.54% of the requested award to financial assistance.

As specified in the NOFO, applications "must include a program budget that allocates at least 40% of grant funds for the purposes of providing financial assistance in low-income and disadvantaged communities." The Budget complies with this requirement through Appendix A to the Budget, which requires that 40% of each line item within the Direct Costs for Financial Assistance section be used for qualified projects within LIDACs. Consistent with CGC's target of deploying at least 50% of the financial assistance to qualified projects within LIDACs, the Budget specifies that the remaining 60% of each line item may be used in LIDACs or other communities. As described in Section 1.2.4.2, more than 55% of the qualified projects included in CGC's $29 billion year-one pipeline are in LIDACs, and CGC's investment policies described in Section 1.2.6 will prioritize qualified projects from the submitted pipelines that are in LIDACs, ensuring that well over 40%

of the financial assistance from the proposed program will be used for qualified projects in LIDACs.

The Budget allocates 99% of the entire award to costs associated with financial assistance, predevelopment and market-building activities incurred during the first year, which is reasonable considering CGC's strategy to deploy the entire award in the first year.

The allocation of 99% of the grant funding to uses in the first year of the proposed three-year period of performance is consistent with the proposal's strategy to invest 100% of the funds allocated to financial assistance within one year of receiving the award and ensures sufficient program administration funding in the first year to successfully implement that strategy.

The Budget calls for the deployment of 100% of the funds allocated for subgrants to named Coalition Members in the first year, which is consistent with the proposed program's strategy for deploying financial assistance and the anticipated one-year period of performance for the subgrants listed in the application.

The allocation of grant funds across the Budget will ensure the continued operability of CGC and the CGC Fund well beyond the period of performance. For example, of the $5.071 billion in funds allocated to financial assistance to be provided by the CGC Fund (i.e., excluding financial assistance to be provided by Coalition Members as subgrantees), 85% will be used to make subawards to program participants in the form of subordinated capital investments, such as loans, and credit enhancements, such as full or partial loan guarantees—uses that will generate sufficient program income to fund continued operations after CGC and EPA reach an agreement closing out the award. The Budget does not rely on or suggest any use of program income during the period of performance, consistent with EPA's direction.

The significant amounts allocated in the Budget to subawards in the form of subgrants to named Coalition Members enable the successful execution of CGC's program; the strong experience of Coalition Members in providing financial assistance to qualified projects—and especially LIDACs—will enable the Coalition to cost-effectively meet the GGRF Program Objectives. Each named Coalition Member entered a Memorandum of Agreement with CGC that confirms the Coalition Member's participation in the Coalition and agreement to perform certain grant responsibilities on behalf of CGC within a period of performance of one year.

The amounts allocated for subgrants is evidence of CGC's strategy of building an ecosystem of at least one financially sustainable green bank in every state and that the amount of funds allocated in support of that strategy are reasonable for achieving the GGRF Program Outcomes.

Funding for Program Administration is Reasonable for the Proposed Program

The amounts allocated to program administration activities were developed based on CGC's nearly 15 years of experience in standing up other green banks, the experience of Coalition Members in operating green banks at the regional and state levels, and a review of other large organizations with analogous scopes of work.

The Budget allocates funding for Program Administration that aligns with the amounts reflected in the Financial Projections for CGC submitted with this application. The following breakout describes major costs and major assumptions behind these projections that are collectively reflected in the "Direct Costs for Program Administration" line of the projections attached as Attachment 2.5.2 – Financial Projections. CGC's projection assumes operating cost to asset ratio of 0.57% declining by years three and seven to 0.37% and 0.27%, respectively, which compares favorably to the cost to asset ratio of major state level green banks where operating expense ratio to total assets range from 0.80% to 8.0%. Furthermore CGC's expense ratio is well below the average of for-profit investment fund management fees of 1%-2% of assets under management. CGC has assumed 2.7% annual inflation for all the items below unless otherwise mentioned.

Personnel. The Budget includes funding for 70 full-time equivalents ("FTE") for the establishment and operation of the CGC Fund, which is consistent with the workforce plan established for the CGC Fund and discussed in Section 2.2.2. Consistent with the workforce plan, the Budget provides funding for the following FTEs per Office:

- Chief Administrator Office: 19 FTEs, including the positions of General Counsel ("GC"), CCO, Chief People and Equity Officer ("CPO"), and Chief Talent Officer ("CTO");
- Chief Financial Office: 14 FTEs, including the positions of Treasurer, Chief Reporting and Accounting Officer, Chief Audit Officer, Vice President of Financial Planning and Analysis, and Director of Tax;
- Chief Risk Office: 6 FTEs;
- Chief Investment Office: 7 FTEs;
- Chief Operating Office: 6 FTEs, including the position of Chief Technology Officer;
- Chief Impact Office: 7 FTEs; and
- Chief Network Office: 5 FTEs plus 4 FTEs as shared support resources.

As required, the Budget identifies each position that will perform work directly for the proposed Office. The positions listed are new positions within CGC (titles to existing positions may be changed for clarity, if needed), and the Budget includes sufficient funds based on the projected salary for each position and the percentage of the position that will work directly on proposed CGC Fund activities. To determine the projected salaries associated with the positions, CGC first conducted a compensation survey, from which CCG developed a compensation policy. The compensation survey considered salaries for certain positions at comparable nonprofit and for-profit enterprises, and the compensation policy sets salary ranges based on average salaries across a range of nonprofit and for-profit financial institutions. CGC assumes a 4% annual merit and cost of living increase for personnel cost for the performance period.

Fringe Benefits. The Budget provides sufficient funding for Fringe Benefits at an amount equal to 28.1% of salary. As reflected in the Budget, the amounts included as Fringe Benefits are Insurance (life, health, short-term and long-term disability) (8.5% of salary), Paid Leave (10.4% of salary), Retirement Accounts (matching contribution to individual retirement accounts (3% of salary), and Legally Required Benefits (e.g., social security) (6.2% of salary). The amounts in the Budget for Fringe Benefits are aligned with the financial activities industry standard, as described by the Bureau of Labor Statistics.

Contractual. CGC will undertake competitive procurement processes that are consistent with all requirements applicable to the procurement of goods and services, including requirements related to the Build America, Buy America Act, prevailing wages, and EPA's Disadvantaged Business Enterprises Program to procure all goods and services. The Budget includes funding that is reasonable light of the goods and services CGC intends to procure through these competitive procurement processes, and includes higher costs in the first year because of enterprise resource planning systems design and implementation, costs associated with hiring personnel, anticipated increased costs associated with training, costs associated with entering into subgrant agreements, costs for drafting of standardized legal documents, and other one-time costs associated with establishing the CGC Fund. Consistent with CGC's commitment to competitively outsource substantive compliance and reporting responsibilities, more than 55% of the amounts allocated for contractual agreements in each of the three years will be used to procure legal, compliance, and risk monitoring services.

Travel. The budgeted amounts for travel are reasonable considering the projected travel necessary for implementation of the proposed program. The Budget includes detailed information on each projected travel cost, including per trip costs and costs associated with local travel. All projected travel costs were derived using the Office of Personnel Management's per diem and lodging rates and the Government Services Administration's city pairs and milage reimbursement rates for 2023 or 2024 (when available). Anticipated travel costs included in the Budget are necessary to achieve EPA's stated objectives and include, for example, travel for the purposes of evaluating potential investments in qualified projects, the negotiation and execution of definitive investments in qualified projects, subgrant monitoring and oversight, community engagement, and the monitoring of investments in qualified projects.

Supplies. The Budget includes amounts for supplies that are reasonable for the proposed activities of the CGC Fund, including consideration of the projected number of personnel, CGC policies pertaining to office space and remote work, and the type of work to be performed using NCIF grant funds. Budgeted amounts include costs for computers, printers, office furniture and other office supplies having value of less than $5,000 per item, as well as costs related to remote workspaces, where applicable and authorized under CGC's Employee Handbook (see Section 2.2.2). Projected costs were determined using market averages.

Other Direct Costs. The Budget includes a smaller amount of funds for Direct Costs not included in other Direct Cost Categories, such as costs associated with certain types of insurance, employee training, conferences, employee development costs, office leases, and other office-related expenses.

Indirect Costs. Consistent with regulatory requirements for indirect costs, because CGC does not have an approved indirect cost rate, the Budget reflects indirect costs determined using the de minimis indirect cost rate of 10% of modified total direct costs, as defined in 2 CFR § 200.1.

Efficient, Effective Deployment of Grant Funds

The Budget allocates funds consistent with CGC's strategy to invest 100% of its NCIF grant funds within one year of receiving an award. The success of this strategy depends on CGC investing grant funds in an efficient, effective, and prudent manner. The Budget reflects funding for program administration activities that are reasonable for the efficient, effective, and prudent investment of NCIF grant funds.

CGC developed a robust plan to invest NCIF grant funds efficiently, effectively, and prudently in qualified projects in all ten EPA regions, which is discussed in detail in Section 1.2.4. CGC's overall objective is to facilitate diverse investments in qualified projects throughout the ten EPA regions. CGC expects to allocate approximately $7.5 billion for investments in qualified projects (largely Priority Projects in LIDACs), as well as market-building and predevelopment activities, at the state and local level through its direct investment platform, Coalition Members, and other program participants. CGC plans to use the remaining approximately $2.5 billion for financial products and other investments in larger-scale qualified projects that need to be managed at the regional or national level.

2. ORGANIZATIONAL PLAN

2.1. Organizational Background and Track Record

2.1.1. Description of Business

Planned Business Activities

CGC seeks an award to capitalize the CGC Fund and to become a centralized, long-term financing institution that fosters an ecosystem of green banks, community lenders, and community partners by providing capital and financing and co-investment opportunities to local entities across the United States. Further, CGC will invest directly in projects, activities, and technologies that reduce emissions of GHGs and other air pollutants, particularly in rural and Tribal communities and LIDACs, and to accelerate progress toward the climate goals of the United States. By mobilizing capital in underinvested projects and communities, CGC will demonstrate the market-wide opportunity for financial markets and institutions to finance clean technology projects, transform markets, reduce pollution, and benefit communities. CGC will operate as a national green bank. This will be CGC's primary business activity. CGC has no other competing core business activities requiring prioritization in competition with implementation of the GGRF Program Objectives. This is a purposeful evolution of CGC's leadership for the last decade supporting the creation of more than twenty state and local green banks.

Corporate Structure

CGC is a District of Columbia nonprofit corporation formed on July 10, 2012, and exempt from federal taxation under section 501(c)(3) of the Internal Revenue Code. CGC does not currently have any affiliated corporate entities. CGC anticipates either forming or affiliating with new entities in connection with direct investment activities, including a nonprofit credit enhancement platform and an impact investment fund, or as otherwise prudent with respect to mitigating legal and financial risks.

Office and Staff Locations; Jurisdictions Where CGC is Qualified to do Business

CGC maintains a headquarters office in the District of Columbia located at 1201 Connecticut Ave NW, Suite 600, Washington, DC 20036. CGC plans to conduct its work physically in Boulder, CO, New York City, NY, and Washington, D.C., with a flexible working model where employees work partly in the physical workplace, and partly remotely—at home or from another workspace.

CGC is qualified to operate in multiple jurisdictions (NY, NJ, DE, DC, NC, MI, OH, CO and CA) within six of the ten EPA Regions and has a widespread network of regional green banks and community partners. CGC's activities in these jurisdictions include: analyzing statewide clean energy finance opportunities, supporting the creation of state and local green banks, carrying out state and local assistance grants and contracts, supporting state and local green bank funding of sustainable housing, energy efficiency incentives, down-payment assistance for income-qualified buyers, clean energy investments, air quality improvements, clean water infrastructure, climate resilience and agricultural investments, and other activities aligned with its mission.

Over its decade-long history, CGC has qualified to do business in jurisdictions for the purpose of establishing and supporting green lending institutions and has withdrawn its qualification in such jurisdictions upon completion of its activities, including, but not limited to Nevada, Maryland, and Vermont. CGC plans to register in all states and territories to carry out its GGRF work.

2.1.2. Organizational and Governing Documents

CGC is a District of Columbia nonprofit corporation exempt from taxation under section 501(c)(3) of the Internal Revenue Code meeting all requirements to be an "eligible recipient" for the purpose of seeking capitalization as a national green bank under Section 134 of the Clean Air Act. CGC is a public charity that has operated for more than ten years exclusively for the charitable, scientific, and educational purpose set forth in Article Three of its Articles of Incorporation of working "with the public and private sector and governmental authorities and organizations on low-cost financing for clean energy generation, transmission and the efficient use of energy" through the creation of green banks. CGC does not receive any "deposit" (as defined in Section 3(l) of the Federal Deposit Insurance Act) or "member account" or "account" (as defined in Section 101 of the Federal Credit Union Act). CGC is funded primarily by public and charitable contributions and has the legal authority to invest in or finance projects. As set forth in Articles Four and Seven of CGC Articles of Incorporation, CGC is governed by a Board of Directors and is not governed or controlled by members. See Attachment 2.1.1 – Legal Entity Structure Diagram for a visual representation of CGC's business structure.

CGC's bylaws are aligned with the objectives of the GGRF, which will facilitate CGC carrying out its founding purpose through the implementation of a national green bank. Specifically, as stated in Article II, Section 2.1 of its bylaws, CGC must pursue activities as an eligible recipient under Section 134 of the Clean Air Act "to achieve the objectives of (i) reducing emissions of greenhouse gases and other air pollutants, (ii) delivering benefits of greenhouse gas- and other air pollution-reducing projects to communities across the United States from states to territories to Tribal lands located in each of the ten EPA regions, particularly low-income and disadvantaged communities, (iii) mobilizing financing and private capital to stimulate additional deployment of greenhouse gas- and air pollution-reducing projects, and (iv) ensuring sustainable community economic resilience by pursuing public, private, and philanthropic support for such projects." Altogether, CGC's organizational and governing documents included as Attachment 2.1.2, demonstrate that it is a national nonprofit purposefully and exclusively designed to facilitate direct and indirect investing in "qualified projects" in alignment with Section 134 of the Clean Air Act and GGRF Program Objectives.

Attachment 2.1.2 – Organizational and Governing Documents includes the following:

- CGC's governing documents, including its Articles of Incorporation and Articles of Amendment, Fourth Amended & Restated Bylaws, and 501(c)(3) tax exemption determination letter from the Internal Revenue Service ("IRS").
- Board Committee and Advisory Board charters for CGC are also attached to this application, including for the standing committees: Audit Committee; Compensation Committee; Diversity, Equity, Inclusion, and Accessibility Committee; Executive Committee; Nominations and Governance Committee; Investment Committee; and Risk Management Committee; and the advisory committees: National Advisory Board, Regional Advisory Councils and the Environmental Justice Advisory Committee.

- CGC's comprehensive governance policies, including its Corporate Governance Principles, Conflict-of-Interest Policy, Document Retention Policy, Federal Procurement Policy, and Whistleblower Protection and Ethics Policy.

2.1.3. Organizational Experience

State and Local Experience

During the last decade, CGC has led in the creation of and interaction among green banks—purpose-built green lending institutions. CGC's expertise has been called upon by state and local governments, elected officials, and policymakers to evaluate markets, design institutional models, and draft policies to successfully create and support clean energy projects in AK, CA, CO, CT, DC, DE, HI, IL, IN, LA, MA, MD, ME, MI, MN, MO, MS, NC, NV, NJ, NM, NY, OH, OR, PA, Puerto Rico, RI, SC, TX, UT, VA, VT, WA, and WV.

CGC creates, leads, and provides ongoing technical support and program investment expertise to the members of the Consortium (i.e., the American Green Bank Consortium), an alliance of state and local green banks, clean energy financing organizations, state-sponsored agencies, credit unions, and community development financial institutions in 28 states, Washington, D.C., and Puerto Rico. The Consortium's members have caused $14.8 billion of public-private investment in clean technology investments since 2011.

In its work to establish, and subsequently support, ongoing operations of green banks, CGC performed detailed market analysis at the local level (e.g., Montgomery County in MD and Santa Fe), state level (CO, CT, DC, MD, MI, NY, NV, NC, PA, RI, among other states), national level, and international level (Rwanda, Cambodia, and South Africa). These analyses included, but were not limited to, decarbonization pathways, identifying financing gaps, working with existing banks to evaluate support, review of market size and potential, preparing business models and products and strategy, and understanding how local financial institutions work within the market to address market needs.

CGC performed technical work in developing forecasts of the initial potential portfolio for the Connecticut Green Bank and NY Green Bank, among other green banks, and calculations for expected leverage and existing use of funds. CGC also led initial product design, including, but not limited to solar, energy efficiency, co-lending, warehouse, loan loss reserves, and developed a range of financial product structures. The success of the Connecticut Green Bank, NY Green Bank, and other green banks is due in significant part to CGC's thought leadership, technical expertise, familiarity with best practices, and ability to create sustainable and perpetual business models that leverage the public and private sector to maximize emissions reductions and ensure underrepresented communities have equal access to clean economy financing.

CGC is equally experienced in assisting state and local governments to implement specific clean energy projects. For example, through its work with NYSERDA, CGC developed finance and business models for EV charging and fleet electrification. CGC worked across many states on the C-PACE financing structure in which building owners borrow money for energy efficiency, renewable energy, or other projects and make repayments via an assessment on their property tax bill.

National Government Experience

CGC is experienced in providing its expertise to national governments. For example, the Rwandan government, sought to establish the RGIF, its US $100 million initiative between FONERWA—a green fund that aims to mobilize, blend, and co-ordinate finance to promote a green economy in Rwanda—and Rwanda's Development Bank (Banque Rwandaise de Développement). CGC coordinated key stakeholders to contribute to all aspects of the launch, operationalization and capitalization of the RGIF. The RGIF now mobilizes private sector debt and equity financing for renewable energy, biomass energy, clean transportation, wetland rehabilitation, climate-smart agriculture, water and sanitation, and green urbanization sectors in Rwanda.

2.2. Governance and Management

2.2.1. Governance Plan

Board Composition and Expertise

CGC's Board, with at least nine but up to nineteen directors, and multiple advisory boards include a mix of experts in all relevant sectors across American communities to advance the purposes and objectives of CGC and the GGRF. The directors are identified in Attachment 2.2.1 – CGC Board, and an overview of the demographics and expertise, skills, and track record of these individuals is set forth in Attachment 2.2.1 – CGC Board Experience. The resumes of CGC's Board members are also provided as Attachment 2.2.1 Resumes of Board Members – CGC.

Many of CGC's Board members have designed, built, and worked in and with numerous green banks, including NY Green Bank, Connecticut Green Bank, Montgomery County Green Bank, and the DC Green Bank, and have worked intimately with numerous others on design, project development, and staffing. The Board's deep expertise in LIDAC investment includes oversight of a nation-leading residential solar incentive program that achieved "solar with justice" status under the leadership of Bryan Garcia, the founding President and CEO of the Connecticut Green Bank, which has proven successful at helping increase solar deployment in communities of color and LMI households. Members of the Board have invaluable insight into the financial feasibility and impact of clean technology investments, including work by Richard Kauffman, Chairman of Energy and Finance for New York, former U.S. Department of Energy Senior Advisor to Secretary Steven Chu, and Chair of one of the largest private equity funds specializing in clean energy.

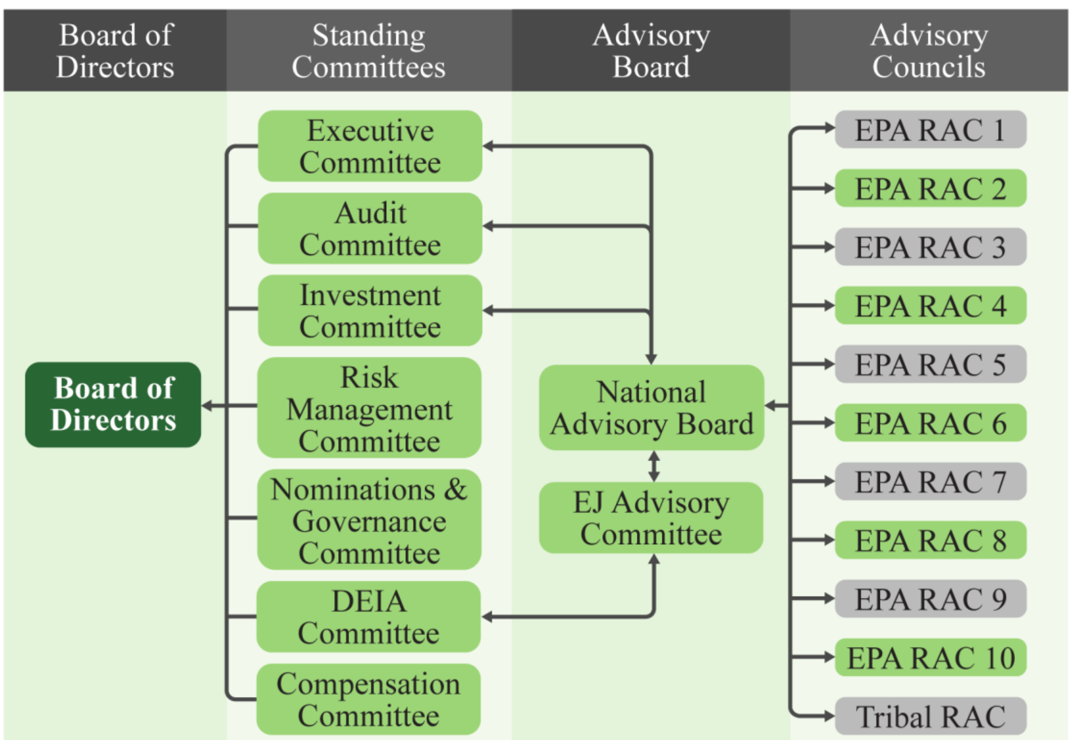
CGC's directors have participated in major emissions and air pollution reductions projects and have used their expertise to guide their organizations in understanding the environmental impacts of various energy technologies and policy choices. Since his championing of the idea of public-private investment during his time on the Obama transition team, former Chairman of the FCC Reed Hundt has, through co-founding CGC, helped start green banks across the nation and served as Chair of the Deployment Committee of the Connecticut Green Bank for six years, approving all material investments during that time.

CGC's Board members are experienced founders, leaders, and Board members of many for-profit and nonprofit firms in finance, clean energy, communications, housing, and other sectors. They have collectively played key roles in investing hundreds of billions of dollars in capital, and managed thousands of employees. Since the Clinton Administration, they have been involved closely in major government decisions in many relevant areas, including the IRA itself.

In addition to CGC's Board, the directors of CGC's Coalition Members also provide extensive experience across all disciplines associated with the financing and deployment of qualified projects. Resumes and bios of the directors of CGC's Coalition Members are provided as Attachment 2.2.1 – Resumes of Board Members – CGC Coalition Members.

Board Committee Structure

The structure of CGC's standing committees and advisory boards, as set forth in Article Six of CGC's bylaws, and related standing committee and advisory board charters, is purposefully designed to exceed the traditional role of nonprofit board oversight and policy determination and impose on the Board greater responsibilities and functions intended to immerse the Board into a greater participatory governance structure with more community engagement while at the same time mobilizing private investment in projects that benefit LIDACs. This structure facilitates strong Board oversight and monitoring of management as well as stewardship of CGC's long-term success and fulfillment of its mission and the GGRF Program Objectives. A brief committee summary follows and a detailed charter for each committee and advisory board is attached to this application as Attachment 2.1.2. The chart below depicts the overlapping roles of Advisory Council chairs on the Advisory Boards and Standing Committees of the Board of Directors. Included within its bylaws, Attachment 2.2.1 – Board Policies and Procedures – CGC describes procedures executed by CGC related to activities performed by its Board.



Executive Committee. Exercises powers of the Board as to matters that arise and must be dealt with between regularly scheduled Board meetings.

Audit Committee. Ensures the integrity of CGC's financial reporting, the effectiveness of internal controls, and the performance of both internal and external audit functions.

Investment Committee. Scrutinizes investment and credit opportunities based on a detailed due diligence process, evaluating them for both financial feasibility and mission alignment, including GGRF and EPA requirements, fiduciary obligations, and alignment with impact objectives.

Risk Management Committee. Oversees the development and ongoing management of the organization's risk management framework, including financial, legal, compliance, operational, and reputational risks.

Nominations and Governance Committee. (1) Identifies individuals qualified to become Board members and recommends them to the Board; (2) recommends corporate governance principles applicable to CGC to the Board; (3) oversees and approves the process and guidelines for the annual evaluation of the performance and effectiveness of the Board and its committees; and (4) conducts such other affairs set forth in its charter.

Diversity, Equity, Inclusion, and Accessibility Committee. Researches, develops, and proposes ideas, and leads projects that improve diversity, equity, and inclusion in CGC and across its Network of partners.

Compensation Committee. Oversees the compensation strategies for the Board, officers, and senior staff to ensure they are fair, competitive, and aligned with CGC's organizational goals, the IRS's compensation requirements, and OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements.

National Advisory Board and EPA Regional Advisory Councils. Brings meaningful perspectives from local communities into organizational decision-making. CGC will establish eleven Regional Advisory Councils—one for each of the ten EPA regions, and, to recognize the importance of sovereignty, one for Tribal communities—each of which shall include environmental justice or equity advocates, Tribal representation, and Network representation. The chairs and co-chairs of the Regional Advisory Councils are identified in Attachment 2.2.1 – RAC Chairs, and a letter of support from the chairs and co-chairs is attached as Attachment 2.2.1 – RAC Letter of Support.

Environmental Justice Advisory Committee. Works with CGC management to develop a theory of change for BIPOC and LMI engagement consistent with deepening commitments to equity and energy justice.

Board Independence

CGC has structured its bylaws and Corporate Governance Principles to exceed nonprofit best practice standards to ensure board independence as the Board of Directors carries out its responsibilities and fiduciary duties.

- **Majority of Independent Directors on CGC's Board**: The Board must not include more than 50% of persons who are representatives of recipients of indirect investments or a subaward made by CGC with funding received under Section 134 of the Clean Air Act. Nor may more than 50% of the Board be persons who have a direct ownership or investment interest in or compensation arrangement with any entity with which CGC has a transaction or arrangement.

- **Definition of Independent Directors**: CGC's Conflict of Interest Policy, a copy of which is included as part of Attachment 2.1.2, is "intended to facilitate identification of 'independent' directors." An independent director for CGC is a member of the Board of

Directors who (1) does not have a "financial interest," directly or indirectly, through business, investment, or family with CGC, and (2) is not an "interested person," whether directly or through affiliation, which "includes a direct or indirect familial relationship and any contractual, corporate, employment, or financial relationship" with CGC.

- **Board Training**: New Board members will receive an orientation packet containing essential documents such as bylaws, recent meeting minutes, financial reports, and a Board member handbook. New members will attend an in-person or virtual orientation seminar to gain a comprehensive overview of the organization. Each new member is paired with a seasoned Board member to serve as a mentor during their initial months.

- **Ongoing Training:** Periodic updates and training sessions are held to keep directors, officers and staff members informed about policy changes, new federal regulations, and sector trends. Directors, officers, and staff are encouraged to attend industry conferences, workshops, and webinars. CGC allocates a budget for professional development.

- **Board Meeting Frequency and Duration:** Board meetings are required to be held at least quarterly. In practice, they are held more frequently with each meeting lasting approximately two to three hours. Special meetings are called as needed for urgent matters requiring Board input.

- **Board Meeting Documentation:** Board members receive an agenda and pre-reading materials in advance of each meeting. Detailed minutes are kept, including a summary of discussions, decisions made, and action items assigned.

- **Conflict of Interest Policy**: CGC maintains a robust Conflict of Interest Policy (see Attachment 2.1.2), which is overseen by the Nominations and Governance Committee.

- **Interested Party Transactions**: An "interested party transaction" under Article Nine of CGC's bylaws is defined as "any contract or other transaction related to or involving indirect investments, direct investments into qualified projects, and technical assistance between the Corporation and any present director or officer, individual who has served as a director or officer in the five years preceding the transaction ("past director or officer"), or any individual or entity affiliated with any present or past director or officer." Any proposed interested party transaction must follow the procedures and rules set forth in CGC's Conflict of Interest Policy.

- **Whistleblower Protection and Ethics Policy**: This policy, which is provided as part of Attachment 2.1.2, requires Board members, committee members, employees, Coalition Members and contractors (Covered Individuals) to observe high standards of business and personal ethics in the conduct of their duties and responsibilities, and to comply with all applicable laws and regulatory requirements. The policy establishes a process, including an anonymous hotline, through which Covered Individuals can report a violation of law or regulation; gross mismanagement or waste of funds; abuse of authority; substantial and specific danger to public safety; or censorship of research, analysis, or technical information—and provides protections for Covered Individuals who make such reports.

- **Document Retention Policy**: CGC maintains a comprehensive document retention policy, which is prepared in accordance with applicable law, rules and regulations, and nonprofit best practices. Trainings on document retention processes are held with CGC's directors, officers, and staff on an annual basis, with focused time on a quarterly basis to review retained documents to ensure compliance with CGC's document retention policy.

- **Board Evaluation Processes**: Board members and standing committees will participate in an annual self-evaluation to assess their contributions and areas for improvement, which is overseen by the Governance Committee. To ensure that the Board remains optimally composed, CGC will conduct an annual skills and experience audit. An external consultant will be hired to conduct an objective Board evaluation every three years.
- **Board Nomination and Succession Plans**: The Nominations and Governance Committee is responsible for identifying, vetting, and recommending new Board members. The bylaws provide for three distinct classes of directors—with a similar number of directors in each class to provide staggered terms of three years—with an aggregate limit of three terms for Board members. This strong succession plan is maintained to ensure a seamless transition for Board and senior leadership roles. CGC will consult with regional nonprofits, including, but not limited to, green banks, clean energy financing organizations, and community development financial institutions, elected representatives from American communities that reside within each EPA region, local governance bodies, Tribal communities, and community groups to identify potential Board members who can represent diverse geographic interests.

By meticulously planning and implementing these comprehensive organizational governance policies and procedures, CGC aims to achieve robust governance aligned with best practices and to ensure long-term organizational success and alignment with federal requirements.

2.2.2. Management Plan

Organizational Structure

An organizational chart depicting CGC's management organization that will be implemented immediately upon a GGRF grant award announcement is provided as Attachment 2.2.2 – Organizational Chart – CGC ("Org Chart"). The Org Chart has two tabs:

- The "Summary Org Chart" tab identifies management executives and their vertical functions. To represent the relationship between the vertical and horizontal structure, the green circles demonstrate strong coordination, while the oval green circles indicate coordination to a lesser degree. The GC, for example, provides strong support for all other officers and functions, whereas the CCO provides strong support for almost all officers and functions.
- The "Detailed with Functions" tab provides an overview of each department function.

All complex organizations are a matrix of responsibilities, and CGC's organization can be divided into three overlapping categories: (1) finance; (2) investing; and (3) market development and community engagement. The chart has a horizontal and vertical management framework to indicate a dual reporting structure. For example, those officers sitting on the horizontal row (CAO, CRO, COO, CNO, CIOs, CFO) report directly to the CEO, whereas the officers on the vertical column (GC, CCO, CPO and CWO) report directly to the CAO. The structure was created to facilitate better coordination and collaboration among all top management executives involved in complex decision-making in an evolving environment.

As detailed in CGC's program budget provided in Section 1.4.2, CGC plans to expand hiring to execute its program vision and anticipates a total staff size of seventy people. Although CGC plans to hire for multiple layers of staff, such as middle management and first level staff, CGC anticipates competitively outsourcing certain functions, such as parts of the impact monitoring and reporting, technical accounting, legal counsel in specialized areas of the law. In total, the operating budget will be approximately 0.5% of a $10 billion grant.

Management Expertise

To maximize the impact of public capital and accelerate clean energy at the scale and speed that is needed to combat climate change, CGC will rely on the highly experienced inaugural management team's cross-sector expertise to kickstart operations and clean energy investments in Priority Projects and communities rapidly. Nearly all management team members have experience leveraging billion-dollar clean energy initiatives across the public, nonprofit and private sectors, providing CGC with a critical advantage as it seeks to attract additional capital and incorporate new partners into its ecosystem. For an overview of the leadership team and their relevant experience, please see Attachment 2.2.2 – CGC Leadership.[8]

Consider the following:

- **Chief Operating Officer:** led the establishment of a billion-dollar clean energy investment fund, driving strategy development, execution and innovation in renewables and sustainability across diverse leadership roles, from startups to multinationals.
- **Chief Financial Officer:** instrumental in building organizational profitability in the renewable and energy sector, led successful billion-dollar IPOs and multi-million-dollar fundraising efforts.
- **Chief Investment Officer:** ran one of the largest renewable energy funds in the world and has experience with wind, solar, electric vehicles and other clean energy technologies.
- **Chief Risk Officer:** managed billion-dollar asset portfolios within clean tech and led taxpayer funded illiquid asset purchase programs for central banks.
- **Chief Administrative Officer:** led the legal, compliance, HR, and policy office of a billion-dollar clean energy company and led the startup of a state-funded green bank.

Resumes for each top management executives are included as Attachment 2.2.2 – Resumes of Senior Management – CGC.

CGC's top management executives have an average of twenty-five years of experience in clean energy, technology, and green financing industries. CGC will build on this experience towards rapid implementation with confidence that each public dollar has maximized its impact.

CGC is determined to transform the climate workforce at scale by beginning this work internally and incorporating diversity and inclusive practices throughout each organizational pillar: finance,

[8] CGC requests confidential treatment for Attachment 2.2.2 – CGC Management Team and Attachment 2.2.2 – Resumes of Senior Management – CGC (referenced above) because of personal information contained therein. In addition to confidential versions of these attachments, CGC is also providing public, redacted versions.

investing, and market development and community engagement. Currently, the management team is 50% racially diverse and 35% diverse by gender although CGC is proactively planning to increase gender inclusivity by 20%.

In addition to CGC's management team, the senior management of CGC's Coalition Members have been mobilizing billions of dollars of investments in clean energy technologies in their communities for years and have participated in the development of the financial product and community engagement activities that are critical to the success of CGC's program. Resumes and bios of the management teams of CGC's Coalition Members are provided as Attachment 2.2.2 – Resumes of Senior Management – CGC Coalition Members.

Management Policies and Procedures

Board Member and Management Duties. The Board of Directors plays a crucial oversight and strategic role in guiding CGC's operations and ensuring its long-term success. The management team, led by the CEO and other top executives, is responsible for executing CGC's operations in alignment with the strategic direction set by the Board. Their respective key duties are set forth in the summary table below.

Key Board Member Duties

Oversight

Overseeing CGC's activities, including financial performance, risk management, and adherence to legal and ethical standards.

Strategic Planning

Collaborating with management to define the mission, vision, and long-term goals, ensuring alignment with CGC's purpose, stakeholder interests, and grant objectives.

Policy Approval

Approving major policies, including financial, risk management, and governance policies, which provides a governance framework for management.

Stakeholder Engagement

Actively engaging with stakeholders across American communities through the National Advisory Board and Regional Advisory Councils.

Key Management Duties

Operational Leadership

Overseeing the daily operations of CGC, ensuring the efficient execution of its programs, projects, and financial activities.

Strategic Planning and Execution

Collaborating with the Board to define the mission, vision, and long-term goals, ensuring alignment with CGC's purpose, stakeholder interests, and grant objectives and translating the strategic decisions into actionable plans.

Policy Implementation

Implementing the board policies, including creating detailed procedures, managing staff, and reporting on policy and grant compliance.

Stakeholder Engagement

Actively engaging with stakeholders, including staff, Coalition Members, and partners, to execute CGC's initiatives.

Conflict of Interest Policy. All employees, including management, must conduct themselves in such a way as to avoid actual or potential conflicts of interest. All management (i.e., key employees) are subject to the Conflict of Interest Policy adopted by the Board of Directors for CGC (and provided as part of Attachment 2.1.2 – Organizational and Governing Documents – CGC) and the process outlined therein for identifying, reporting, investigating, and determining whether an actual conflict of interest exists. This Conflict of Interest Policy must be reviewed and independently acknowledged on an annual basis by each member of management.

Management Succession Process. CGC's middle management hiring and succession process increases representation of minorities and underrepresented communities over time and improves their capabilities and leadership skills with targeted cross training, formal training, mentoring, and leadership coaching. CGC's succession process covers the key management positions identified in the staffing matrix that are essential for the effective operation and strategic direction of the organization (e.g., CEO, CFO, COO, Chief Investment Officer, CRO, etc.). Key aspects of CGC's management succession process include the formal identification of successors, individualized development plans, leadership training, cross-functional exposure, and continuous performance monitoring. The process also places significant emphasis on transparent communication, legal compliance, and ongoing improvement to ensure a robust and adaptive succession process.

Employee Handbook. CGC's comprehensive employee handbook, included as Attachment 2.2.2 – Employee Handbook, includes additional policies and procedures applicable to all CGC employees.

2.3. Equitable Policies

2.3.1. Consumer Protection Plan

CGC's consumer protection plan will ensure that grant funds are only used in ways that are fully compliant with all consumer protection laws, including those designed to prevent discrimination by entities that provide individuals, businesses, and partnerships with credit. The consumer protection plan rests on four pillars: Education, Integration, Obligation, and Validation. CGC's consumer protection plan will be part of the framework of policies and agreements of CGC and its Coalition Members for their underwriting and compliance processes to ensure investments that will touch end-consumers ensure strong consumer protections.

Education. CGC's consumer protection plan will educate CGC's employees and Coalition Members about the types of financial products and qualified projects that are regulated by consumer protection laws, what consumer protection laws require of lenders, and what practices are prohibited. CGC also will implement a consumer protection curriculum comprising several different modules, including a new employee module that will be a component of the organization's new employee orientation program, annual refresher training, and on-demand trainings available to employees at any time. The curriculum will focus on the identification of unfair, deceptive, and abusive practices and each employee's responsibility to prevent those practices in all aspects of CGC's operations.

CGC will also include unconscious bias awareness and anti-discrimination training program in the curriculum. Through this program CGC will identify the systematic biases in the financial system that have resulted in LIDACs being underserved and learn how to confront those biases within CGC and its Network partners.

CGC will implement a curriculum that is robust, required, and repeated, as a key component in how to not only ensure CGC's compliance with consumer protection laws, but also to serve as an important tool for ensuring that CGC's Network does not present unwarranted risks to consumers.

Integration. CGC will integrate the consumer protection plan into each phase of the financing process through CGC's compliance management system. This integration will prevent a possible investment in a qualified project from progressing to the next phase under CGC's investment policies unless CGC understands how consumer protection and equal credit laws apply to the qualified project and a CGC official affirms that the qualified project complies with all applicable consumer protection and equal credit laws.

First, CGC will integrate consumer protection and equal credit into the investment review and approval process when a potential investment is entered into CGC's pipeline database during investment screening. This intervention requires the employee to determine if the project has the potential to interact, transact, or contract with consumers or involves the extension of credit to consumers, businesses, or partnerships.

Second, CGC will integrate consumer protection and equal credit within CGC's underwriting program as mandatory components. Before a project can move to the Investment Committee, the underwriting team must either: (1) document how the qualified project will comply with consumer protection and equal credit laws, including what actions CGC will take to ensure compliance; or (2) confirm that a qualified project has no potential to interact with consumers and does not involve the extension of credit to individuals, businesses, or partnerships.

Third, if the underwriting program determines that a qualified project is subject to consumer protection and equal credit laws, then CGC will require that the materials submitted for Investment Committee review and approval include a Consumer Protection Project Plan ("CPPP") that details the actions identified during underwriting for compliance with those laws and a plan for ensuring that those actions will be taken. Finally, CGC will integrate consumer protection and equal credit into ongoing portfolio management for the qualified project, and compliance with the CPPP will be a required element of all future project reviews and audits.

Obligation. CGC will extend its commitment to consumer protection and equal credit beyond its own operations to the operations of Coalition Members and program participants that are using or benefiting from the use of NCIF grant funds. CGC will ensure compliance with consumer protection laws by obligating those that receive financial assistance or contract payments from CGC to demonstrate their compliance. CGC's Network is more likely to be engaged in direct consumer finance projects in communities across the United States than CGC itself. As CGC's Network brings green financing options to LIDACs, CGC recognizes that the rapid introduction of new financing tools to underserved communities could create an increased financial risk to households and business in those communities.

To mitigate those financial risks, CGC will develop and include a Consumer Protection Term and Condition in every subaward agreement, program participation agreement, and procurement contract that involves the potential for consumer interaction or the provision of consumer credit. The Consumer Protection Term and Condition will focus on ensuring effective compliance with core consumer lending laws such as the Truth in Lending Act, Regulation Z, the Equal Credit Opportunity Act, and Regulation B.

CGC's Consumer Protection Term and Condition will ensure compliance with the Truth in Lending Act and Regulation Z by requiring that all Coalition Members, program participants, and service providers that receive funding from NCIF grant awards through CGC's use of Truth in Lending forms that have been prepared or approved by the Consumer Financial Protection Bureau when engaging in consumer lending. CGC's Consumer Protection Term and Condition will ensure compliance with the Equal Credit Opportunity Act and Regulation B by mandating that all Coalition Members, program participants, and service providers that receive funding from NCIF grant awards through CGC certify that the entity has an up-to-date compliance management system in place and operational before funds are provided and annually for the length of the project or contract thereafter.

***Validation*.** To ensure that CGC and its Coalition Members, program participants, and service providers comply with consumer protection laws, including those aimed at preventing discrimination by entities that provide credit, CGC's consumer protection plan will employ multiple tools to validate that the components of the Plan are working. First, as noted above, compliance with the project-specific CPPPs will be evaluated during quarterly reviews and annual audits. Second, compliance with consumer protection and equal credit laws will be subject to oversight by the Risk Management Committee of CGC's Board of Directors. Finally, CGC will launch a Consumer Protection Hotline through which employees, partners, and consumers can anonymously report potentially unfair, discriminatory, or fraudulent conduct connected to projects funded in part with funding from NCIF grant awards provided by or through CGC. CGC's Risk Management Team will log all complaints into the compliance management system, conduct preliminary inquiries in response to complaints received, track the number of complaints filed against each entity annually, and engage CGC management when they identify consumer protection failures anywhere in CGC's Network.

2.3.2. Equity Policies and Practices

CGC's policies and practices, as summarized below, demonstrate its commitment to emphasizing and advancing equity and inclusivity through its operational activities, investment strategies, and governance practices.

Operational Activities

- **3-5-7 Framework**: CGC's 3-5-7 Framework, as outlined in Section 1.2.1.2 and in Attachment 2.2 – Employee Handbook, guides its practices and ensures that CGC's staff are advancing equity by centering people and communities in their work.
- **Inclusive Procurement Policy**: CGC's Federal Procurement Policy provided as part of Attachment 2.1.2 assures that CGC actively seeks to establish partnerships with Disadvantaged Business Enterprises ("DBEs"), small businesses, Women's Business Enterprises ("WBE"), and other historically disadvantaged businesses in its supply chain.
- **Capacity Building**: CGC will offer capacity-building programs and training (e.g., mentorship, procurement forums, and technical assistance) to DBEs, small businesses, WBEs, and other historically disadvantaged businesses to connect with potential partners and help them qualify for CGC's procurement opportunities.

Investment Activities

- **Equity Agreements**: Among other requirements, these agreements enumerate and detail CGC and its relevant partners' commitments to core environmental justice principles and detail the outputs and outcomes (e.g., community benefits) CGC's Network intends to provide to communities through their financing activities. See Section 1.2.1.2.
- **Equitable Investment Framework**: This framework includes investment screening to ensure that equitable investments are surfaced and prioritized, an underwriting component to ensure that investments that have prioritized benefits are rewarded in CGC's underwriting process, and a portfolio management component to ensure that equity benefits and goals are achieved through CGC's investments. See Sections 1.2.1.2 and 1.2.6.

Governance

- **Board Committees and Advisory Boards:** The National Advisory Board; Regional Advisory Councils, which are composed of local residents, activists, and experts—one for each of the 10 EPA regions—and, to recognize the importance of sovereignty, one for Tribal communities; Environmental Justice Advisory Committee; Diversity, Equity, Inclusion, and Accessibility Committee; and Investment Committee, as required in their respective committee charters, provide input and oversight to ensure that CGC remains accountable to advancing equity and inclusivity in its work. See Section 2.2.1.
- **Reporting and Transparency**: CGC will regularly make available to the public reports on its activities, including financial performance, impact measured to grant objectives, and community engagement efforts, and provide opportunities through CGC's advisory boards for community members to voice their concerns, suggestions, and feedback on advancing equity and inclusivity in its work.

2.4. Risk Management

CGC's Enterprise Risk Management ("ERM") approach addresses the full spectrum of external and internal risks by managing the combined impact of strategic, legal, compliance, financial, operational, cyber, and climate related risks as an interrelated portfolio, rather than addressing risks only within silos. The ERM framework, as illustrated in the diagram above, accommodates enterprise-wide, strategic, portfolio specific and project-oriented risk assessments. It enables effective allocation of resources to identify, measure, assess, manage, mitigate, and monitor risks related to mission delivery.

CGC uses the ERM framework to foster a culture of transparency, accountability, and excellence as a foundation for effective risk management through the management of people, process, and operational related risks. CGC applies the ERM framework across the organization to identify potential events, manage the associated risks and opportunities, and provide reasonable assurance that EPA's objectives will be achieved by ensuring: (1) risk appetites are aligned with EPA's mission and strategic objectives; (2) a consistent and repeatable approach is deployed to identify, assess, manage/mitigate, monitor, and report on current and emerging risks; (3) risks are properly identified and mapped back to the business objectives; and (4) department business objectives align with EPA's strategic objectives and risk appetite.

For details regarding CGC's Risk Management and Governance Framework addressing all Enterprise, Financial, Climate, Operational and Cyber Risks, including Business Continuity and Disaster Recovery plans and procedures, please see Attachment 2.4.0 – Enterprise Risk Management Policies and Procedures – CGC, Attachment 2.4.1 – Legal and Compliance Risk Management Policies and Procedures – CGC, and Attachment 2.4.2 – Financial Risk Management Policies and Procedures – CGC.

2.4.1. Legal and Compliance Risk Management Plan

Legal and Compliance Risk Management Line of Defense Model

Below is a high-level description of CGC's approach to ensure compliance with 2 CFR Part 200, including but not limited to compliance with 2 CFR § 200.302(b): Financial Management, 2 CFR § 200.303: Internal Controls; and 2 CFR § 200.332: Requirements for Pass-through entities.

2 CFR § 200.302(b): Financial Management

CGC's Risk Management Plan includes, but is not limited to: (1) an ERM process for risk identification and assessment, categorized based on potential impact and likelihood; (2) risk management policies to manage, mitigate and develop strategies for addressing specific risks by category, internal audits lead by the CFO, and continuous engagement with legal counsel; (3) specific compliance measures, controls and applicable policies organized by risk; (4) the roles and responsibilities for effective management of legal and compliance risks within CGC; (5) a comprehensive training and communication strategy to ensure all CGC stakeholders are aware of the compliance requirements and risk management protocols associated with the grant; (6) recognizing that deviations and non-compliance incidents can occur, a robust Response and Corrective Action Plan, aligned with 2 CFR Part 200.302(b); (7) documentation and record keeping requirements, including those identified in CGC's Document Retention Policy attached within Attachment 2.1.2; (8) flexibility to evolve CGC's practices based on lessons learned from compliance incidents and routine monitoring, and practices to ensure continuous improvement that meet the emerging challenges and complexities of management of the grant; and (9) an emergency response and crisis management plan to ensure CGC maintains its commitment to compliance even in emergency and crisis situations.

2 CFR § 200.303: Internal Controls Compliance

CGC will use the Committee of Sponsoring Organizations model to assure the effectiveness of its control environment and to mitigate operational risks associated with lending, investment, and grantmaking activities. The assigned responsibilities across the organization's staff and the Board will ensure that there's ownership for each control, facilitating effective monitoring and swift corrective action.

A summary of how CGC executes this model is provided below and discussed in more detail within Attachment 2.4.1 – Legal and Compliance Risk Management Policies and Procedures – CGC.

- CGC's control environment is defined by strong segregation of duties and clear policies and procedures to ensure directives are carried out using certain Standard Operating Procedures.
- CGC will conduct periodic risk assessments to identify, analyze, and assess risks and identify any significant changes. The CCO, CRO, and the Risk Management Committee will review these risk assessments quarterly.
- CGC's internal and external communication plan includes periodic surveys of internal staff, Board, and Board committees, and external partner feedback loops, including, Network partners, subrecipients, contractors, and communities.
- To monitor and evaluate the effectiveness of its internal controls, CGC will use a combination of the following: (1) Risk Control Self Assessments for key controls performed by the Risk Management team; (2) internal and external audits with a random sampling of transactions, interviews with personnel, and review of relevant documentation; (3) monthly compliance checkpoints to evaluate whether milestones and targets outlined in the grant are being met, and to ascertain that the funds are being used in accordance with the grant agreement; (4) key performance indicators; and (5) a confidential incident reporting system outlined in its Whistleblower Protection and Ethics Policy provided as Attachment 2.1.2.

- All activities will be summarized in a bi-annual report to include a summary of monitoring activities, incidents of non-compliance and corrective actions taken, updates on the status of previous audit findings and recommendations for improvements to enhance compliance.

2 CFR § 200.332: Requirements for Pass-through Entities

CGC will ensure that every subaward agreement contains the same requirements imposed on CGC by EPA, in addition to requirements necessitated by CGC's role as direct grant recipient. CGC will perform a review of its subaward policies and procedures to confirm compliance with necessary regulations and requirements. This review will also allow CGC to evaluate the risk of noncompliance with the federal statutes, regulations, and terms of the subaward agreement. Technical assistance will be provided to CGC's subrecipients as necessary to establish compliant operations. Projects executed by subrecipients will be held to the same legal, regulatory, and financial compliance requirements to which EPA holds CGC. CGC is committed to ensuring the GGRF Program Objectives are met. Similar to an internal audit function, CGC will perform independent reviews over activities executed by its subrecipients to ensure that subrecipients remain aligned with these goals. If necessary, CGC may take action against noncompliant subrecipients in accordance with the terms of CGC's grant agreement with EPA and each subaward agreement.

Legal Counsel and Consultation

By following the detailed approach set forth in Attachment 2.4.1 – Legal Risk Management Policies and Procedures, CGC will ensure that it fully leverages legal expertise in managing compliance risks by maintaining a process for seeking and integrating legal advice. CGC's team of in-house and outside legal counsel will be involved in: (1) preliminary review of all transactions; (2) assisting with risk identification; (3) providing advice to the Legal and Compliance Risk Management team on risk mitigation, internal controls, and policy formulation; (4) updating the organization on changes in regulations, especially those that might impact the EPA grant or other project-specific requirements; (5) review of internal policies; (6) providing legal training; (7) emergency response; and (8) audit consultation.

Legal and Compliance Risk and Escalation

The risk management structure comprises a Legal and Compliance Risk Management team that reports directly to the CRO. The CRO coordinates with the CCO to ensure that all applicable EPA regulations are considered within CGC's risk management plans.

The CRO reports to the Risk Management Committee, which is responsible for overseeing the development and ongoing management of the organization's risk management framework, including financial, legal, compliance, operational, and reputational risks. The Audit Committee provides oversight to ensure the effectiveness of CGC's risk management internal controls and the performance of internal audits over its risk management processes.

Since each program delivery option has unique inherent risks, CGC will execute its risk management plan by aligning its Legal and Compliance Risk Management Team based on the qualified project types. This will allow CGC's resources to gain specialized knowledge within each program delivery method/project category to comprehensively assess the risks across the portfolio.

CGC will collect data across the entire project portfolio and develop models, as appropriate, to proactively assess and identify potential risk across the entire project portfolio.

Finally, similar to EPA's approach for compliance monitoring, CGC will conduct onsite inspections to assess compliance with regulations and requirements, validate information reported, and verify that the anticipated benefits are being realized. These inspections are performed on a sampling basis and may include interviewing facility or site representatives, reviewing records and reports, taking photographs, collecting samples, and observing facility or site operations.

GGRF NCIF Legal and Compliance Risk Mitigation Summary

Operational Risks

Fraudulent Activities. CGC's CFO and CGC's internal audit function will use fraud detection software and security protocols, as well as implementing two-factor authentication for organization transactions, including without limitation, financial transactions, and regular financial audits to detect any irregularities. Segregation of duties across the enterprise using multiple checks and balances will be used to prevent fraudulent activities. Bi-annual internal and annual external audits will be used to catch any inconsistencies.

Data Breach. CGC's COO and IT team are responsible for procuring and managing cybersecurity software and third-party IT security consultants to mitigate this risk through installation of firewall and encryption software and conducting regular security audits and penetration tests. The COO is also responsible for maintaining strong channels across directors, officers, staff, and network partners and the Risk Management Committee to report security incidents and for conducting periodic assessments to understand vulnerabilities.

Inefficient Use of Funds. The CFO and financial analysts will use financial management software and third-party consulting services to mitigate this risk through budget reviews and adjustments based on performance metrics, as well as periodic consultation with financial advisors for optimizing resource allocation. Internal controls such as tracking spending against performance to gauge efficiency and identifying areas where spending is not generating desired outcomes and correcting course will also mitigate this risk. CGC's Federal Procurement Policy, provided as part of Attachment 2.1.2, ensures that goods and services purchased by CGC related to federal funds are obtained in a cost-effective manner and in compliance with applicable federal laws, specifically 2 CFR Parts 200 and 1500.

Governance. To mitigate risk of ineffective Board oversight, the CAO along with the General Counsel will conduct regular Board training and third-party governance evaluations with oversight by the Nominations and Governance Committee.

Compliance Risks

Qualified Projects. The project qualification checklist will be used by the Chief Investment Officer with compliance review by the CCO and oversight by the Investment Committee of the Board to ensure all investments meet EPA's requirements for qualified projects.

Non-Compliance with GGRF Program Objectives. Investments and projects are evaluated based upon the likelihood of meeting GGRF Program Objectives (see Section 1.2.6). CGC will conduct an independent evaluation of overall benefits likely to be realized as result of the GGRF funding and will use comprehensive portfolio surveillance to identify projects that are in non-compliance and then to establish corrective action plans to remediate. Post-mortems will be conducted on projects to incorporate lessons learned and continuously improve CGC's procedures, which will minimize risks on a going forward basis and enable investments across every EPA region (see Section 1.2.3) and establish financial products to decrease the barriers of entry to mobilize funding and encourage the injection of private capital (see Section 1.2.4).

Non-Compliance with Regulatory Requirements. CGC's CAO and legal team will procure and use regulatory compliance software and training programs to mitigate this risk through regular training with directors, officers, and staff on federal, state, and local regulations. The teams will establish the applicability of each relevant policy upon approval of an investment, and track compliance with those policies within CGC's PPD (i.e., Project Portfolio Database). CGC will consult with its legal advisors to review grant agreements and loan policies. Regular audits will be conducted by the CFO to ensure that CGC maintains effective channels for updating staff on changes in laws and regulations. CGC will require reporting of compliance with federal statutes and regulations. CGC will independently validate data reported by its Coalition Members. Specific additional risk mitigating measures are described in CGC's Legal and Compliance Risk Management Policies and Procedures.

Legal Risks

General Legal Conflicts. CGC's CAO, GC, and CCO, along with outside legal counsel, will advise, evaluate, and respond to immediate injunctions, legal notices, or threatened or actual litigation concerning recipients, Coalition Members, investments, or regulatory actions impacting the grant. The Risk Management Committee will provide oversight of these legal conflicts and report to the Board of Directors.

Employment, Intellectual Property, Data Privacy, Breach of Contract, and Conflicts of Interest. CGC's CAO, General Counsel, along with outside legal counsel will: (1) keep abreast of regular updates on labor laws and conduct regular reviews with the CPO with oversight from the Diversity, Equity, Inclusion, and Accessibility Committee of the Board to identify potential risks; (2) conduct due diligence before using any third-party intellectual property; (3) monitor compliance with evolving data protection laws; (4) conduct a legal review before entering any contractual agreement; and (5) maintain transparent decision-making processes and third-party evaluations in accordance with the Conflict of Interest Policy.

2.4.2. *Financial Risk Management Plan*

As a prudent steward of public funds, CGC will also provide an independent assessment of the risks associated with individual investments by monitoring the portfolio to identify these risks. CGC will also propose ways to manage risks arising from correlations and concentrations within its investment portfolio as a central component of financial risk management. CGC will implement the financial risk management plan as part of its broader ERM framework discussed above along with Attachment 2.4.0 and as per Attachment 2.4.2 – Financial Risk Management Policies and Procedures – CGC. CGC will implement the financial risk policies as a component of CGC's second line of defense as described in its ERM plans. By procuring commercially available systems and contractor expertise CGC can implement full-scale financial risk management swiftly to allow for rapid deployment of the NCIF grant awards.

CGC is designing the CGC Fund and itself as a self-sustaining, centralized, long-term financing institution with the scale to transform financial markets to advance the Administration's multi-faceted climate goals set forth in the NOFO. CGC will align its risk appetite to preserve the portfolio impact of its investments in a measured and safe manner, and to propagate a long-term impact on collective climate change goals. Financial returns and associated metrics will be important secondary drivers. As described more fully in Attachment 2.4.2, CGC's financial risk management plan includes:

- Board and senior management oversight, as described in Section 2.2.
- Independent risk management and internal audit functions, as described in Section 2.4.1.
- An independent CCO to ensure compliance with grant agreement requirements across all aspects of CGC's business, particularly as related to investments in LIDACs and with appropriate attention to climate-related financial risks.
- Policies and procedures designed to identify, assess, measure, manage, and monitor all risks and that describe how CGC optimally addresses all financial risks, including climate-related financial risks.
- A high level approach to accountability (RACI Framework) for each major risk and who will own/be responsible, be consulted, and/or be informed.
- Centralized, transparent risk monitoring and information systems to track, monitor, and report upon credit, liquidity, market, operational, strategic, reputational, climate-related financial risks, and other critical financial risks.
- Post-mortem projects to incorporate lessons learned to continuously improve CGC's procedures to minimize risks on a going forward basis.
- Resourcing the risk team appropriately to ensure rigorous but pragmatic risk assessments for new business, product, and development initiatives whilst maintaining timely delivery of projects.

Financial Risk Management Oversight

In carrying out its mission, CGC will be exposed to financial risks through its Investment, Financing and Capital Allocation; Funding, Liquidity and Cash Management; and Treasury activities. These are principally credit, market, liquidity, and operational risks. For CGC's high-level approach to accountability for each major financial risk and for detailed Financial Risk Management Frameworks, policies and procedures, please see Attachment 2.4.2 – Financial Risk Management Policies and Procedures – CGC.

The Chief Investment Officer's team will be responsible for all investment origination, evaluation, and execution per CGC's investment policy. All Investment decisions will be independently reviewed, evaluated, and approved by the CRO as per agreed risk management policies to identify, assess, measure and propose risk mitigating strategies to bring residual risk to an acceptable level. The third tier of controls will be executed by the office of the CCO. The role of the CCO is to evaluate each investment, subject to appropriate thresholds, to ensure compliance with EPA grant agreement.

As described in CGC's Financial Risk Management Policies and Procedures (Attachment 2.4.2), CGC has established procedures to address all financial risks including multi-layered approval limits based upon defined risk type and thresholds to minimize its risk and provide optimal flexibility for business operation and growth.

Managing Climate-Related Financial Risks

CGC's climate-related financial risk management plan follows the same principles discussed above, including approval levels. Managing climate related risks will be addressed in all of CGC's policies and procedures, including:

1. Identifying climate-related risks that may affect CGC's financial health, including physical risks (resulting from extreme weather events), transition risks (arising from shifts towards a low-carbon economy), and risks related to assets, liabilities, investments, and overall financial stability as described in the ERM framework.
2. Following the underwriting and investment evaluation processes to:
    a. Identify each potential climate-related risks in each investment, such as floods, wildfires, hurricanes, tornadoes, and droughts;
    b. Deploy technology and materials capable of performing during the above climate events to regions where such risks are identified so qualified projects can be deployed;
    c. Run scenarios to calculate the probability and impact of different climate-related events at the qualified project level and on the creditworthiness of the sponsors and borrowers for a qualified project;
    d. Evaluate risk mitigation and risk transfer strategies—including credit enhancements, if economically feasible—to reduce or transfer the risk to an acceptable level;
    e. Implement strategies to reduce or transfer risk to an acceptable level prior to funding an investment in the qualified project;
    f. Assess the potential impacts of climate change on the creditworthiness of the recipients of financial assistance;

g. Assess the potential impacts of change on general and market segment and geography-specific measures of credit, market, operational/performance, and property/casualty risks;

h. Review and assess the integrated impact of climate change risk within CGC's risk management framework; and

i. Develop specific metrics to measure climate-related risks, such as incorporating climate risk scores or indicators into credit assessments.

3. Monitoring the residual risk across the entire portfolio to minimize the impact of climate-related risk within a particular market segment or geography across all types of qualified projects.
4. Re-evaluating and rebalancing the portfolio periodically to reduce concentration of climate-related risks when considering new investments in the same market segment or geography, as per the agreed upon limits described within the Investment Policies.
5. Evaluating the impact of climate-related events on critical infrastructure and supply chains on CGC's ability to make investments in qualified projects, especially Priority Projects, across all ten EPA regions.
6. Incorporating climate-related risks and mitigation strategies into CGC's business continuity plan.

2.5. Financials

2.5.1. Financial Statements

Attached to this application are CGC's audited financial statements (see Attachment 2.5.1 – Financial Statements – CGC), which include the statement of financial position as of December 31, 2020, December 31, 2021, and December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. CGC has also attached quarterly (unaudited) financial statements for the first three quarters of 2023 to this application within Attachment 2.5.1. CGC's financial statements are prepared in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In each of the audited financial statements, CGC's external auditor provided a clean audit opinion. Collectively, the audited financial statements and quarterly (unaudited) financial statements demonstrate the overall financial health of CGC with respect to its program activities and operations to date and that it maintains strong internal controls and processes to ensure that its financial statements remain free from material misstatement. Additionally, audited financial statements for all named Coalition Members for each organization's past three completed fiscal years are provided as Attachment 2.5.1 –Financial Statements – CGC Coalition Members. Quarterly (unaudited) financial statements for the periods that ended during each organization's current fiscal year are attached for all named Coalition Members that prepare such statements. Each Coalition Member that does not prepare such quarterly unaudited statements is an instrumentality of state government, and a representative from each of these Coalition Members has informed CGC that it does not prepare quarterly unaudited financial statements.

2.5.2. *Financial Projections*

CGC developed its Financial Model (see Attachment 1.1 – CGC Financial Model) to demonstrate its approach to maximizing impact across all three of the GGRF Program Objectives, including by showing the long-term financial viability of CGC and the CGC Fund. Attachment 2.5.2 – Financial Projections provides additional information on how CGC's Financial Model meets the GGRF Program Objectives. CGC developed its approach to create both national and local financial institutions that would be self-sustaining and to draw in private capital for recycling and additional leverage. The financial projections for each Coalition Member are included as separate attachments labeled Attachment 2.5.2 – Financial Projections – *Coalition Member*.

Continued Operability of CGC and the CGC Fund

To continue to execute its plan, CGC, its Coalition Members and its program participants must be self-sustaining, and, therefore, must make investments that generate positive financial returns. The overhead required for CGC's activities as a national green bank in year four after the close of CGC's proposed three-year period of performance ($49 million) will be more than covered by annual program income on deployed funds ($3.5 billion) and also easily covered on annual interest income alone in CGC's program plan ($471 million). The program income would also more than cover CGC's entire operations, even if all other program expenses such as CCIA and SFA programs, amongst ongoing activities, were included. However, CGC intends to keep administration and operating costs low to devote more program income to investments in qualified projects that further the GGRF Program Objectives. In addition, CGC anticipates raising philanthropic and grant dollars to further its overall causes, as well as tapping into other funds that may be available or become available from other governmental sources.

Assumptions, Risks, and Mitigation Plan

The key assumptions CGC is making in its business plan and financial model projections are: (1) that CGC will invest the entire $10 billion NCIF grant award capital in the first fiscal year (2024-2025); (2) that CGC will be able to recycle approximately $3 billion of deployed capital a year starting in the second fiscal year (2025-2026) through a combination of balance sheet leverage and off balance sheet vehicles such as securitizations; and (3) that direct investments in qualified projects at the national level will be made with a blended average return rate of 5%.

In the second fiscal year (2025-2026), CGC plans to leverage $3 billion through a combination of balance sheet leverage at the CGC Fund and off balance sheet vehicles. Analysis of the timeline and requirements of green bond issuances and collateralized loan obligations show both to be feasible by the end of 24 months, while refinancing, loan sales, and capital recycling can also contribute to balance sheet leverage by year three.

Furthermore, CGC benefits from the previous experience and skill of its Coalition Members. For example, Connecticut Green Bank recently conducted two years of sold-out climate bond issuances, drove over $20 million in private investment through the partial sale of its commercial energy retrofit loan portfolio, and offers mini-perm loan structures intended to incentivize refinancing during a period after project completion. In the broader market, green bond issuances by Fannie Mae amounting to over $112 billion since 2012 demonstrate both the strong market appetite for green bonds and how a well-developed green financing product—backed by relationships with reputable lenders with wide geographic coverage—can rapidly scale to crowd-in substantial private capital investment in clean energy products, technologies, and services.

CGC's return assumptions, financing assumptions, assumptions around future rates, and operating assumptions are generally conservative (as explained in the "Discussion" tab of the Financial Model) and geared toward ensuring the medium- and long-term viability of the national green bank business model. Three key risks that may occur if CGC's assumptions are proven incorrect are: (1) if CGC is unable to recycle initially invested capital as quickly or as efficiently as expected, then investment levels in the second and future fiscal years would be diminished; (2) if returns on national-level qualified projects are lower than anticipated a larger portion of those returns would go toward overhead costs; and (3) if overall investment in qualified projects is slower than anticipated, either due to recycling constraints or a lack of sufficient ongoing pipeline (especially in LIDACs), then total investment across the forecast period would be lower than projected.

To mitigate risks related to defaults on financial products, CGC will account for a loss provision in excess of the amount required by the historic strength of a 0.5% green bank default rate. The large and diverse projects undertaken by the national green bank—in addition to its targeted focus on LIDACs—reflect an ambition to fill a gap in the market by responsibly allocating capital to projects and communities which have not attracted investment to date.

Although CGC's initial grant funds will not have direct interest rate exposure, CGC will plan for the effects of indirect exposure along both mechanisms for future leverage and its investments in qualified projects. CGC will plan for how fluctuating interest rates may impact market interest in financing vehicles. For example, CGC plans to issue annual bonds, which will hedge CGC's portfolio against the risk of rising interest rates. Rising interest rates increase the costs involved in developing and financing qualified projects and the costs to the consumers of the product, technology, or service provided by a qualified project. This impact makes the role of CGC's investments even more important in delivering impact regardless of the macroeconomic environment. CGC sees its role as prioritizing the continuity of developing and deploying Priority Projects in LIDACs even in a higher interest rate environment. Given its mission, and lack of direct interest rate exposure, CGC will mitigate the risk of higher interest rate headwinds for qualified projects.

Conclusion

CGC is ready with the team, the pipeline, the network, and the plan to establish a national green bank that will promptly and prudently invest directly in qualified projects and fund an ecosystem of state and local green banks, community lenders, and other community partners across the country. In collaboration with other award winners, CGC will transform the supply chains and financing of products prioritized by EPA and otherwise contribute to the agency's goals. CGC will engage with and for households and businesses in LIDACs through a network of at least one economically self-sustained green bank in every state and an ever-expanding network of community actors. Focusing on these communities, CGC will benefit communities by creating jobs, lowering energy burdens, increasing wealth, and eliminating environmental harm.

CGC believes that public–private investment will accelerate the adoption of clean power goods and services not only in LIDACs but in the whole country. CGC predicts that private sector investors will provide an ever-increasing share of the capital required for winning the battle against climate catastrophe and redressing decades of environmental injustice. Our experience as well as the breadth and depth of support our application has received convinces us that CGC—and the other award winners—can exceed the grandest hopes that this agency and the Administration have for the Greenhouse Gas Reduction Fund. We are eager to begin.