

## 1. OFN’s CCIA Program Plan

### 1.1. Program Vision

#### 1.1.1. Community Lender Network Strategy

Opportunity Finance Network’s (OFN) *Community Lenders CLIMB: Clean Lending Investment MoBilization* program (CLIMB) puts **mission-driven community lenders** (MDCLs) at the forefront of market transformation for clean finance in low-income and disadvantaged communities (LIDACs). OFN will leverage our deep experience as a hub nonprofit to provide a comprehensive financial and technical package to our members, so they can combat climate change, improve equity, and deliver benefits to their communities. For ease of reference, OFN included a glossary of defined terms in Attachment 2.2.2 Management Policies and Procedures.

**OFN’s Community Lender Network:** OFN represents the **largest national network of more than 400 MDCLs** that provide responsible financial products and services in rural, urban, and Native communities. Most OFN members work in EPA-defined LIDACs. In 2021, 83% of OFN members’ beneficiaries were low-income, low-wealth, or historically disadvantaged; 61% were people of color; and 47% were women. Members’ investments span a variety of sectors, including housing (56%), business/micro/commercial real estate (19%), community facilities (12%), consumer (10%), and other business lines (3%). Our network aided the creation or retention of 2.6M jobs and supported 696,000 businesses, 2.3M housing units, and 13,700 community projects.

OFN membership requires that the organizations’ primary mission be to promote community development and operate primarily as financing entities that provide affordable, responsible financing products and services to LIDACs. More than 95% of OFN members are community development financial institutions (CDFI) certified by the U.S. Department of the Treasury’s (Treasury) CDFI Fund. CDFIs are Community Lenders by the CCIA definition and are required to maintain accountability to a low-income community or underserved population. To further amplify our CLIMB impact, OFN is expanding our network to other MDCLs that meet our membership criteria, including green banks.

*Track Record of LIDAC Clean Finance:* More than 50% of OFN members provide clean finance products, and we know there is more appetite as additional members have integrated clean finance into their other primary products. OFN’s 2023 survey indicates our network expects more than **\$14B in clean financing demand** over the next six years with the support of OFN’s CLIMB program. While OFN members range in their clean finance capacity, current products include: 1) Distributed Energy Generation and Storage: Bridge loans for solar and storage, power purchase agreements (PPA) and community solar loans, direct solar loans; 2) Net-Zero Emissions Buildings: Pre-development, bridge, and construction loans, and equipment loans for energy efficiency or electrification; 3) Zero-Emissions Transportation: Electric vehicle loans.

**OFN members are uniquely suited to finance the deployment of CCIA-eligible projects** because they are mission-driven lenders and have the organizational capacity, community accountability, and technical knowledge to adeptly deliver clean financing projects in LIDACs.

- *Deep Relationships:* Since 1986, our network has championed economic, social, racial, and environmental justice, establishing trust through **decades of community engagement** and lending in low-wealth areas across all 50 states; Washington, D.C.; Guam; and Puerto Rico.

- ***Mission Drive:*** Our members focus on addressing **climate change as it disproportionately affects LIDACs**. Members’ **clean financing programs bolster community development goals** like health, wealth-building, workforce growth, and enhanced living standards. Loan funds represent 93% of our membership and, based on CDFI Fund data, serve low-income, disadvantaged communities better than other Community Lenders. In FY 2021, 72% of CDFI loan funds’ dollars went to distressed areas and low-income target populations, whereas the percentage was substantially lower among other CDFI types.<sup>1</sup>
- ***Organizational Capacity:*** Our members, trusted by public and private sectors, channel investments into LIDACs. In 2021, they reported **\$42B in assets**. They have a history of efficiently managing federal funds, with 95% of members having received CDFI Fund grants, totaling \$3.3B.
- ***Community Accountability:*** Loan funds are primarily nonprofit and governed by **boards of directors with community representation**, backed by engagement and accountability plans.
- ***Technical Knowledge:*** OFN members have experience in clean financing and CCIA-eligible priority projects as well as a proven track record in developing and deploying new products.
- ***Lending Prowess:*** The OFN network has provided **more than \$100B in financing** since inception. Members enter markets considered “unbankable” and create a path for private market capital to flow, as demonstrated by leading the market creation of healthy food financing and community healthcare facility financing in LIDACs.

OFN members are ideally suited to support CCIA’s climate, economic, and environmental justice goals and the United States’ climate priorities because **our members’ primary mission is to finance community development** and measure success by contributions they make in the local community. **For OFN members, economic justice can only be achieved with environmental justice**. With CCIA support from OFN, our network is poised to leverage their deep track record to create vibrant, sustainable, and resilient communities with safe, clean, and affordable housing, energy, and transportation options supported by economic opportunities and well-paying jobs.

**Barriers and solutions to harness the full potential of OFN members to finance CCIA-eligible projects and to identify and mitigate gaps in the current ecosystem.** Through deep discussions with our members and partners in 2022-23, OFN pinpointed three primary barriers to scaling clean finance in LIDACs and identified how CCIA resources will help us deploy solutions. We identify additional barriers in Section 1.2.4.2.

- 1) ***Clean Financing Capacity:*** Although OFN members seek to grow their clean financing programs, their abilities span from limited to advanced. Many require guidance to adapt their services for clean financing. ***Market Gap:*** MDCLs need specialized training and centralized market-building tools to scale clean financing solutions in LIDACs. There are market gaps for MDCLs at all stages of clean finance capacity. ***Unique Solution: Training to Build Organizational Clean Financing Capacity:*** Building on historical experience, OFN will collaborate with partners to tailor training and assistance for Community Lenders, fostering their growth (see Section 1.2.4.1). OFN will also promote product standardization, develop communities of practice, and create best practice templates (as described in Section 1.2.4.2).

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<sup>1</sup> See “CDFI Program and NACA Program Financial Assistance Award Recipients: A Snapshot of FY 2021 Reported Activities,” [https://www.cdfifund.gov/sites/cdfi/files/2023-07/CDFI\\_Performance\\_Data\\_Snapshot\\_2021.pdf](https://www.cdfifund.gov/sites/cdfi/files/2023-07/CDFI_Performance_Data_Snapshot_2021.pdf), p. 11.

- 2) *Clean Finance Market in LIDACs*: MDCLs need communities to want to finance clean projects, trust their financiers, and have the technical assistance and third-party services to ensure projects align with the Greenhouse Gas Reduction Fund (GGRF). The need for market demand stimulation results in high upfront origination costs. **Market Gap**: Establishing a new market requires coordinated development of business opportunities, capable businesses, and trained workers to fill new jobs. Currently, there is a lack of a holistic strategy and resources to achieve this. Additionally, TA providers’ and services’ availability, specialization, quality, and cost vary widely by region. **Unique Solution: Market Building Activities and TA Services and Support**: OFN will support development of centralized market-building tools to aid community service entities, residents, and small businesses in identifying, assessing, and developing opportunities (see Section 1.2.4.2). OFN will work with partners to provide project support and identify service providers. OFN will use its pass-through strategy and TA Subawards to support project development (as described further in Section 1.2.2.3).
  
- 3) *Affordable Capital (loans, grants, and liquidity)*: MDCLs require capital to strengthen their balance sheet for clean energy loans that would not otherwise be funded. MDCLs need broader capital market access and extra liquidity for affordable clean financing. **Market Gap**: The market does not finance all projects due to risk and borrowing costs. Thus, the remaining projects require accommodations like credit enhancements or reduced rates. Few secondary markets exist for MDCLs, and they vary substantially in lending terms and perceived risk. **Solution: Capitalization Funding (CF) and TA Subawards**: With almost 40 years of experience, OFN deploys capital to members through a proven process now centered on climate. Funds from CCIA, National Clean Investment Fund (NCIF), and Solar for All (SFA) lending and private sector capital (targeted 3:1) will significantly boost capacity for clean financing products and programs at MDCLs. **Unique Solution: Support secondary market creation and product standardization**: OFN will partner with NCIF applicants like Climate United and Justice Climate Fund to develop standardized products capital access pathways.

**The Future State of Clean Financing in OFN Network and Implications for LIDACs**: OFN’s vision for the future is that **every member** in our growing network of MDCLs offers clean financing, integrated seamlessly with the critical work they are doing to build economic opportunity in LIDACs. By revolutionizing our members’ approach and capacity to provide clean financing through our CLIMB program, LIDACs will benefit from enhanced air quality, boosted property values, thriving diverse small businesses, wealth-building opportunities in the clean energy economy, and clean energy jobs. Our network will finance nearly \$11B of clean energy projects in LIDACs as a direct result of our CLIMB program and pave the way for the maturation of a market where private capital continuously flows. OFN is uniquely positioned as the largest network of MDCLs and with almost 40 years of experience building MDCL capacity to complement other clean finance programs, to partner with new and existing clean finance efforts, and to deliver a program that transforms the ecosystem for clean financing in LIDACs.

### 1.1.2. Geographic Coverage and Diversity

Our Community Lender network strategy leveraging the OFN member network will drive CCIA funding to a broad and diverse geographic area. **At least 43 OFN members are present in each EPA region**, as summarized in Table 1. Our network reaches deep within the EPA regions: OFN members serve all 50 states; Washington, D.C.; Guam; and Puerto Rico.

Building on four years of steady membership increase, OFN anticipates expanding our network to 600 members by 2030, including many of the new green banks. The OFN network is open to all mission-driven community lenders (MDCLs) that meet our membership criteria which are included in Attachment 2.2.2 Management Policies and Procedures. This growth will deepen our network’s already extensive EPA region coverage.

**Table 1. OFN Network Reach<sup>2</sup>**

EPA Region	Number	Percentage
1	61	21.5%
2	76	26.8%
3	85	29.9%
4	86	30.3%
5	103	36.3%
6	69	24.3%
7	43	15.1%
8	57	20.1%
9	81	28.5%
10	56	19.7%

In addition to this broad coverage, the OFN network serves diverse communities within these geographic areas. For example, 24% of OFN members’ beneficiaries reside in rural areas, and in 2021, an average of 8% of OFN members’ beneficiaries identified as Native. As the largest national network of certified CDFIs, we can extrapolate from CDFI industry data to understand the depth of the OFN network. For example, the 2021 Transaction Level Report (TLR) data from Treasury’s CDFI Fund documented that CDFI lending activity spans 64% of the Justice40 census tracts and that the industry closed nearly \$775M in loans (more than 7,000 loans) in

energy communities with one or more abandoned mines. Lastly, as reported by Loethen and Fabiani, “nearly 40% of all CDFI lending goes to persistent poverty areas, a testament to the industry’s targeting of the most economically vulnerable communities.”<sup>3</sup>

OFN has the capacity to support this vast network with tailored capacity-building resources, convenings, and capital, as we have done for nearly 40 years. For example, to support our Native CDFIs, we organize a Native-focused regional meeting, visit Native borrowers, and engage in “continuous improvement” dialogue. Our annual meeting includes learning tracks and networking sessions to connect members with similar interests and needs. We have designed our CLIMB program with these tried-and-true best practices in mind to ensure we support OFN members as they initiate and deepen their clean finance programs.

**1.1.3. Demonstrated Interest**

OFN has received significant and sizable interest from mission-driven community lenders (MDCLs) across the country for our CLIMB program. This interest aligns directly with EPA’s CCIA program vision and is likely to materialize. OFN requests \$3.07B in CF and TA Subawards (figure excludes associated indirect costs) based on known demand from our climate pipeline form (described below) as well as projected demand from new OFN members.

**Sizable:** OFN launched a clean financing pipeline form in August 2023 to inform our CCIA and NCIF program strategies. As of September 2023, **231 MDCLs** completed our climate pipeline form which indicated \$1.9B in immediate demand for CF and TA Subawards. In addition, these MDCLs indicated \$6.2B in demand for debt capital over a three-year period and \$14B over six

<sup>2</sup> Data source is OFN’s FY 2021 Annual Member Survey. Number column exceeds 284 and percentage column exceeds 100 because many members serve more than one region.

<sup>3</sup> [https://cdn.ofn.org/uploads/2022/02/24093050/ofn\\_persistent\\_poverty\\_paper\\_july\\_2021.pdf](https://cdn.ofn.org/uploads/2022/02/24093050/ofn_persistent_poverty_paper_july_2021.pdf).

years, demonstrating a significant interest in leveraging the CF with new private sector capital. OFN expects to provide 380 MDCLs with CF and TA Subaward for the CLIMB program. This forecast represents a project penetration rate of 65% of OFN’s forecasted network membership (as described in Section 1.1.2).

In addition to the climate pipeline form, OFN received **216 letters of interest** for our CLIMB program (included in Attachment 1.1.3 Community Lender Letters of Interest), which reinforce the demand from MDCLs serving diverse LIDACs—including Akiptan (Native/small business), Fahe (rural/housing), and Nonprofit Finance Fund (urban/community facilities) —and their excitement to engage with OFN.

**Aligned with CCIA Program Vision:** The demand for CCIA capital through OFN is directly aligned with EPA’s program objectives and OFN’s CLIMB program vision. MDCLs that submitted OFN’s climate pipeline form indicated that, on average, 94% of their capital needs related to climate over the next three years will be in EPA’s priority project categories—31% in distributed power generation and storage, 47% in building decarbonization, and 16% in transportation pollution reduction. Climate pipeline form responses represent MDCLs that work in all EPA regions, as well as MDCLs that represent a diverse range of communities, including rural, Tribal, and energy communities; persistent poverty communities; and communities of color.

The MDCLs in our pipeline indicated that their plans for deploying CCIA capital align closely with OFN’s CLIMB program vision. For example, OFN asked MDCLs which goals will drive their CCIA investment decisions, and the top six responses included local/minority wealth creation and equity building (195 MDCLs), reduction in the cost burden of housing and utilities (178), net-zero emissions (175), job creation (169), creation of additional capacity for clean financing (154), and renewable energy distribution and storage (142). These elements are critical to achieve OFN’s program vision to transform the market for clean energy finance in LIDACs.

**Likely to Materialize:** Of the MDCLs in our pipeline, 120 (52%) already have clean financing programs and 105 (45%) are already OFN borrowers. OFN will leverage these strong relationships to convert interest to operational CCIA lending programs. Historically, OFN’s lending and grant programs have been significantly oversubscribed. For example, OFN’s two most recent lending/grant programs, Grow with Google Small Business Fund (\$190M) and Finance Justice Fund (FJF) (\$240M), were five times and four times oversubscribed, respectively. OFN has successfully converted these demand pipelines: OFN launched our FJF in 2021 and has deployed \$200M in loans and grants to 98 MDCLs. We expect the same demand to materialize for CLIMB.

## **1.2. Investment Strategy**

### **1.2.1. LIDAC Engagement and Accountability Strategy**

#### **1.2.1.1. LIDAC Engagement Plan**

OFN’s CLIMB program centers on LIDACs and incorporates their input to design the program around their priorities. OFN relied on our members’ and stakeholders’ historically deep engagement with LIDACs to guide the initial CLIMB program design. For CLIMB, OFN will engage with LIDACs throughout the program via our members, our Board, and direct community engagement. Additionally, we will ensure that our CLIMB subrecipients use a variety of mechanisms to have authentic, meaningful, and deep engagement around their specific clean financing programs. OFN received **97 letters of support** (including in Attachment 1.2.1 LIDAC

Engagement and Accountability Letters of Support) from diverse community representatives including the Maine Governor’s Energy Office and Codman Square Neighborhood Development Corporation that highlight OFN’s accountability to LIDACs.

**OFN’s Mechanisms for LIDAC Engagement:** As required by their **CDFI Fund certification**, OFN members actively engage with and are accountable to LIDACs in different ways, such as Board roles, community advisory boards, and local loan committees, with the participation of residents and business leaders to guide lending decisions. OFN receives **feedback from the LIDACs** through frequent input from our regular interactions, such as OFN events, surveys, focus groups, borrower visits, and portfolio management conversations. OFN receives comprehensive engagement from our members’ broad geographic diversity and, at the same time, direct and deep engagement from LIDACs. OFN also uses Memoranda of Understanding (MOU) and other partnerships to ensure we hear from diverse communities. For example, OFN has an MOU with the Native CDFI Network to ensure we understand and can support Native lender needs.

As part of the CLIMB funding application, **OFN will require and evaluate a meaningful and accessible community engagement plan** (as described in Section 1.2.3.4.). We will also evaluate how community engagement, including feedback loops, is incorporated into our climate investment strategy. To support members, OFN will provide best practices to create community engagement that actively collaborates, empowers, and builds relationships with the community on project-level decisions, using proven approaches. OFN will also require CLIMB subrecipients to report annually on community engagement results.

*Through Our Governance:* OFN’s governance structure incorporates feedback from LIDACs through our Board of Directors—100% of whom represent, work in, and serve LIDACs. Our Board has direct input on our strategy and outcomes during quarterly Board meetings, regular committee meetings, and ongoing individual discussions.

*Direct Community Engagement:* OFN directly engages with LIDACs as part of advisory councils, site visits, and regional CLIMB meetings. For example:

- OFN is using our Climate Industry Advisory Council (IAC), composed of diverse LIDAC stakeholders, to provide direct feedback on our strategy via quarterly meetings.
- OFN regularly conducts site visits in coordination with our in-person events. For example, during our regional meeting in Phoenix, OFN arranged a full-day site visit for staff to connect with six LIDAC borrowers to engage firsthand with community members.
- OFN will hold CLIMB program meetings with LIDAC community members and representatives in each EPA region to understand the specific clean financing priorities.

*Accessibility in Engagement with LIDACs:* In all modes of engagement, OFN works to ensure we are inclusive and accessible, particularly for people with limited English proficiency and individuals with disabilities (described in Section 1.2.5.1). For example, the registration process for all OFN events, which are open to mission-driven Community Lenders (MDCLs) and LIDAC representatives, inquires about accommodations. Additionally, OFN has closed captioning on all webinars and staff members who speak multiple languages and can engage at OFN events.

**How Engagement with LIDACs Informs OFN’s CLIMB Strategy:** In 2022 and 2023, OFN conducted a listening tour to develop our climate and GGRF strategy. We assessed the resources needed to create an inclusive green economy in our members’ communities through five webinars,

13 targeted focus groups, seven member meetings, and hundreds of one-on-one conversations with MDCLs and partner organizations nationwide. We gathered input on effective clean financing in LIDACs as well as technical information about the types of products our members offer and the types of capacity building support needed to expand their clean financing portfolio. The IAC also met twice to guide CLIMB's investment objectives and TA Services strategies.

Focus groups and member meetings included MDCLs across a variety of sectors (housing, small business, community facilities), sizes, and geographies (including CDFIs serving rural, Native, and energy communities; persistent poverty counties; and racially and ethnically diverse communities). The network engagement yielded our clean finance strategy and our four GGRF guiding principles: 1) center on the needs of LIDACs in program design and implementation; 2) prioritize MDCLs that can deliver rapid, accountable, and targeted deployment of federal funds to underserved markets; 3) focus on equity and environmental justice; and 4) balance speed to market with long-term transformation.

Looking forward, OFN will use CLIMB community engagement reporting, CLIMB-focused meetings and forums, OFN's Sustainability Committee (described further in Section 1.2.1.2), the Climate IAC, and OFN member and Board engagement to continually refine OFN's strategy to: 1) **define** semiannual CF and TA Subaward priorities to ensure that OFN is meeting the investment objectives, 2) **provide** relevant and appropriate TA support services, and 3) **conduct** strategic program reviews to ensure the program objectives are met. For example, OFN will report on analysis of the feedback from community engagement to the Sustainability Committee to guide the development and refinement of policy, guidelines, and program priorities.

#### 1.2.1.2. LIDAC Accountability Plan

Being transparent and accountable to the communities we serve is a core value of OFN. OFN and our network of MDCLs use accountability practices to ensure that decision-making delivers meaningful benefits to community members, particularly to LIDACs. For example, OFN and its members maintain advisory councils and committees to ensure collaborative LIDAC stakeholder governance. Further, 95% of our members are certified by the CDFI Fund and are required to demonstrate accountability to LIDACs. Many of OFN's **97 letters of support** are from diverse community organizations working on the ground in LIDACs, such as Climate by Design International and National Housing Trust Energy Solutions. OFN incorporated input from all of these stakeholders in CLIMB application planning and will continue to do so post-award.

**Transparency Mechanisms that Promote Accountability to LIDACs:** Transparency is a foundational tool for achieving OFN's CLIMB program goals, and we will leverage mechanisms from our current transparency program to promote accountability to LIDACs. OFN has an existing robust and transparent reporting framework for demonstrating members' programs to the community that it will leverage to promote CLIMB accountability. OFN will:

- 1) Provide **relevant, timely, and accessible information** in plain language and in multiple formats for lay readers, and **detailed data sets and analyses** for industry experts as requested for third-party analysis.
- 2) Publish program information and outcomes on **OFN's dedicated climate webpage**. We will share program reports, outcomes, and metrics at least quarterly as our climate justice investment programs progress.

- 3) Use **other communication channels** to share our results: webinars, presentations at OFN events, and other industry and environmental justice events. For example, OFN hosts the CDFI Connect online community and has hosted, for the past four years, the monthly Climate Crisis Working Group webinar for 240 members to focus on climate issues. We will continue using these avenues to engage members about the CLIMB strategy and outcomes.
- 4) Require **our CLIMB subrecipients to share project funding and outcomes on their own websites** for transparency to their communities.
- 5) Issue **regular public reports** evaluating progress in achieving objectives, especially delivering equity-focused community benefits to LIDACs. As OFN does for its FJF program, we will provide a semiannual CLIMB program “Activity, Reach, and Outcomes Report,” which will describe the MDCL subrecipients, the composition of subrecipients served, and key metrics aligned with our investment objectives (e.g., GHG reduction and businesses financed). OFN will annually post data dashboards and the results of any analysis of the CLIMB program objectives and outcomes after strategic program reviews.
- 6) **Seek feedback** through webinars, CLIMB regional meetings, and other member engagement to ensure that public reporting fosters community monitoring.

**Participatory Governance to Ensure Meaningful Community Input:** OFN’s governance structure is designed to ensure accountability to and representation of LIDACs through our Board, committees, and industry advisory councils. Board members represent MDCLs and are elected from our network’s membership base. The Board has input on our strategy through four annual Board meetings, committee meetings, and regular feedback to senior leadership. The OFN Board established a **Sustainability Committee** to advise on OFN’s climate and sustainability programs, oversee compliance for GGRF contracts with EPA, and approve OFN’s climate and clean finance grant strategy, guidelines, and allocations. The committee brings together climate experts, including representatives from environmental justice groups, LIDACs, and technical providers.

In addition, the Climate IAC meets quarterly to advise OFN on climate strategy development, including our GGRF strategy. We sought input from this council in developing our application strategy and will seek input as we implement it. The Climate IAC consists of MDCL leaders and other industry representatives including experts in climate financing in LIDACs and environmental justice, selected from partner relationships that we have cultivated over the last two years as part of our broader climate strategy. Climate IAC representation includes individuals from rural communities, communities of color, and MDCLs serving all EPA regions.

OFN members are accountable to LIDACs through roles on their governing boards, community advisory boards, and local loan committees, with the participation of local residents and business leaders guiding lending decisions. These governance channels provide an avenue for community input into CDFI decisions, such as products and outreach strategy. Additionally, OFN will recommend and provide resources for all CCIA-eligible projects to have a binding and publicly disclosed community benefits agreement and/or anti-displacement plan to ensure community residents benefit from the project, including providing best practices for the transparency mechanisms described above.



## 1.2.2. Investment Objectives

### 1.2.2.1. Program Objective One: Climate and Air Pollution Benefits

OFN will leverage CCIA funding to provide capital for mission-driven Community Lenders (MDCLs) to invest and reinvest in projects, activities, and technologies that reduce emissions of greenhouse gases and other air pollutants. OFN has identified two primary goals for delivering climate and air pollution (CAP) benefits, which align with GGRF Program Objective 1.

The goals and targets identified here and in Sections 1.2.2.2 and 1.2.2.3 represent a significant decrease in greenhouse gas (GHG) emissions, especially as part of collective action, in LIDACs. They were developed through an extensive portfolio and impact modeling exercise using input and data collected from our members, industry standards, and other informed and documented assumptions. The estimated quantitative impacts assume a full award. The goals are **measurable** through OFN’s identified CLIMB reporting procedures. The goals are **achievable** based on OFN’s total CF request and anticipated allocation of these funds across CCIA priority project categories. (All assumptions have been validated by member-submitted data.) Based on portfolio modeling, OFN anticipates allocating funding as follows:

- **Distributed Energy Generation and Storage (35% of CCIA award)** with intracategory allocations to Community Solar/Wind (30%, split 70/30 across pure generation and generation plus storage projects), Residential Rooftop Solar (40%, also split 70/30 across pure generation and generation plus storage projects), and Distributed Solar (30%).
- **Net-Zero Emissions Buildings (50% of CCIA award)** with intracategory allocations to Single-Family Residential (35%), Multi-Family Residential (40%), Community Locations (15%), Commercial/Industrial/Agricultural (8%), and Municipal (2%) - each with varying suballocations for total retrofits, targeted retrofits, and/or new construction as appropriate.
- **Zero Emissions Transportation (15% of CCIA award)** with intracategory allocations to Zero Emissions Vehicles (55%), Residential Electric Vehicle (EV) Charging Stations at/near Multi-Family Housing (10%), EV Charging Depots (10%), and Other (25%).

**CAP Goal 1: Reduce carbon pollution in the electricity, buildings, and transport sectors in line with the 1.5-degree Celsius Paris Agreement pathway.** As a signatory to the Paris Agreement and its commitments toward mitigating climate change, the U.S. needs a national infrastructure for financing clean technologies designed to reduce GHG emissions. OFN will support this goal with funding aligned to the CCIA’s three priority project categories. The below targets will be achieved during the CLIMB performance period.

**Table 2. CAP Goal 1 Targets & Estimated Impact**

Qualitative Target	Estimated Quantitative Impact
Deploy additional MW of new renewable energy capacity	2,400 MW deployed
Deploy additional MW of new storage capacity	1,100 MWh in storage capacity
Fund buildings and units with net-zero features	315,000 buildings/units upgraded
Finance EV purchases	32,000 EVs financed

**CAP Goal 2: Improve air quality in LIDAC communities.** Some communities, particularly LIDACs, have greater exposure to poor air quality and thus more often experience negative health outcomes from air pollution. Furthermore, the EPA has identified that “the most severe harms from climate change fall disproportionately upon underserved communities who are least able to prepare

for, and recover from, heat waves, poor air quality, flooding, and other impacts.”<sup>4</sup> To address this inequity, OFN’s second climate and air pollution goal is to reduce emissions and improve air quality for LIDACs by supplying CCIA funding—in conjunction with private capital and other available GGRF funding—for projects that are based in these communities and that reduce, eliminate, or avoid greenhouse gases (GHG) and the critical air pollutants identified by the EPA, including ozone, NOx, SOx, and particulate matter (PM2.5 and PM10). The below targets will be achieved over 15 years from projects deployed during the CLIMB performance period.

**Table 3. CAP Goal 2 Targets and Estimated Impact**

Qualitative Target	Estimated Quantitative Impact
Reduce or avoid GHG emissions	30,000,000 metric tons avoided
Reduce air pollutants in LIDACs through distributed energy generation and storage projects	220,000 lbs. of air pollutants avoided
Reduce air pollutants in LIDACs through net-zero emissions building projects	115,000 lbs. of air pollutants avoided
Reduce air pollutants in LIDACs through zero emission transportation projects	7,750,000 lbs. of air pollutants avoided

**1.2.2.2. Program Objective Two: Equity and Community Benefits**

OFN members create economic opportunities for people and communities underserved by traditional finance and will ensure that CCIA funding reaches those most in need. To deliver deep equity and community benefits (ECB) to LIDACs, OFN has identified three goals. **The goals and targets identified below disrupt and impact the clean energy “path of least resistance” that directs financing toward better resourced businesses and toward initiatives that serve more affluent households.** These targets are **achievable** based on OFN’s extensive modelling noted in Section 1.2.2.1 using data from members, industry standards, and reasonable assumptions. These targets can be achieved by OFN members that, through 2021, originated \$100B in financing in rural, urban, and Native communities, with 83% of the lending in low-income areas.

**ECB Goal 1: Reduce energy burdens and increase household wealth for LIDAC residents.** CCIA projects will provide significant cost savings and wealth generation opportunities to LIDACs. To meet this goal, OFN will achieve the following targets during the performance period:

**Table 4. ECB Goal 1 Targets and Estimated Impact**

Qualitative Target	Estimated Quantitative Impact
Reach LIDAC households and businesses, including those in Tribal areas, with financial savings	315,000 LIDAC households and businesses; 31,500 in Tribal areas
Provide energy savings for LIDAC households and businesses, including those in Tribal areas	\$87M estimated annual energy savings in LIDACs and \$1.3B estimated lifetime savings from CCIA; \$8.7M annually in Tribal areas with \$130M lifetime
Increase estimated home values in LIDACs	3-5% increase in estimated home values

<sup>4</sup> Press Release on EPA Report "Climate Change and Social Vulnerability in the United States: A Focus on Six Impacts", available at <https://www.epa.gov/newsreleases/epa-report-shows-disproportionate-impacts-climate-change-socially-vulnerable>.

**ECB Goal 2: Position LIDAC businesses to benefit from clean energy economic opportunity.**

Roughly 37M people nationwide live in persistent poverty areas that have faced historic underinvestment, especially rural and Native communities. Additionally, the U.S. has a pervasive racial wealth gap that makes it nearly impossible for millions of Black Americans and other people of color to build and cultivate financial health. OFN is keenly aware that economic opportunity is a vital cornerstone of an equitable society. To ensure that CCIA funding is intentionally deployed to our most underinvested communities so that they can benefit from the economic opportunity represented by this program, OFN will achieve the following during the performance period:

**Table 5. ECB Goal 2 Targets and Estimated Impact**

Qualitative Target	Estimated Quantitative Impact
Provide Capitalization Funding to women- and minority-owned business owners in LIDACs	60% of businesses financed are woman- or minority-owned
Promote ownership of clean energy assets by Tribal, community-, woman-, and minority-owned businesses	50 clean energy assets owned by Tribal, community-, woman-, or minority-owned businesses

**ECB Goal 3: Support the creation of climate-focused jobs with strong wages in LIDACs.**

OFN prioritizes the creation of sustainable pathways out of poverty. With TA Services focused on financial market-building, OFN will support clean energy workforce ecosystem development across EPA regions, positioning small business owners to access CCIA funding and enabling local communities to access new clean energy jobs. Guided by the principle to “build local by hiring local,” we seek to engender a sense of shared, common purpose with the communities where CCIA-supported projects will be sited. To comprehensively achieve this goal, OFN will commit to the following targets during the performance period:

**Table 6. ECB Goal 3 Targets and Estimated Impact**

Qualitative Target	Estimated Quantitative Impact
Funding clean energy business development training to small businesses in each EPA region, prioritizing Tribal, woman-, and minority-owned businesses.	200 small businesses directly trained across all EPA regions, including 20 small businesses in Tribal areas
Fund clean energy job training programs for LIDAC residents, including Tribal areas, in each EPA region	1,000 LIDAC residents directly trained across all EPA regions, including 100 residents of Tribal areas
Create climate jobs in each EPA region	89,000 climate jobs created nationwide

**1.2.2.3. Program Objective Three: Market Transformation Benefits**

OFN members are well versed in market transformation and poised to do the same for clean finance. Our two market transformation targets will permanently impact the number and share of Community Lenders providing clean financing and the amount of private capital deployed into LIDACs. OFN has an established track record of supporting market transformation with the combination of capitalization and capacity building. For example, the number of CDFIs providing healthy food financing increased ten-fold within ten years through a capitalization-capacity building effort supported by OFN. Our extensive experience allows us to chart achievable and realistic paths to growing overlooked financial markets. Based on this experience and given our network’s current state of clean lending, CCIA funding can be used to **achieve** the MT goals below. As with targets described in Sections 1.2.2.1 and 1.2.2.2, we used an extensive modeling exercise

backed by standards and reasonable assumptions to determine market transformation target benefits. We already **measure** these or similar targets with our existing data collection procedures.

**MT Goal 1: Establish and advance MDCL clean financing programs.** OFN’s members provided feedback that they are at varying stages of clean financing maturity. OFN developed the CLIMAT readiness framework that classifies lender maturity as described in Section 1.2.3.1.

Currently 45% of OFN members do not have a clean financing program and are therefore classified as Nascent on OFN’s CLIMAT curve. This represents a significant market transformation opportunity as these Nascent MDCLs evolve from being lenders with no prior clean financing history into lenders with a strategy, a product, and forward pipeline. Similarly, the advancement of an MDCL from Emerging to Maturing to Established represents material improvements to the lender’s clean financing strategy, products, and business development. During the performance period, OFN will meet the following targets, which will endure after the performance period:

**Table 7. MT Goal 1 Targets and Estimated Impact**

Qualitative Target	Estimated Quantitative Impact
Increase percentage of OFN members offering at least one climate product	Increase percentage from 55% to 65%, inclusive of membership growth
Reach lenders from the Nascent CLIMAT category in each EPA region and in Tribal areas	150 Nascent lenders engaged total; 10 Nascent lenders in each EPA region; 10 Nascent Tribal-serving lenders
Provide CF and TA Subaward funding to a diverse mix of unique lenders in each EPA region and Tribal areas	350 unique lenders funded; 25 unique lenders in each EPA region; 20 unique Tribal-serving lenders
Provide climate lending capacity building resources to a diverse mix of lenders	450 unique Community Lenders nationwide

**MT Goal 2: Mobilize private capital for GHG and air pollution-reducing projects that reach LIDACs nationwide.** Private capital mobilization is essential to reach our ambitious GHG emissions reduction goals and ensure that CCIA-inspired financing programs continue beyond the performance period. However, a too-high mobilization target will directly impede the achievement of our equity and community benefits goals. Deeper impact lending reaching smaller or earlier stage companies and LIDAC households often means longer terms at lower rates, which reduces the capital recycling that drives mobilization. A too-high target will harm LIDACs if MDCLs are unable to deploy CCIA funding to priority projects with meaningful community benefits, instead seeking shorter term, higher rate loans that meet a high mobilization target. To ensure OFN members provide a diverse range of community-centered products, we will target the below private capital mobilization ratio, calculated on the full portfolio of CF funds deployed by OFN over the six-year performance period. Our calculation methodology is outlined in Section 1.2.3.1. MDCLs learning to lend in a new sector need “runway” to achieve private capital mobilization ratios seen in established sectors, and we expect long-term mobilization to exceed our nearer-term target.

**Table 8. MT Goal 2 Targets and Estimated Impact**

Qualitative Target	Estimated Quantitative Impact
Deploy private capital to scale Capitalization Funding for CCIA-eligible projects	3:1 ratio of private capital-to-CCIA Capitalization Funding

Note that all quantitative impact numbers cited in Section 1.2.2 are subject to change based on a variety of factors including, but not limited to, award amount and treatment of allowable indirect costs in CF funding provided to subrecipients, which cannot be accurately determined at this time.

### 1.2.3. Pass-through Strategy

#### 1.2.3.1. Capitalization Funding and Technical Assistance Subaward Design

OFN modeled our CLIMB CF and TA Subaward program design on our highly successful FJF that is oversubscribed with mission-driven Community Lender (MDCL) applications. FJF and our CLIMB strategy are based on main two themes of member feedback: 1) MDCLs have varied clean financing experience and need **tailored support** at each stage; and 2) MDCLs need paired funding: low-cost **capital to lend** and **grant funding to grow**. OFN’s **CLIMAT**, described further in Section 1.2.3.4, captures this “experience spectrum.” Using the following CLIMAT categories, OFN evaluates and categorizes lenders by clean finance readiness and offers CF and TA Subawards accordingly. OFN has used CLIMAT to approve \$8.5M in loans and grants to MDCLs for clean finance in LIDACs.

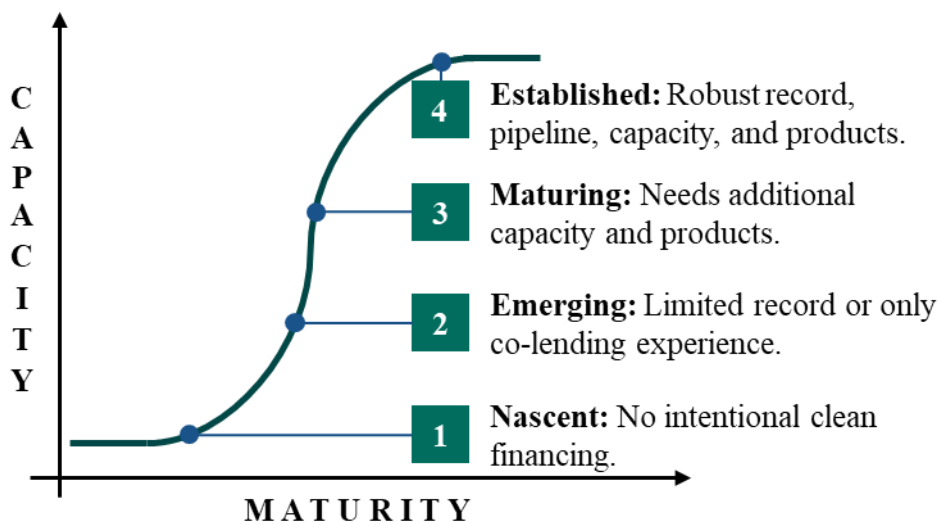


Figure 1. CLIMAT Clean Financing Capacity Curve

This strategy supports our investment objectives because OFN will pair CF and TA Subawards to support lender maturation and market transformation for Emerging, Maturing, and Established MDCLs with the pipelines and capacity to deploy CCIA and private capital to eligible projects.

**CF Design and Alignment with Investment Objectives:** OFN will award CF as subgrants to MDCLs, rather than as subsidies. OFN members have validated the need for flexible balance sheet support provided by subgrants, as this funding type best positions MDCLs to design the financial products necessary to reach LIDACs. To support sustained market transformation, OFN will channel CCIA funds into MDCLs’ core lending competencies, including as debt, hybrid financial assistance, and credit enhancements. Award terms will last up to six years, with a deployment period of up to three years per award.

We will allocate CF within ranges based on an MDCL’s CLIMAT category and financial position, described in Section 1.2.3.5. OFN designed a tiered allocation to incentivize and support lenders advancing to subsequent CLIMAT categories and aligning with investment objectives.

OFN will require CF to mobilize private capital. Our approach targets an overall 3:1 ratio during the performance period, which aligns with EPA’s private capital mobilization program objective while still allowing CCIA funding to meaningfully benefit LIDAC borrowers. Based on a review of an MDCL’s initial project pipeline, OFN will set appropriate private capital mobilization contractual minimums for subrecipients to meet during their overall grant term. To minimize clean finance market entry barriers for earlier stage MDCLs, we anticipate minimums similar to: 1) Emerging lenders at a 1:1 private capital mobilization ratio with CF; 2) Maturing lenders at 2:1; and 3) Established lenders at 3:1. OFN’s methodology encompasses balance sheet and project-level leverage and includes private capital in both the subject and follow-on transactions. For example, if an MDCL provides a pre-development loan with CCIA CF, the construction loan takeout of the pre-development loan is considered private capital mobilized by the CCIA funding, as well as the permanent loan takeout of the construction loan.

*Plan for Limited Exceptions for \$10M CF Cap:* OFN anticipates allocating a limited number of “exception” awards. These subrecipients must be Established MDCLs and demonstrate enduring commitment to clean finance. Exception transactions will be held to materially higher investment evaluation standards, such as documented community benefits or higher private capital mobilization. OFN will require an NCIF funding strategy for exception requests. OFN will apply exception award levels only to CF and not to TA Subawards, to preserve TA Subaward capital for earlier-stage clean finance lenders more in need of TA. Exceptions will be coordinated with EPA’s designated grant officer(s), as required.

**TA Subaward Design and Alignment with Investment Objectives:** OFN will provide TA Subaward funding as subgrants to MDCLs. MDCLs will propose a TA Subaward plan that enables effective CF deployment. TA Subaward plans must include budget-aligned deliverables and milestones. MDCLs can use TA funding for market transformation needs like scaling existing programs and piloting new products and for equity and community benefit purposes like community engagement, labor equitable workforce development needs, and housing affordability protection requirements. OFN will recapture TA Subaward funding unspent by the end of the CF deployment period to ensure maximum capital deployment to qualified priority projects.

OFN will allocate TA Subaward amounts relative to the size of the lender’s CF. We will support market transformation with TA Subaward amounts up to 15% of Emerging and Maturing lenders’ CF award amount and up to 10% of Established lenders’ CF award amount, up to the \$1M maximum. OFN will monitor to ensure at least 80% of award funds are passed through as CF and will procure third-party support to ensure our pass-through process is fully compliant. To minimize market entry barriers, OFN will not require a match for TA Subawards.

#### 1.2.3.2. Distribution Process Design

OFN will distribute CF and TA Subaward funding as paired packages, with the TA Subaward directly complementing and supporting the achievement of the MDCL’s CF planned use of funds. OFN will accept applications semiannually. OFN anticipates a one-month application period, a three-month review, and a two-month closing and initial disbursement process, as shown in our CLIMB Program Schedule (included in Attachment 2.2.2 Management Policies and Procedures).

Subrecipients may apply multiple times until they reach their maximum CF amount per the matrix in Section 1.2.3.5 or the \$10M CCIA program maximum. This design supports our investment objective, giving MDCLs time and financial support to mature their clean financing programs and

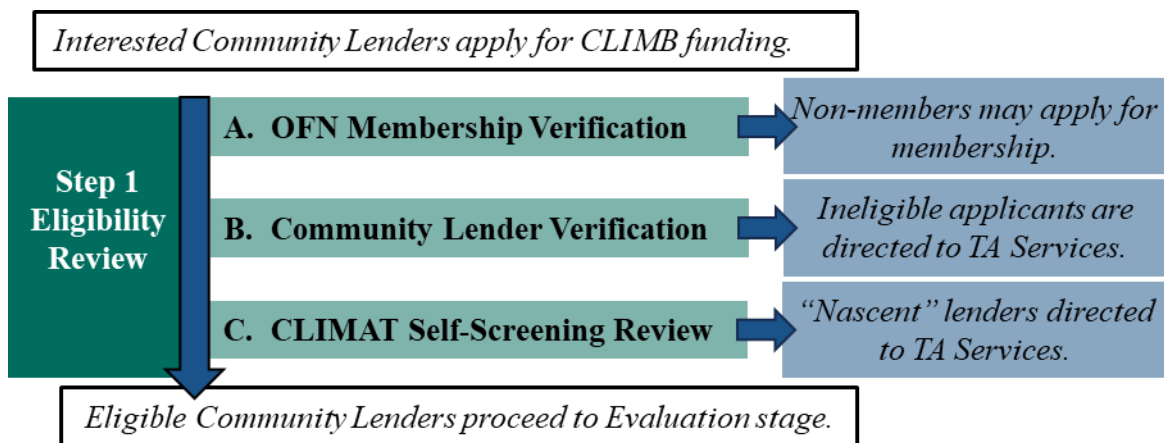
return for additional CCIA funding. Application cycles will continue until all funds are committed and will resume if funds are recaptured at any point.

The first application window will open within one month of CCIA award execution and will be available to the 231 MDCLs that submitted clean finance pipeline forms to OFN. These MDCLs represent immediate opportunities to disburse funding to CCIA-eligible projects. To achieve our investment objective of establishing and maturing lenders’ clean financing programs, Nascent MDCLs that have completed the trainings, described below in Section 1.2.4, will be encouraged to apply for CF and TA Subawards in subsequent funding cycles.

After each funding cycle, OFN will assess and compare the funded portfolio to our investment objectives to ensure progress toward each target. If the funded portfolio is not yielding the progress necessary to achieve stated targets, OFN will identify, announce, solicit, and support applications for funding priorities for subsequent application cycles. These priorities may include project category, geography, and borrower type. For example, if CLIMB has not yet reached Tribal households or businesses with financial savings, then we will conduct outreach to solicit applications from Tribal-servicing MDCLs, to encourage progress toward our related Equity and Community Benefits investment objective. OFN will allocate no more than 35% of the total award amount in a single cycle to ensure that we have an opportunity to market additional priorities for subsequent funding rounds. OFN will post application window opening dates, submission requirements, and funding priorities in advance.

**1.2.3.3. Eligibility Review Process**

To drive CCIA funding deep into LIDACs per our community lender network strategy, OFN will offer CF funding only to OFN members. OFN membership criteria (included in Attachment 2.2.2 Management Policies and Procedures) are designed to ensure that members provide affordable, responsible financial products to LIDACs. To confirm these requirements, OFN’s Network Services staff follows detailed membership review process that examine primary organizational documents (e.g., Articles of Incorporation, Bylaws) and website, board and staffing, impact tracking reports, loan policies, attestations, and audited financial statements. Additionally, by definition, all Certified CDFIs qualify as Community Lenders, and 95% of OFN members are Certified CDFIs. OFN confirms CLIMB program eligibility per the following process:



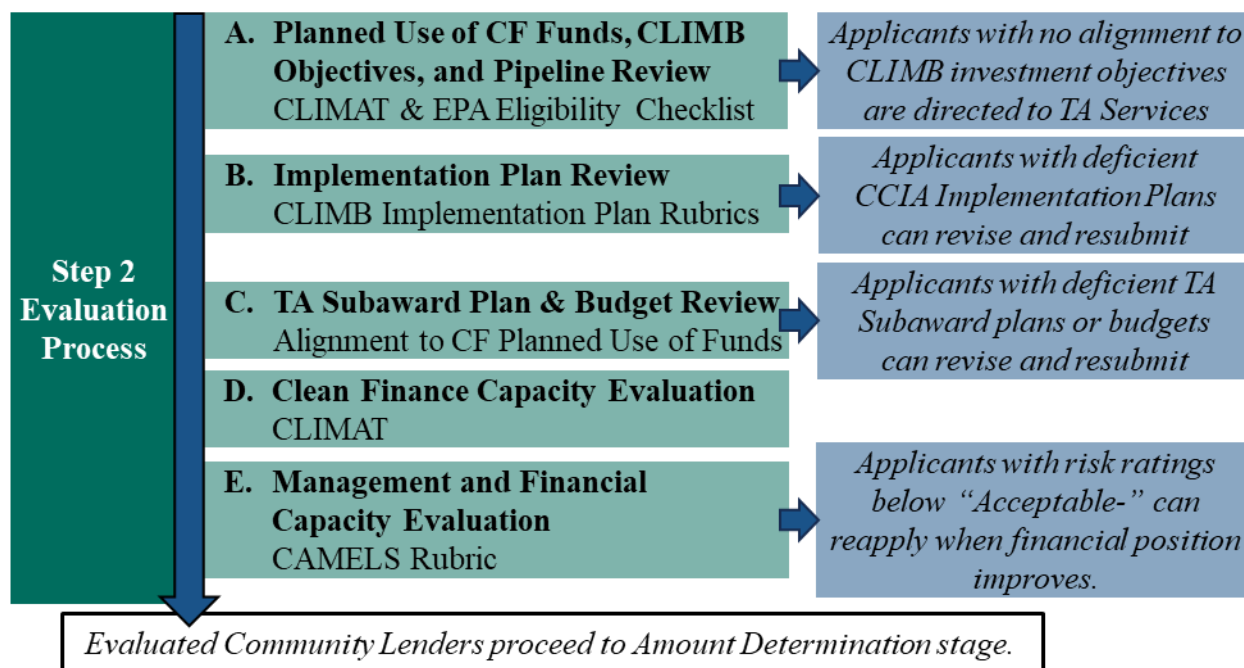
**Figure 2. Pass-through Strategy Step 1: Eligibility Review Process**

**Steps 1A and 1B:** Prior to evaluating CLIMB applications, OFN’s Investment and Portfolio Management staff will validate that the mission-driven Community Lender is an OFN member in good standing. They will also verify that the applicant is a Community Lender, being either a Certified CDFI per the CDFI Fund’s published list at the time of application or both i) a nonprofit/not-for-profit and ii) eligible to receive a subaward under the EPA Subaward Policy.

**Step 1C:** MDCLs will indicate their clean financing readiness by self-selecting into a CLIMAT category. OFN staff will confirm the MDCL demonstrates more than Nascent clean financing experience. Nascent MDCLs will be directed to TA Services (see Section 1.2.4.1). Eligible OFN members with clean finance experience will proceed to the Evaluation stage.

**1.2.3.4. Evaluation Process**

OFN’s Investment and Portfolio Management team will review eligible applications for ability to achieve our investment objectives using a rigorous and equitable process depicted below:



**Figure 3. Pass-through Strategy Step 2: Evaluation Process**

Our process will leverage standardized rubrics and evaluation criteria, including primarily OFN’s CLIMAT and **Financing Guidelines**, both included in Attachment 2.2.2 Management Policies and Procedures. CLIMAT uses a documented, defined point-allocation system to quantify an MDCL’s ability to successfully deploy CCIA funding, and the Financing Guidelines use a robust analysis based on a well-tested Capital adequacy, Assets, Management capability, Earnings, Liquidity, Structure (CAMELS) rating system.

**Evaluating Planned Use of CF and TA Subawards:** OFN will evaluate the MDCL’s CF capital deployment plan to achieve CLIMB investment objectives, compliance with other CCIA requirements, and TA Subaward plan and budget.



**Step 2A:** To evaluate planned use of CF, we will assign points for two CLIMAT elements:

**Table 9. Pass-through Strategy Step 2A: Planned Use of Funds Evaluation**

CLIMAT Element	Sample Submission Requirements	Sample Evaluation Criteria (full criteria included in attachments)
<i>Clean Financing Strategy</i>	<ul style="list-style-type: none"> <li>Clean financing strategy, history</li> <li>Staffing plan</li> <li>Planned use of proceeds</li> <li>Community and climate impact</li> </ul>	<ol style="list-style-type: none"> <li>Coherent plan based on a competent market assessment and supporting pipeline</li> <li>Evidence of private capital to meet CF deployment needs, record of success mobilizing private capital at scale</li> <li>Reasonable growth rate assumptions</li> <li>Evidence of demand, proven marketing strategies</li> <li>Recency of strategy adoption, record of success and/or adaptation to market conditions</li> </ol>
<i>Pipeline Quality and Climate Products</i>	<ul style="list-style-type: none"> <li>Pipeline volume and quality</li> <li>Sample transactions</li> <li>Product term sheets, marketing collateral</li> <li>Narrative on origination plan</li> </ul>	<ol style="list-style-type: none"> <li>Evidence of high-quality, at least six-month forward pipeline of CCIA-eligible and investment objective-aligned projects that exceeds 30% of the capital request</li> <li>Evidence of multiple successful climate products</li> <li>Evidence of key relationships to support deal flow</li> <li>Evidence of origination staffing and marketing</li> <li>Experience closing clean finance loans</li> <li>Integration of local and state policies supporting the clean finance investments</li> </ol>

OFN will use EPA’s CCIA-eligibility project checklist during the *Pipeline Quality and Climate Products* review to identify and evaluate only the pipeline of qualified priority projects that deliver benefits to LIDACs. OFN will evaluate pipelines for alignment with investment objectives to ensure progress toward our stated targets. MDCLs demonstrating no planned use of fund and pipeline alignment with CLIMB investment objectives will be directed to TA Services.

**Step 2B:** To evaluate compliance with other CCIA requirements, OFN will develop standard guidelines to assess applications for full compliance with community engagement, labor and equitable workforce development, consumer protection, and housing affordability implementation plans, with expectations similar to OFN’s as outlined in Sections 1.2.5.1-4. MDCLs with deficient plans will be invited to revise and could have additional covenants or oversight requirements (see Section 1.2.3.6).

**Step 2C:** OFN will evaluate the TA Subaward plan and budget for alignment with the planned use of CF by directly matching TA Subaward budget items to the MDCL’s capacity and resource needs outlined in the CF planned use of proceeds narrative. OFN will work with MDCLs that submit TA Subaward plans and budgets that insufficiently mitigate risk or insufficiently align with the capital deployment plan to revise and resubmit.

**Evaluating Capacity to Execute:** OFN will evaluate the MDCL’s clean finance transaction capacity and management and financial capacity.

**Step 2D:** To evaluate the MDCL’s capacity to execute clean finance transactions and comply with CCIA requirements, we will assign points for four CLIMAT elements:

**Table 10. Pass-through Strategy Step 2D: Clean Finance Capacity Evaluation**

CLIMAT Element	Sample Submission Requirements	Sample Evaluation Criteria (full criteria included in attachments)
<b>Capacity to Execute Plan</b>		
<i>Execution Capacity and Clean Finance Record</i>	<ul style="list-style-type: none"> <li>Staffing plan</li> <li>Loan volumes</li> <li>Sample transactions</li> <li>Performance data (if available)</li> </ul>	<ol style="list-style-type: none"> <li>Evidence of sufficient, experienced staff across origination, underwriting, and closing, including capacity detailed in TA Subaward request.</li> <li>Track record of lending to CCIA-eligible projects</li> <li>TA Subaward budget alignment with CF plan.</li> </ol>
<i>Project Assessment Capacity</i>	<ul style="list-style-type: none"> <li>Technical underwriting guidance</li> <li>Narrative on technical capacity</li> </ul>	<ol style="list-style-type: none"> <li>Quality of internal policies on technical review for risk and impact.</li> <li>Capacity to assess project feasibility, scope, cost.</li> <li>Adequacy of underwriting approaches and cash flow analysis for climate loans.</li> </ol>
<i>Technical Assistance Capacity</i>	<ul style="list-style-type: none"> <li>Narrative on TA experience and capacity relevant to deployment plan</li> </ul>	<ol style="list-style-type: none"> <li>Knowledge of applicable incentives and policies.</li> <li>Knowledge of applicable tax credits.</li> <li>Ability to refer borrowers to service providers.</li> <li>Ability to assess needs/refer borrowers to resources.</li> </ol>
<b>GGRF Compliance and Reporting</b>		
<i>Tracking and Reporting Capabilities</i>	<ul style="list-style-type: none"> <li>Loan impact reports</li> <li>Sample applications and documents</li> </ul>	<ol style="list-style-type: none"> <li>Ability to identify CCIA-eligible projects.</li> <li>Ability to manage purpose-restricted funding.</li> <li>Presence of clear, consistent reporting capability.</li> </ol>

**Step 2E:** To evaluate the MDCL’s management and financial capacity, we will use our established Financing Guidelines’ CAMELS rubric, shown below. For existing OFN borrowers, we will use the annually prepared financial evaluation documentation on file that uses this analysis.

**Table 11. Pass-through Strategy Step 2E: CAMELS Capacity Assessment**

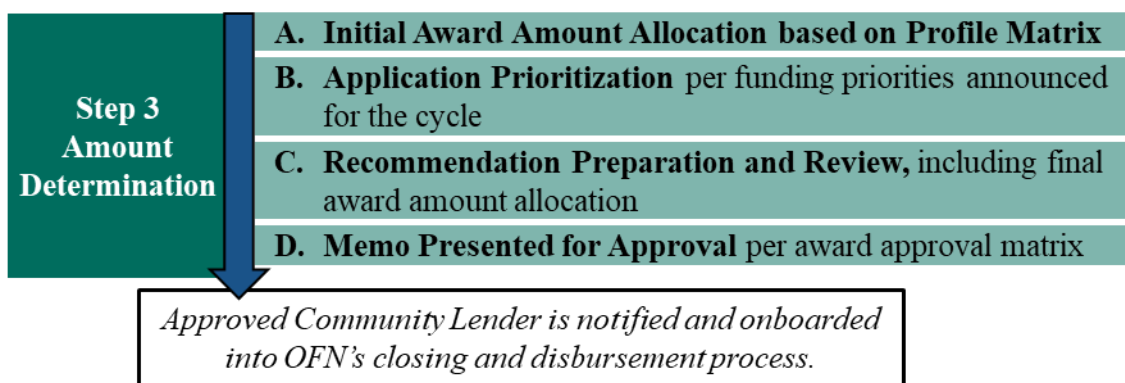
Category & Weight	Sample Elements Evaluated
Capital (20%)	Size of total asset base; net assets trend; net assets/total assets; unrestricted net assets/total assets; characteristics of net assets; diversity and predictability of funders; five largest investors.
Asset Quality and Performance (20%)	Trend, sector, portfolio composition; delinquencies; portfolio at risk %; net write-offs; allowances for loan losses; policies and procedures.
Management and Governance (20%)	Management experience and level of industry knowledge; detail of strategic plan; board engagement; consistency and timeliness of internal reporting; accuracy of portfolio quality data.
Earnings (20%)	Trends; operating surplus (deficit); composition and reliability; self-sufficiency ratio; net interest margin.
Liquidity (15%)	Trends; months of unrestricted cash; quick ratio; asset-liability matching; interest rate risk; deployment.
Structure (5%)	Structure for all CCIA CF and TA Subawards is a grant award and will score at a neutral level in evaluation.

OFN’s risk rating approach is proven to support prudent risk assessment that supports deeper reach to MDCLs, including smaller MDCLs that serve harder to reach communities, which align with the market transformation benefits described in Section 1.2.2.3. OFN’s loan portfolio more than doubled from 72 to 157 borrowers since 2018, with 30% of borrowers under \$25M reaching deeper throughout the U.S. OFN has a historic charge-off rate of less than 0.3%. The outputs of this process are two quantified values 1) a CLIMAT score and categorization (Nascent, Emerging, Maturing, and Established) and 2) a risk rating. MDCLs must achieve a CLIMAT rating of at least Emerging and a risk rating of at least “Acceptable-” to receive CLIMB funding. These two values will be used in the subsequent Amount Determination stage for successful applicants.

**Evaluative Bodies and Process:** The Evaluation process will be conducted by OFN Investment Officers (IOs). All are already extensively trained on CLIMAT and our risk rating rubric and have experience using them to underwrite MDCLs in OFN’s climate financing program. Per standard process, OFN IOs will document their analysis in a CLIMB grant memo, which will be reviewed for accuracy and compliance by senior staff before submission for approval. Senior staff reviewers include Senior Climate Investment Officer, Senior VP (SVP) Investment & Portfolio Management, SVP Investment Operations, and SVP Climate. A third party will conduct compliance reviews on Exception applications before approval.

**1.2.3.5. Amount Determination Approach**

OFN’s Investment and Portfolio Management team will manage the amount determination process as described and depicted below:



**Figure 4. Pass-through Strategy Step 3: Amount Determination Approach**

OFN’s approach to sizing CF and TA Subawards is tied to 1) CLIMAT, to quantify investment objective alignment, and 2) OFN’s established financial profile risk assessment, to quantify financial capability to deploy CCIA funding. To ensure awards are sized in a transparent and unbiased manner, OFN created a CLIMAT-financial profile matrix to determine the maximum potential CF award amounts by individual applicant. This approach will also drive market transformation over time as mission-driven Community Lenders (MDCLs) improve their CLIMAT and financial standing to access more CCIA capital. OFN will post and clearly explain this rubric on our website.

**Step 3A:** Considering any prior CCIA CF funding received, OFN will establish *initial* CF amounts for each MDCL equal to the lesser of 1) the maximum eligible CF size based on the award amount matrix below; and 2) the lender’s requested amount as supported by the deployment plan. OFN

will identify TA Subaward funding amounts equal to the lesser of 1) the maximum percentage of CF identified for the assigned CLIMAT category; or 2) the requested budget (as adjusted based on feedback from OFN).

**Table 12. Pass-through Strategy Step 3A: Profile Matrix for Capitalization Funding**

Financial Rating	Nascent	Emerging	Maturing	Established	Exception
Outstanding & Strong	\$0	\$6M	\$8M	\$10M	\$20M
Acceptable+ & Acceptable	\$0	\$4M	\$6M	\$8M	\$16M
Acceptable-	\$0	\$2M	\$4M	\$6M	\$12M

**Steps 3B and 3C:** OFN will prioritize applications based on the funding priorities as described in Section 1.2.3.2, to make material progress toward OFN’s investment objectives with every funding cycle. OFN will then finalize the CF and TA Subaward amounts, in order of priority, to ensure the applications most closely aligned to OFN’s investment objectives receive funding in that round. OFN will prepare approval memos, modeled after our existing credit memos, documenting the MDCL’s CLIMAT and risk ratings, planned use of CF and TA Subaward funding, final recommended funding amounts, risks, and compliance concerns. OFN leaders will review all memos before they are presented for final approval.

**Step 3D:** OFN Investment Officers will present memos for approval. We anticipate a tiered approval structure modeled after our existing investment approval structure, similar to:

**Table 13. Pass-through Strategy Step 3D: Award Approval Matrix**

Total CLIMB Award*	Approval Authority
≥ \$10M	OFN Sustainability Committee
< \$10M and ≥ \$6M	OFN Climate Grant Committee <sup>5</sup>
< \$6M and ≥ \$2M	OFN Climate Grant Committee less designated preapproval reviewer
<\$2M	CIO, SVP Investment & Portfolio Management, SVP Climate

\* Total Award includes CF and TA Subaward amounts received across all funding cycles but does not include any existing OFN debt or equity exposure to the MDCL.

OFN will notify MDCLs approved for funding and initiate the closing and disbursement process.

**1.2.3.6. Management and Oversight Plan**

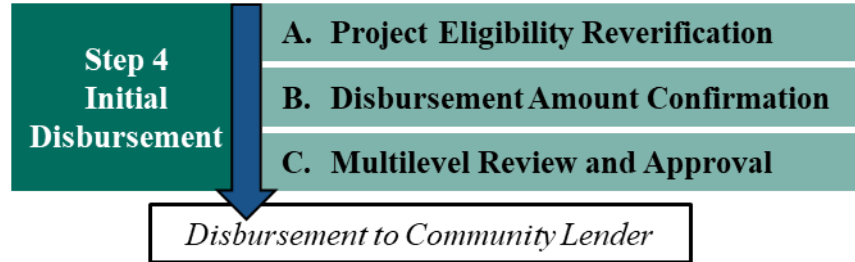
OFN’s management and oversight plan leverages our deep experience managing \$1B in CDFI Bond Guarantee Program (BGP)<sup>6</sup> funds, private grants, and on- and off-balance sheet lending. OFN will procure a third-party review to ensure our distribution process is fully CCIA-compliant.

**Mechanics and Controls for Distributing Funds:** CF and TA Subawards will be governed by assistance agreements that will include relevant federal policies and program-specific details such as reporting requirements, goals and measures, and disbursement request procedures. CF and TA

<sup>5</sup> OFN’s Chief Investment Officer (CIO), Chief Strategy & Operations Officer, EVP Network Services, SVP Investment Operations, SVP Investment & Portfolio Management, SVP Climate.

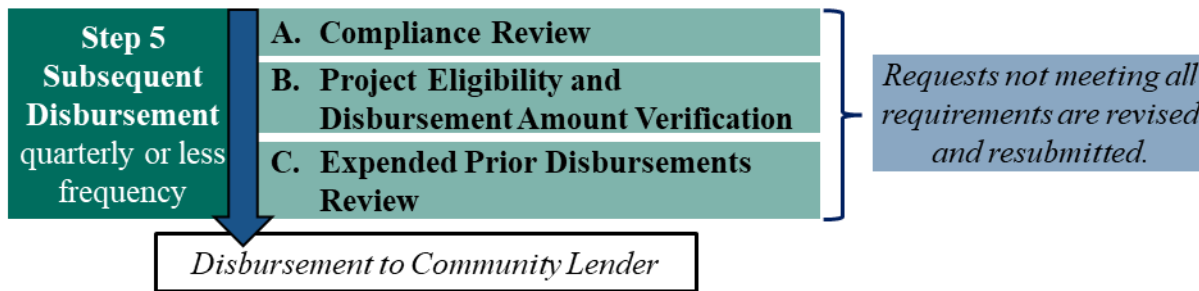
<sup>6</sup> Through the CDFI BGP, the Secretary of the Treasury has made \$2.1B debt available to CDFIs from the Federal Financing Bank. The loans provide long-term capital to CDFIs and have extensive reporting, oversight, and compliance requirements.

Subawards will be distributed to MDCLs in parallel based on agreed-upon timing and disbursement criteria. Per OFN’s standard procedures, disbursements over \$10,000 require secondary internal approval. Disbursements may occur at and after grant closing. OFN staff will be trained upfront and annually on CF and TA Subaward eligible uses of funds.



**Figure 5. Pass-through Strategy Step 4: Initial Disbursements**

**Step 4:** Subrecipients can receive an initial CF and TA Subaward disbursements at closing. OFN will reverify CCIA project eligibility (originally verified in Section 1.2.3.4) and review the disbursement amounts per the initial budget and planned use of funds. We will approve and disburse funds per our standard closing procedures.



**Figure 6. Pass-through Strategy Step 5: Subsequent Disbursements**

**Step 5:** Subsequent disbursement requests will be approved based on three factors: 1) *Compliance*: up-to-date on financial and transaction-level reporting, confirming all TA Subawards and CF have been used for eligible purposes and all performance goals and measures are met; 2) *Project Eligibility and Disbursement Amount*: CF disbursement amount is based on a CCIA-eligible pipeline of loans (verified with the EPA checklist) expected to close in six months, and TA disbursement amount is based on an updated budget; and 3) *Expended Prior Disbursements*: at least 90% of all prior disbursements have been expended, as verified through supporting documents. Subrecipients can request disbursements no more than quarterly, and requests will follow OFN’s established multilevel review and disbursement process.

**Ongoing Management and Remedies for Noncompliance:** OFN will leverage upfront and ongoing compliance training and help desk availability to reduce noncompliance by subrecipients. Per our existing practice, OFN will conduct quarterly and annual reviews of 1) audited financials; 2) CLIMAT positions; and 3) grant performance goals and measures to identify issues. Deeper, individualized support will be provided through onsite visits, as needed.

Noncompliance events include failure to report, failure to comply or perform covenants, failure to maintain status as a Community Lender, and fraud. If noncompliant, the MDCL will be notified

in writing, extended a cure period, and provided with resources. OFN will provide significant support before imposing or exercising sanctions.

If a CL becomes persistently noncompliant, OFN will utilize the remedies described in 2 CFR § 200.208, 2 CFR § 200.339, and 2 CFR § 200.340, which will be described in the assistance agreement. OFN reserves the right to withhold further funds, implement financial penalties, and rescind the award if the MDCL fails to satisfy any condition related to the noncompliance or to remedy the compliance within the established timeframe.

**Processes to Reallocate Unused Funds:** Unused award funds from disbursed and undisbursed amounts will be assessed by OFN on a rolling quarterly basis. Reallocation decisions will be made based on identified needs, program priorities, and in consultation with relevant stakeholders. If OFN imposes sanctions and requires repayment or reduces the award, OFN will reallocate the funds to subsequent funding cycles. At the end of the fourth year of the performance period, OFN will conduct a grant wind-down assessment to determine the best methods for allocating remaining funds during the remaining performance period.

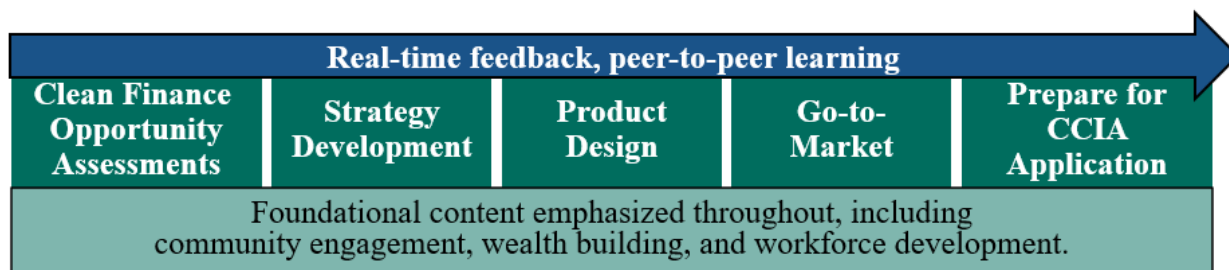
### 1.2.4. Technical Assistance Services Strategy

#### 1.2.4.1. Targeted Community Lender Support Plan

OFN’s existing robust TA Services design and execution capabilities provide capacity building support through in-person and virtual trainings, convenings, online toolkits, peer learning sessions, working groups, and one-on-one technical assistance to mission-driven Community Lenders (MDCLs). Over the past four years, we have provided TA services to 600+ MDCLs per year, including training on clean financing.

**Targeted Support for Lenders Prior to Receiving CF and TA Subaward Funding:** OFN envisions providing a comprehensive package of resources to support the conversion of Nascent CLs with no current clean financing experience. OFN will specifically market this TA Service package to MDCLs in LIDACs and Tribal communities to support our market transformation goals to reach lenders in each EPA region and support our equity and community benefits goals to get clean financing and savings into the hands of LIDAC residents and businesses.

The anchor of our Nascent lender development efforts will be group-based learning journeys offered twice a year as a five-month guided workshop series with the following modules:



**Figure 7. Community Lender Support Plan**

To support our equity and community benefits and market transformation goals, OFN will feature community wealth-building and engagement content as well as community-oriented peer-to-peer connections, such as introducing Tribal-serving MDCLs across learning journey groups. Participants will be invited to the Clean Communities Finance Forum (CCFF), described below.

All OFN members will have access to a robust online repository of content tailored to support future CLIMB applications, including access to existing materials that build overall organizational capacity. This content will include product profiles, case studies, an online database of state incentives, and online guides. The guides targeted at Nascent lenders will include details on how to apply for CCIA funding. All OFN members will also have access to OFN’s CLIMB help desk for support on strategy development, product design, and CCIA eligibility.

**Targeted Support for Lenders After Receiving CF and TA Subaward Funding:** MDCLs who have been awarded CF and TA Subawards funds rate as at least Emerging on CLIMAT and therefore have at least some clean financing experience. Their CLIMB-supported work will be focused on building capacity, piloting new products, scaling existing products, and maturing markets, in alignment with our market transformation goals.

The anchor of this support for OFN’s CLIMB network will be the annual CCFF and learning journeys designed for experienced lenders. The CCFF will be a multiday event modeled after our popular Small Business Finance Forum, which has seen a 285% increase in participation since its launch in 2012. We will build a CCIA-focused agenda with plenaries, breakouts, skill-building sessions, and networking. To maximize efficiency, OFN will include additional in-person clean energy trainings (e.g., OFN’s Climate Lending 101 and other GGRF Awardee trainings) in conjunction with the event.

To support engagement, OFN will design and create learning journeys for CF and TA Subaward subrecipients that feature tailored content on use of funds, investment objectives, grant requirements, and clean finance product expansion. Online and in-person trainings could include “underwriting bootcamp” that supports product standardization and access to secondary markets. Subrecipients will also receive CCIA compliance training and will have access to one-on-one technical assistance and engineering support via a help desk that can resolve technical questions and confirm CCIA project eligibility. To provide this range of services, OFN will utilize its existing staff, grow its staff capacity, procure contractors through the EPA’s established process, and leverage existing partner infrastructure. To encourage ongoing capacity building, all digital materials will be available online for use beyond the period of performance.

#### 1.2.4.2. Financial Market Building Plan

For almost 40 years, OFN has played a pivotal role in building infrastructure and support systems. Our market-building activities will directly address member-identified barriers to clean financing program development. All content developed by OFN will include guidance on community engagement and accountability, consumer protection, labor and equitable workforce development, and housing affordability. We will highlight equity and community benefit opportunities in the program so that CCIA investments generate wealth for LIDACs.

- **Barrier: Difficulty developing transaction pipeline and acquiring customers.** As an immediate point of entry, OFN will provide **introductory guides on how to green the most common loan products** offered by our members. This will include a focus on our network’s real estate portfolios. OFN will provide **high-level real estate portfolio energy audits** for Nascent learning journey program participants and other strategically selected OFN members to jumpstart the “greening” of existing portfolios. OFN will procure **geographic data analysis of OFN members’ loan portfolios** to identify priority targets. Taken in combination with the workforce development TA Services described below, these efforts will provide immediate lending

opportunities that advance all three investment objectives. To support MDCLs' business development, OFN will **establish partnerships** with key groups such as Black Owners of Solar Services and The Relay Network that submitted letters of support with access to CCIA-eligible projects to **promote MDCL clean financing products**. To raise broad awareness of MDCLs' clean finance programs, OFN will **advertise and speak at national and regional events**.

- **Barrier: Difficulty finding and developing contractors in LIDACs.** OFN will partner to **deliver contractor accelerators and green upskilling workforce development programs** in each EPA region and in Tribal nations, aligning with areas served by the Nascent learning journey participants and areas of OFN member real estate portfolio concentration. Delivered in partnership with OFN members, the accelerators will cover credit readiness and promote MDCL clean financing opportunities. Taken in combination with the real estate portfolio assessments described above, OFN will facilitate immediate opportunities for accelerator participants and new green workers in direct support of all investment objectives.
- **Barrier: Lack of product standardization.** OFN will identify and amplify repeatable and scalable CCIA-eligible projects with **product profiles, sample sell sheets, how-to guides** for product design and underwriting, and **case studies** to support our market transformation goals.
- **Barrier: Difficulty reporting on energy savings and other energy benefits.** OFN will procure a **data reporting platform(s)** for the centralized collection of distributed energy production and building energy efficiency. This activity also directly supports OFN's climate and air pollution goals to improve GHG emission and air pollution reduction data availability.
- **Barrier: Lack of access to project-level technical assistance.** OFN will provide a **help desk** for all MDCLs to receive guidance on CCIA project eligibility, engineering/technical questions, and other topics supporting project deployment and market transformation.
- **Barrier: Limited access to liquidity products and secondary markets.** OFN will facilitate **access to new capital sources** for projects and on- and off-balance sheet products for our subrecipients. This may include loan syndications, secondary market opportunities, and connections to NCIF grantees including Climate United to transform the market.

## 1.2.5. Implementation Plan

### 1.2.5.1. Community Lender Outreach and Accessibility Plan

OFN's Outreach and Accessibility Plan is built on our Network Services and Strategic Communications teams' significant existing capacity to reach our current and prospective members, all of whom are mission-driven Community Lenders (MDCLs).

**Outreach Plan:** On an annual basis, OFN reaches clean 90-95% of its members via our established channels and plans to use these plus new channels and partners to promote our CLIMB program focusing on how to get involved and how the program can deliver benefits to LIDACs.

- *OFN Staff Support and Outreach:* All OFN staff will complete internal training to ensure they can direct MDCLs to available resources. OFN staff will deliver webinars and participate in partner convenings as featured speakers on OFN's CLIMB program. OFN staff will conduct individual outreach targeting members and nonmembers that serve LIDACs that are also rural Tribal, energy, and persistent poverty communities but that have not engaged with the CLIMB program to date.
- *In-Person Events:* OFN convenes the largest annual industry conference for MDCLs (approx. 2,000 attendees), the Small Business Finance Forum (approx. 500 attendees), and 3-4 regional member meetings (approx. 100 participants each). These events have dedicated content for



MDCLs serving rural communities, Tribal communities, communities with environmental justice concerns, and persistent poverty communities. Specifically, we plan to create a Clean Community Finance Forum for this program (see Section 1.2.4.1).

- **Online Communications:** OFN’s website receives an average of 17K visits per month, its social media channels reach 45K impressions per month and its bi-weekly email newsletter reaches 17K. OFN will provide individualized CLIMB support using OFN’s online platform, CDFI Connect, which has 11.7K subscribers and through the Climate Crisis Working Group that meets monthly on OFN’s virtual platform (241 people). OFN plans to expand its dedicated GGRF webpage into a centralized hub of resources with transparent messaging and guidelines.
- **Partner Channels:** OFN will identify ally and partner organizations (including other CCIA and NCIF recipients) with existing communications channels that reach MDCLs that are not currently OFN members. For example, NeighborWorks America, who submitted a letter of support, has offered to deliver OFN program messages to their 250-person network of Community Lenders, co-host webinars and training, and drive MDCLs to the program.

**Accessibility Plan:** OFN is committed to ensuring that a broad range of MDCLs engage in the program, including outreach designed to embrace leaders of organizations with limited English proficiency or other accessibility needs. Through the outreach, OFN’s Network Services team will provide individual support to members to ensure they understand the program requirements.

OFN will ensure accessibility in each element of the outreach strategy and ensure all digital interfaces are Section 508 compliant to optimize for screen readers. OFN will provide or enable closed captioning on all webinars, video tutorials, and other products related to the CLIMB program. OFN will also include accessibility accommodations for all application materials or other portals necessary to participate in the program fully.

To reach MDCLs with limited internet access, OFN will use paper application materials and phone outreach. In addition, OFN will make reasonable translation accommodations, as necessary, to ensure that lenders with limited English proficiency and those who need an interpreter (including for American Sign Language) can access in-person and online training. General outreach material will be translated into Spanish.

Underscoring all the material and outreach, OFN will use human-centered design principles to understand, create, test, and refine messaging to authentically design outreach and engagement initiatives to meet LIDAC needs.

### 1.2.5.2. Labor and Equitable Workforce Development Plan

OFN will ensure that projects generate high-quality jobs with a diverse, skilled workforce and are in compliance with the Build America, Buy America Act, Davis-Bacon, and related acts by integrating related metrics into the CLIMB Evaluation Process, reporting and monitoring procedures, and the TA Services strategy.

**Creating High-Quality Jobs with Diverse, Skilled Workforce:** As MDCLs, OFN members already focus on creating high-quality jobs with diverse, skilled workforces in existing lending. OFN will ensure our network has the necessary tools and resources to achieve the goals and craft enforcement standards. For example, OFN member Pacific Community Ventures is a recognized leader in job quality initiatives, and through its “Good Jobs, Good Business” initiative it supports businesses with resources and advisory services to improve the quality of their jobs.

- ***CLIMB Grant Evaluation:*** As part of the CLIMB funding application, **OFN will require and evaluate a labor and equitable workforce development plan** (see Section 1.2.3.4) for alignment with the U.S. Dept. of Labor and U.S. Dept. of Commerce’s eight Good Jobs Principles, Executive Order 14082, which MDCLs will incorporate into their clean financing strategy.
- ***Reporting:*** OFN will require subrecipients to report on their workforce plan annually, pending further reporting guidance from EPA. OFN will analyze this data and report it to the Sustainability Committee to guide our TA Services development and program priorities.
- ***TA Services:*** OFN will develop training and toolkits for applicants and subrecipients to develop an effective, equitable workforce development plan. For example, OFN will develop a framework to evaluate labor and workforce development elements of CCIA-funded projects based on creating accessible, high-quality jobs. Applicants and subrecipients will be given training on project labor agreements and how to effectively partner with training programs that support underserved communities. OFN has engaged organizations that run clean energy workforce training programs to learn about and inform our own strategies for workforce development under CLIMB. Please see Attachment 1.2.5.2 Labor and Equitable Workforce Letters of Commitment from workforce development organizations, Elevate and Interstate Renewable Energy Council (IREC).

**Compliance With Build America, Buy America Act, Davis-Bacon, and Related Acts:** To ensure compliance with the Build America, Buy America, Davis-Bacon, and related acts, OFN will work with MDCLs to understand requirements and provide practical tools that they can integrate into CCIA lending programs to monitor compliance.

- ***TA Services:*** As part of its TA Services, OFN will engage a labor and procurement specialist to develop toolkits and provide direct TA as a resource for members. Specifically, the specialist will develop a review process to identify funded projects that may trigger either Act, articulate how members can use the MEP National Network’s (MEPNN) supplier scouting service to identify local and regional suppliers for projects, and work with relevant unions to educate and train OFN members on compliance of Davis-Bacon and the other acts.
- ***Reporting and Monitoring:*** As part of OFN’s reporting and compliance plan, OFN will track CCIA-funded projects and gather specific information on the projects that will allow OFN to assess compliance or flag for desk audits and site visits. Based on the findings, OFN will use this information to target CLIMB-MDCL for TA Services and additional training and support.

### 1.2.5.3. Consumer Protection Plan

OFN prioritizes responsible lending for consumers through our network —particularly in LIDACs. OFN already protects consumers through membership evaluation, application Evaluation, legal agreements, reporting, monitoring, and training, and will continue to do so for CLIMB.

**Ensuring Consumer Protection Across the Program:** For CLIMB, OFN will create Fair and Responsible Lending guidelines that will be the basis for protecting consumers across the program. They will define key safeguards that protect the well-being and interest of consumers and outline specific compliance requirements including but not limited to: the Consumer Financial Protection Act, Fair Debt Collection Practices Act, Fair Credit Reporting Act (FCRA), Equal Credit Opportunity Act (ECOA), Truth in Lending Act (TILA), and privacy, federal or state prohibitions on unfair, deceptive, or abusive acts or practices. Our Fair and Responsible Lending guidelines will also require compliance with the Consumer Financial Protection Bureau (CFPB) regulations.

**Consumer Protection Plan During Program Implementation:** *Evaluation and Selection:* OFN will only serve mission-driven Community Lenders (MDCLs) that provide responsible financial products and services. OFN will confirm this in the Eligibility and Evaluation stages (Sections 1.2.3.3 and 1.2.3.4). OFN will ask questions focused on consumer protection during the Evaluation process, including general terms and conditions of clean financing products, customer complaint and resolution procedures, and responsible lending practices.

- *Requirements on CF:* OFN will mirror the requirements for our existing borrowers and require all CLIMB CF recipients to comply with lending laws that prohibit unfair, deceptive, and abusive practices outlined in the Fair and Responsible Lending guidelines.
- *Compliance Monitoring:* As part of annual reporting, OFN will require MDCLs to report on consumer protection compliance and customer complaints and resolutions. Using this monitoring, OFN could impose training, additional audits, sanctions, or remedies for noncompliance. At a minimum, reviewing consumer protections will be part of OFN or third-party periodic audits.
- *Training Materials:* OFN’s Fair and Responsible Lending guidelines will serve as the basis for our multifaceted training program that provides direct and peer training opportunities, toolkits, and training and facilitates connections to other MDCLs. In addition to providing MDCLs training, we require training for management and staff across OFN to provide them with current and accurate information on consumer protection laws, federal regulations, and the impact of these laws and regulations on member product offerings.
- *Consumer Complaints:* Besides self-reported data, OFN will require all MDCLs to include an email and phone number to borrowers to report consumer complaints to OFN or CFPB. OFN will use this information in its compliance monitoring and enforcement procedures. OFN will also have whistleblower support including a hotline, database, and associated procedures. These mechanisms will enable consumers to complain about lending practices or report other issues without fear of retaliation.

#### 1.2.5.4. Housing Affordability Protection Plan

OFN’s CLIMB program advances our commitment to supporting community development efforts for LIDACs, including housing affordability protection. For years, OFN and our members have worked with local jurisdictions, landlord groups, public interest law groups, and national thought leaders to explore the most successful approaches to housing affordability and tenant protections. In FY 2021, 56% of OFN members’ loans outstanding were in the housing sector. Through 2021, members have helped support the development or rehabilitation of more than 2.3M affordable housing units nationwide. OFN’s plan to integrate housing affordability protection is designed to support the ongoing efforts of MDCLs to maintain affordability of existing housing stock, minimize displacement, and prevent rapid cost increases. Through the Evaluation stage, monitoring, and training program design, OFN will protect consumers interacting with an MDCL in our CLIMB program. Additionally, OFN will recommend any CCIA-eligible project have a binding and publicly disclosed community benefits agreement or anti-displacement plan to ensure community residents benefit from the project.

- *Evaluation and Selection:* OFN will require MDCLs to provide a housing affordability plan during the application process that will be assessed to ensure an intentional strategy to address LIDAC needs. Each plan will be evaluated for protection and promotion of housing affordability.
- *Compliance Monitoring:* As part of annual reporting, OFN will require MDCLs to report on the outcomes of their housing affordability plans. Based on the monitoring, OFN could impose

training requirements, additional audits, sanctions, or remedies for noncompliance. At a minimum, reviewing adherence to the proposed plan will be part of OFN’s or third-party periodic audits.

- ***Training and Materials:*** We will embed housing affordability best practices and evaluation into OFN’s TA Services strategies. OFN will build on our multifaceted training program to develop housing affordability protection best practices, toolkits, and peer learning opportunities. The TA Services will focus on 1) maintaining affordability of existing housing stock, 2) minimizing displacement, and 3) preventing rapid cost increases. For example, in developing the training, OFN will focus on helping MDCLs balance the level of affordability restriction with project flexibility (i.e., type of project and jurisdiction of potential projects). OFN will protect housing affordability using tools such as 1) land use restriction agreements (LURA) and other restrictive covenants; 2) loan incentives; and 3) notices, disclosures, education, and technical assistance to landlords, tenants, and homeowners.

#### 1.2.5.5. Coordination Plan

OFN has always served as a hub for our members that leverages public, private, and philanthropic resources to bring knowledge, access to capital, and training to transform markets.

**Leveraging Private and Public Resources:** As we have for almost 40 years, OFN will **directly bring** private and philanthropic training, technical support, and capital to mission-driven Community Lenders (MDCLs) for the CLIMB program. OFN received seven letters of support from investors (e.g., Wells Fargo, Next Door) that are potential sources for CLIMB private sector capital mobilization that will enable MDCLs, particularly smaller ones, to more efficiently meet Market Transformation goals (Section 1.2.2.3).

OFN will be an **information hub** connecting MDCLs to public resources, providing guides for leveraging those resources, and driving funding into CCIA-eligible projects nationwide to achieve our climate and air pollution and equity and community benefits goals. OFN will connect our members to existing federal grant programs like USDA Rural Energy Assistance, new opportunities through the Inflation Reduction Act such as tax credit direct pay provisions, and opportunities to combine clean finance with programs that MDCLs already use, such as the Low-Income Housing Tax Credit (LIHTC) and the New Markets Tax Credit (NMTC).

To drive funding into CCIA-eligible projects at the state, local, and Tribal levels, OFN will connect MDCLs with regional networks and organizations to leverage resources like the 16 Environmental Justice Thriving Communities Technical Assistance Center (EJ TCTAC) and other programs run by Accelerator for America (AFA) to engage mayors and local leaders in accessing GGRF resources for their communities. OFN will partner with new and long-term nongovernmental partners to implement TA Services and link to networks to build and scale the technical assistance ecosystem that drives more GGRF investment in Justice40 communities across the country.

**Coordination Across NCIF, CCIA, and SFA Programs:** OFN will maximize funding for CCIA-eligible projects, deliver clean energy savings and wealth building, and activate capital flows into LIDACs by coordinating across GGRF programs. To underscore this commitment, we have created interlocking GGRF applicant representation on our Climate Industry Advisory Council, Board, and GGRF data working group. Further, OFN provided letters of support for two NCIF, four CCIA, and ten SFA applicants that complement our program’s approach and support the achievement of our investment objectives.

As described in the letters of support, **examples of targeted coordination aligned with our market transformation goals** include 1) **SFA**: OFN will coordinate with SFA applicant Inclusive Prosperity Capital on product standardization TA Services and an existing joint secondary market project to facilitate liquidity access for qualified projects; 2) **CCIA**: OFN will coordinate with Inclusiv to support CDFI credit unions and loan funds on their residential solar training program; 3) **NCIF**: OFN will partner with NCIF applicant Climate United to create a program that will provide subaward loans to the balance sheets of OFN’s CLIMB MDCLs to originate Qualified Projects. To maximize complimentary programming, OFN will create TA Services that highlight NCIF strategies and create a process that “graduates” the MDCLs into Climate United’s other standardized financial products (commercial loans, solar loans, and green mortgages), which will provide the long-term liquidity needed to scale.

In addition, OFN is a proposed Subrecipient under the NCIF application of Justice Climate Fund (JCF) – a nonprofit that represents a broad coalition of diverse communities of color – to facilitate balance sheet lending to MDCLs in our network to originate Qualified Projects. OFN’s GGRF program will be closely coordinated with the JCF, to provide a supported and seamless transition for MDCLs new to clean energy finance.

Additionally, OFN is positioned to support coordination efforts as the largest MDCL network with overlapping membership with other GGRF programs. To drive **connections and coordination across GGRF programs**, OFN will highlight other GGRF awardee resources and host their trainings as part of our convenings, such as our new Clean Communities Finance Forum (CCFF) and our annual conference where we have had nine sessions on clean financing. OFN will host meetings and webinars to coordinate TA Services, data, and reporting strategies to minimize duplication and create complementary programming. Outcomes could include common reporting platforms, a framework for priority investment areas, and data sharing.

**1.3. Program Reporting**

**1.3.1. Reporting Plan**

OFN will track and report on the following outputs and outcomes across each program objective. As we have done for our existing impact measurements, OFN will collect this data through quarterly reports and transaction details from CLIMB subrecipients, reporting from contractors, centralized clean energy monitoring software, and other sources such as our Annual Member Survey. We will ensure reporting templates collect the specific inputs required to calculate these outputs and outcomes. OFN will procure a third-party review to ensure our reporting processes are fully CCIA-compliant.

**Table 14. Proposed Outputs and Outcomes for OFN's CLIMB Program**

Outputs	Outcomes
<i>Climate and Air Pollution Benefits</i>	
<ol style="list-style-type: none"> <li>1. Deployed MW of new renewable energy and new storage projects.</li> <li>2. Deployed net-zero features in buildings/units.</li> <li>3. Financed EV purchases.</li> </ol>	<ol style="list-style-type: none"> <li>1. Metric tons of GHG emissions reduction.</li> <li>2. Pounds of other air pollutant reduction in LIDACs.</li> </ol>

Outputs	Outcomes
<b><i>Equity and Community Benefits</i></b>	
<ol style="list-style-type: none"> <li>1. Reached LIDAC households and businesses, including in Tribal areas.</li> <li>2. Delivered estimated savings to LIDAC households and businesses, including in Tribal areas.</li> <li>3. Produced LIDAC home value increases from energy retrofits.</li> <li>4. Deployed small business funding to women- and minority-owned businesses.</li> <li>5. Financed income-generating assets owned by Tribal, community-, women- and minority-owned businesses.</li> <li>6. Trained businesses.</li> <li>7. Trained LIDAC residents.</li> <li>8. Climate jobs created.</li> </ol>	<ol style="list-style-type: none"> <li>1. Increase in access to clean energy for LIDAC households and businesses.</li> <li>2. Reduction in energy burden for LIDAC households and businesses.</li> <li>3. Increase in household wealth for LIDAC homeowners.</li> <li>4. Increase in clean energy market access by businesses, particularly women- and minority-owned businesses.</li> <li>5. Increase in wealth building through asset ownership for Tribal, community-, women-, and minority-owned businesses.</li> <li>6. Increase in number of trained members of the clean energy workforce.</li> <li>7. Increase in climate jobs available.</li> </ol>
<b><i>Market Transformation</i></b>	
<ol style="list-style-type: none"> <li>1. OFN members begin offering at least one clean financing product.</li> <li>2. Lenders participate in Nascent lender learning journey programs.</li> <li>3. Lenders access TA Services resources.</li> <li>4. Lenders receive CLIMB Subawards.</li> <li>5. Private capital mobilized.</li> </ol>	<ol style="list-style-type: none"> <li>1. Increase in share of MDCLs with clean financing products or programs.</li> <li>2. Increase in clean financing capacity and education among MDCLs.</li> <li>3. Increase in the volume of clean financing deployed by MDCLs.</li> <li>4. Increase in private capital mobilizing for CCIA-eligible projects.</li> </ol>

*Methodologies, Inputs, and Assumptions:* To track and report on the above outputs and outcomes, OFN will leverage industry standard methodologies to derive outputs and outcomes from project-level data reported by MDCLs to track and report measurable progress against goals and targets aligned to each Investment Objective described in Section 1.2.2.

To measure the benefits of priority projects, OFN will leverage trusted methodologies that align with the Greenhouse Gas Protocol and the National Renewable Energy Laboratory’s (NREL) Long-Run Marginal Emission Rates for Electricity and Greenhouse Gas Protocol guidance; federal calculators published by the U.S. Dept. of Transportation such as the Congestion Mitigation and Air Quality Improvement (CMAQ) toolkit; and other EPA-preferred methods.

Project-level inputs will vary by the project type. For example, distributed energy generation and storage projects will collect project-level inputs such as project type, capacity, and amount financed. Net-zero emissions building projects will collect information such as retrofit type, building type, and square footage impacted by retrofit. Zero emissions transportation projects will collect information such as project type, amount financed, and type(s) of EVs financed.

For abatement potential calculations, OFN will use assumptions from trusted federal and industry data sources such as DOE Energy Saver, NREL National Residential Efficiency Measures Database, EPA Energy Star, EPA GHG Emission Factor, peer-reviewed studies, and utility estimates by asset type. In the absence of site-level energy data, OFN will leverage industry

average values from peer-reviewed or government resources such as the Commercial Buildings Energy Consumption Survey. (CBECS). Additional assumptions for Equity and Community outcomes conversion may include standard conversion rates for cost burden reductions by project and community type. OFN also anticipates that Market Transformation outcome calculations will require defined assumptions on qualifying impact.

### **1.3.2. Reporting Capacity**

**Leverage OFN Reporting Resources for CCIA Reporting:** OFN will leverage and enhance our existing organizational infrastructure, including personnel, data, and technology, to fulfill CCIA reporting requirements. OFN's **Loan and Investment Operations team** of four will 1) work with MDCLs to ensure that they achieve policy and programmatic goals; 2) approve loan commitments; 3) collect and review secondary loan data; and 4) develop tools and procedures to adhere to compliance requirements. Our **Investment and Portfolio Management team** of 13 will actively monitor the performance and compliance of OFN's CLIMB portfolio. Our **Research team** of three will routinely analyze data on portfolio performance, financing activity (including energy-related lending), and community and borrower demographics using their expertise from producing large-scale, multiyear program evaluations for agencies such as Dept. of Labor and Dept. of Housing and Urban Development. **OFN's Finance team** of four will handle financial reporting requirements for multiple federal programs and our annual single audit. Based on our experience with programs like the CDFI Fund, the integrated services of these teams are needed to manage the reporting for a large federal contract like the CCIA program.

We will expand existing technology systems including Salesforce (Customer Relationship Management [CRM]) platform and the Exceptional Assistant (loan servicing software) for CCIA grant management and reporting. We will procure third-party contractor(s) to develop and manage software to collect distributed energy and energy reduction data across our portfolio. OFN will create and document standardized reporting templates and submission processes for other data.

**Establish Procedures for CCIA Reporting:** OFN will develop CCIA-specific reporting policies and procedures and will update them no less than annually. Policies and procedures will adhere to all federal or EPA guidance, such as management of personally identifiable information (PII). All CCIA reporting and program management reporting will be overseen by OFN's SVP, Investment and Loan Operations in collaboration with OFN's Investment and Portfolio Management, Network Services (including Research), and Climate Solutions teams. Data reporting to the EPA will be certified by our Chief Strategy and Operations Officer.

**Plan for Third-Party Validation:** OFN will leverage in-house and external data validation resources that are needed for CCIA program compliance, including validation of CCIA-eligible projects. As with other data collection efforts like our Annual Member Survey, a team of data validators will review every report submission and compare financial data to audited financials. OFN will also procure an independent contractor to review and validate, verify, and assure the completeness and compliance of data reported by MDCLs and aggregated by OFN.

### **1.3.3. Past Performance and Reporting History**

OFN has decades of experience managing federal and nonfederal entities on financing activity, TA Services, and other agreements, and successfully submitting comprehensive technical and financial reports in a timely manner.

**Experience Completing and Managing Awards:** OFN has issued \$682M as Qualified Issuer for Treasury’s CDFI Bond Guarantee Program (BGP), which gives eligible CDFIs access to fixed rate, long-term capital for projects in LIDACs. Over the nine years of OFN being a Qualified Issuer, OFN has remained in compliance with our assistance agreements and fulfilled all stringent reporting requirements. In addition, OFN received **19 federal grant awards totaling \$30M**, and dutifully carried out the terms of assistance agreements and remained in reporting compliance since its first award received in 1997. Additionally, OFN successfully manages many nonfederal grant agreements with bank, corporate, and philanthropic partners. Below is a representative sample of the largest award of each category in the past five years. A full list of awards from the last five years of \$8.6M in federal grants, \$230M in federal bonds, and \$98M in nonfederal grants is included as Attachment 2.3.1 Legal and Compliance Risk Management Policies and Procedures. Examples include:

- Treasury’s CDFI Fund Rapid Response Program grant in 2021 for \$1.8M to provide financial products to CDFIs.
- Treasury’s Bond Guarantee Program issuance for \$130M in 2022 to provide bonds to CDFIs.
- Google.org / Tides Foundation grants for \$21M from 2020- 2022 to provide pass-through grants and TA for small business Community Lenders.

**Successful and Timely Reporting on Awards:** OFN has fulfilled all reporting requirements for its federal and nonfederal awards. Examples of required reporting for CDFI Fund assistance awards include the Uses of Award and Performance Progress reports. These reports require OFN to report on benchmarks noted in the assistance agreements based on financing passed through to members in LIDACs. OFN has always met and exceeded performance benchmarks from its assistance agreements. OFN is also responsible for submitting technical and outcome reporting to the CDFI Fund, (e.g., TLR) which requires OFN to report on the geographies, amounts, terms, and other transactional information of loans to MDCLs, as well as outcome data (e.g., jobs created and affordable housing units). As a Qualified Issuer, OFN is responsible for in-depth reporting requirements on BGP activity monthly (collect/monitor pledged loans and their collateral), quarterly (financial condition evaluations), and annually (third-party assessment of each CDFI).

## **1.4. Program Budget**

### **1.4.1. Expenditure and Disbursement of Awarded Funds**

OFN will distribute 97% of CLIMB funding to MDCLs as CF and TA Subawards and use 3% on program administration and TA Services. OFN will expend CF and TA Subawards around the workstreams shown in our **CLIMB Program Schedule**, included in Attachment 2.2.2 Management Policies and Procedures. These workstreams are based on semiannual rounds of CF and TA subaward funding. OFN will conduct a mid-performance period strategic review and a grant wind-down assessment (see Section 1.2.3.6) that will inform the approach for ensuring all awarded funds are distributed by the end of the performance period, including reallocating unexpended funds. OFN will expend the TA Services per the CLIMB Program Schedule to ensure alignment with the budget; for example, we will develop a Nascent lender group-based learning journey and will host two per year. We will track program administration expenditures against the detailed CLIMB Program Schedule.



**Table 15. CLIMB Program Schedule Excerpt**  
January through June 2025

CLIMB Initiative	January	February	March	April	May	June
<b>LIDAC Engagement</b>	Transparency Postings	Regional Meeting	--	Regional Meeting; Transparency Postings	--	Regional Meeting
<b>CF &amp; TA Subawards</b>	Portfolio Assessment	Application Period	Eligibility, Evaluation, Amount Determination, Approval			Closings
<b>TA Services</b>	Lender Trainings		CCFF Event Held	Nascent Enrollment	Lender Trainings	
<b>Reporting</b>	Quarterly EPA report	--	--	Quarterly EPA report	--	--

**Procedures and Controls:** Each workstream will have a dedicated team responsible for execution, with OFN’s Climate Solutions team providing overall award monitoring and coordination. Award spending will be monitored on a quarterly basis in alignment with our EPA reporting. OFN will report to the OFN Sustainability Committee on awards funded and metrics related to the program plan. All award disbursements will be subject to OFN’s existing financial and grant controls. OFN will use EPA’s procurement guidance and provisions of 2 CFR 200 to source any work by external contractors. OFN’s Chief Strategy and Operations Officer will have programmatic oversight, and OFN’s CFO will have financial oversight.

**1.4.2. Budget Description and Table**

OFN’s proposed budget of \$3.2B supports the delivery of the vision and activities described in this application. Given our experience as the leading CDFI TA provider and a financial intermediary to the industry, OFN will provide cost efficiencies by leveraging existing programmatic capabilities and infrastructure, not building from the ground up. OFN’s budget has reasonable costs informed by our history of delivering similar programs within budget; we will maximize pass-through funding (budgeted at 97%, or \$3.09B, including associated indirect costs) further by re-allocating unexpended pass-through funds in subsequent funding rounds.

**Table 16. Key Budget Line Items**  
(see Attachment 1.4.2 Budget Table for complete CLIMB program budget)

Key Item	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
<i>Personnel</i>	\$3.34M	\$3.36M	\$3.38M	\$3.35M	\$3.48M	\$3.62M
<i>Contractual</i>	\$15.9M	\$11.7M	\$10.4M	\$10.2M	\$10.9M	\$10.3M
<i>Subawards*</i>	\$713.10M	\$617.90M	\$562.10M	\$495.90M	\$536.30M	\$149.20M

\*Excludes associated indirects

**Personnel:** OFN anticipates launching the program with existing staff, adding new staff over time to administer the program, and tapering some staff allocations after the launch period. Overall, OFN will dedicate 62 people to the CLIMB program (36 existing staff and 26 new) with their percentage of time ranging from 5% to 95%. Based on our proposed investment strategy and program reporting plan, OFN anticipates FTE (full-time equivalent) increases in the following departments: Investment and Portfolio Management, Investments and Network Operations,

Development Services, Accounting, Climate Solutions, External Affairs, and Operations. This budget item includes an annual 4% inflation assumption. New personnel highlights include: 1) climate-specific expertise added in Investment and Portfolio Management, Development Services, and Climate Solutions teams for underwriting using CLIMAT framework and for delivery of TA Services; 2) reporting capacity on the Investment and Network Operations team to deliver required EPA reporting; and 3) operational capacity to support organizational growth and the CLIMB program. This capacity includes the General Counsel (GC), Paralegal, Chief Technology Officer, and Grant Management Specialist, with varying percentages of time allocated to the CLIMB budget based on anticipated program responsibilities.

**Fringe:** OFN’s 21.5% fringe rate includes leave, payroll tax, and benefits including life and disability insurance, medical insurance, retirement benefits, and transportation benefits.

**Travel:** OFN’s travel expense includes: 1) staff travel to the CCFF (Section 1.2.4.1); 2) national and regional industry marketing opportunities (Section 1.2.4.2); and 3) onsite visits to MDCLs as needed for underwriting and compliance (Section 1.2.3.6).

**Supplies:** OFN has budgeted for supplies, including printed materials, signage, technology needs, and other items for conferences, events, and stakeholders’ meetings.

**Contractual:** OFN anticipates significantly leveraging contractors and consultants to supplement in-house staff in four main areas: 1) as surge and expert capacity to deliver TA Services (see Section 1.2.4.1), including the help desk and significant training content development, particularly in Year; 2) as “growth capacity” for CF and TA Subaward report management (see Sections 1.3.1 and 1.3.2), as our base of subrecipients grows over time; 3) for program administration functions related to launch, compliance, and ongoing administration such as the mid-performance strategic review and wind-down assessment; and 4) to access and/or customize software (primarily our CRM) for CF and TA Subaward application, program reporting, and transaction-level reporting needs (see Section 1.3.1).

**CF & TA Subaward:** OFN will distribute an anticipated 97% of CLIMB award funds as CF and TA Subawards to MDCLs, ranging from \$713M in Year 1 to \$149M in Year 6. We are able to accelerate grants in early years as we have a robust pipeline of active clean energy MDCLs.

**Other:** We have budgeted costs related to our CCFF and other costs not categorized above, such as event space reservation fees, technology costs, and merchant fees.

**Indirect costs:** OFN has budgeted a 10% de minimis indirect rate based on Modified Total Direct Cost. OFN plans to apply for a negotiated indirect cost rate.

## 2. Description of Programmatic Capabilities

### 2.1. Organizational Background, Track Record, and Policies

#### 2.1.1. Organizational and Governing Documents

OFN’s mission, purpose, and goals as articulated in our Articles of Incorporation and Strategic Plan are wholly aligned with the three GGRF program objectives: to reduce emissions of greenhouse gases (GHG) and other air pollutants, deliver benefits to LIDACs, and mobilize private capital. They meet industry best practices standards and highlight our commitment to supporting

economic development, LIDACs, climate resilience, and GHG reduction and to building the capacity and financial resources of MDCLs.

The **OFN Articles of Incorporation** (included in Attachment 2.1.1 Organizational and Governing Document) define our 10 organizational purposes. Three purposes of which particularly align to CCIA program objectives include: 1) promote investment in low-income and low-wealth areas to benefit economically disadvantaged residents; 2) aid, support, and encourage the continuing operations of existing mission-driven financial institutions that provide resources and opportunities to enable all people to act in the best interests of their communities and future generations; and 3) provide grants, below-market-rate loans, and other debt and equity financing to organizations and individuals to satisfy the capital needs of low-income, low-wealth, and other disadvantaged people.

The **OFN Strategic Plan** (included in Attachment 2.1.1 Organizational and Governing Document), through our Core Purpose and Vision and under each core pillar (i.e., Money, Strength, and Voice), prioritizes sustainable initiatives, energy efficiency, clean energy, and GHG reduction. The Core Purpose and Vision states that “OFN exists to align capital with social, economic, climate, and political justice.” Key strategic goals include: to raise and deploy capital resources for CDFIs to finance clean energy deployment in LIDACs, to build the capacity of CDFIs to finance clean energy deployment in LIDACs, and to elevate the importance of CDFIs’ impact to the nation’s clean energy transition.

OFN also has a **Sustainability Committee** to provide guidance and oversight for sustainability and environmental issues, including oversight over OFN’s GGRF programs. Included in the Attachment 2.1.2 Organizational and Governing Document is the Board-approved Committee Charter (described in Section 2.2.1).

GGRF objectives are built into our organizational DNA, and we have been and will continue to be steadfast in our resolve to drive meaningful change in LIDACs, support the transition to clean energy, and build resilient communities that thrive in harmony with the environment.

### 2.1.2. Organizational Experience

Since its founding in 1986, OFN has organized its operations around three core pillars to build markets for MDCLs. 1) **MONEY**: Expanding access to responsible, affordable capital. 2) **STRENGTH**: Increasing capacity of CDFIs with training, research, and convenings. 3) **VOICE**: Amplifying the voice of CDFIs through policy advocacy.

**Successful Management of Community Lender Pass-through Programs:** Through our Money and Strength core competencies, OFN has an extensive history of successful pass-through program administration. Most notably, OFN is a Qualified Issuer (QI) for Treasury’s CDFI Fund Bond Guarantee Program (BGP). This complex program provides CDFIs with capital to reignite the economies of distressed communities. To qualify, Treasury underwrote OFN’s financial management processes, alignment with the CDFI industry, and ability to issue Treasury-guaranteed bonds of at least \$100M, sell them to the Federal Financing Bank, and use the proceeds to extend credit to CDFIs for community development.

**Table 17. Pass-through Funding Experience Spotlight: CDFI Bond Guarantee Program**

The \$550M program with OFN as a federally approved “go between” financier to the CDFI community. Approved as Qualifying Issuer in 2013.

OFN Responsibilities	Results
<ul style="list-style-type: none"> <li>• Originate loans / underwrite CDFI borrower.</li> <li>• Issue the bonds.</li> <li>• Administer, service, and monitor the loans.</li> <li>• Collate loan data; approve loan commitments.</li> <li>• Process draws and restructure loans.</li> <li>• Submit timely financial reports.</li> <li>• Educate and train CDFI borrowers.</li> </ul>	<ul style="list-style-type: none"> <li>• \$682M issued as of 6/30/23.</li> <li>• 17 CDFIs supported as of 6/30/23.</li> <li>• Confirmed compliance for \$465M distributed to 725 end borrowers.</li> <li>• Average 25 transactions per year.</li> <li>• More than 400 reports submitted on time to Treasury each year.</li> </ul>

Beyond the CDFI BGP, OFN has mobilized more than \$240M in capital from 15 corporate and philanthropic partners through our Finance Justice Fund (FJF) to help close the racial wealth gap and accelerate the work of OFN members serving rural, urban, and Native communities. OFN’s activities include member feedback solicitation, program design, fundraising, underwriting, fund disbursement, monitoring, and evaluation. OFN has closed 91 FJF transactions for MDCLs prioritizing underserved communities: 82% of their clients are low-income or low-wealth, 53% identify as people of color, and 42% are women. Through FJF, OFN has already used CLIMAT to approve \$5.5M in loans and \$3M in grants to MDCLs for clean technology projects in LIDACs.

OFN launched FJF after the success of the Grow with Google Small Business Program, an initiative targeting small businesses during the COVID-19 pandemic, highlighted below. OFN was so successful with the program that Google dedicated \$11M in new programming funds to OFN.

**Table 18. Pass-through Funding Experience Spotlight: Grow with Google Small Business**

The \$180M program with debt and pass-through funding for loans and grants to MDCLs supporting businesses and nonprofits in LIDACs that lack access to traditional financing tools, particularly during and after the COVID-19 pandemic. Launched in 2020.

OFN Activities	Results
<ul style="list-style-type: none"> <li>• Disburse funds rapidly and widely.</li> <li>• Use a partnership strategy to reach a diversity of underserved markets and Community Lenders.</li> <li>• Collect and share program lessons learned and best practices.</li> <li>• Produce outcomes report: <i>Increasing Capital and Capacity in America’s Communities</i>.</li> </ul>	<ul style="list-style-type: none"> <li>• Disbursed full amount in 18 months.</li> <li>• Through 62 MDCL across all 50 states, funding reached 131,652 small and medium-sized businesses.</li> <li>• 159,786 jobs created or retained.</li> <li>• 56% of loan funds reached minority owned businesses and 37% reached women-owned businesses.</li> <li>• \$1.6B total financing for small businesses.</li> </ul>

With pass-through programs, OFN helps our members enter and expand in new sectors such as financing healthy foods and community health clinics. OFN will play a similar role in clean finance, building on our 2012 Bank of America Energy Efficiency initiative that delivered greater capacity and disbursed \$5M in capital to 38 OFN members over four years. As an example of impact, this program enabled City First Enterprises in Washington, DC to build an energy

efficiency fund. One \$200K loan to an affordable housing building resulted in 500 metric tons of carbon emission reduction and estimated annual energy savings of \$75K.

**Successful Management of Technical Assistance Services:** Through our Strength core competency, OFN has expertise in designing and delivering relevant training and TA. OFN delivers six to eight events each year, including the largest annual CDFI industry convening (2K participants). OFN creates content based on needs identified by our MDCLs, including specific technical training (e.g., small business lending, loan policies) and industry building for specific sectors (e.g., sector-specific product development, ecosystem building, tracking impact and outcomes). We integrate learnings from our financing programs into our TA Services.

Below are two examples of how OFN delivers TA services and integrates financing for marketing building, similar to our plans the CCIA program.

**Table 19. Technical Assistance Spotlight: Next Generation CDFI Work Initiative**

\$5M program to strengthen talent recruitment, development, and retention in the MDCL field by facilitating access to the tools, skills, and expertise MDCLs need to achieve their missions. This access provides solutions to MDCLs’ identified barriers of slow project pipeline development and difficulty raising capital. Program timeline: 2022-2025.	
<b>Activities</b> <ul style="list-style-type: none"> <li>• Execute 17 events in 2023.</li> <li>• Create toolkits on optimizing business operations for growth and impact such as on the topic <i>Operationalizing Racial Equity, Inclusion, &amp; Accessibility into Lending Practices</i>.</li> <li>• Launch Climate Lending 101 training.</li> <li>• Develop a Career Center website for recruitment.</li> </ul>	<b>Results</b> <ul style="list-style-type: none"> <li>• Reached 241 people and 118 organizations via 7 in-person tailored trainings.</li> <li>• Reached 1,102 attendees from 508 unique organizations with webinars.</li> <li>• Reached 465 unique organizations with toolkits.</li> <li>• Averaged 649 downloads per toolkit.</li> <li>• Filled all seats of Climate Lending 101 training.</li> </ul>

**Table 20. Technical Assistance Spotlight: Healthy Food Market Building**

Through a \$1.9M federal contract with the CDFI Fund (2010-11), OFN led capacity building via training workshops, informational resources, and individual TA to MDCLs to eradicate food deserts in underserved markets. Through two federal grants (2012, 2014), OFN also provided dedicated capital to build balance sheet capacity.	
<b>OFN Activities</b> <ul style="list-style-type: none"> <li>• Provide capacity building for relevant businesses through trainings, toolkits, webinars, workshops, resource bank, and peer learning.</li> <li>• Produce report: <i>The Geography of Inequitable Access to Healthy and Affordable Food</i>, available through the CDFI Fund website.</li> </ul>	<b>Results</b> <ul style="list-style-type: none"> <li>• Transformed food access financing from a nascent industry in 2012 to a mature industry. In FY2021, the OFN network closed 818 related loans totaling \$99M.</li> <li>• Trained and financed 48 OFN members.</li> <li>• Delivered \$5M in capital to finance new CDFI lending programs in this sector and leveraged additional capital from private sector sources.</li> </ul>

### 2.1.3. Equity Policies and Procedures

Diversity, equity, and inclusion are built into OFN’s core purpose and are integrated into our governing, operational, and investment activities, policies, and practices. OFN’s current and prior President and CEO, Harold Pettigrew, and Lisa Mensah, are both leaders of color and have ensured that OFN applies an equity lens to every aspect of its business operations, from recruitment to progressive policies and benefits to programmatic work.

**Practices That Integrate Equity in Governance.** As stated in our LIDAC Accountability Plan (Section 1.2.1.2), OFN’s governance policies and practices are accountable to LIDACs, including through OFN’s board, and ensure equity and that decision-making delivers meaningful benefits to communities that have often been denied such treatment. OFN is led by its members, and all our practices are designed to serve the broad membership and its beneficiaries—83% of which are LIDACs. OFN has substantially expanded our membership; in 2021 and 2022, 66 of our 119 new members (55%) are CDFIs led by people of color.

OFN actively recruits from its member organizations, which represent a wide range of candidates; this results in a broad diversity of leaders on OFN’s board elected by our membership. For example, in 2023, OFN members will elect Board members for the three open seats from seven candidates who are all leaders of color. As a result, OFN incorporates community accountability into its strategic direction and programmatic operations. For example, our board guided and encouraged the OFN 2022-2024 Strategic Plan to strengthen and expand the CDFI workforce and build the next generation of diverse CDFI leaders and professionals via an integrated career development platform and training programs.

Our governance structure ensures that equity is a prominent factor in all our **operating and investment practices and activities**, including the following:

- ***Recruitment and Selection:*** As described in OFN’s **nondiscrimination policy** with our **Employee Guide** (included in Attachment 2.1.3 Equity Policies and Procedures), OFN bases employment decisions on merit, qualifications, and abilities. OFN integrated equity into our hiring process by overhauling our recruiting and selection processes, resulting in a substantial increase in staff diversity: we almost doubled our number of staff members (61% current from 32% in 2017). OFN’s inclusive and enhanced bias reduction practices include job outreach in minority-centric job boards, not requesting salary history, intentionally diverse panelists, and having salary ranges developed by an outside agency. Additionally, multiple minority religions are represented among staff, including Islam, Hinduism, and Judaism, and 14% of OFN staff identify as LGBTQI+. OFN currently employs veterans. OFN’s governance also included equity as a priority during the search for our new CEO in 2022-2023; the executive search firm led training on conscious and unconscious bias in the recruitment process and recruited from diverse sources.
- ***Pay and Benefit Programs:*** OFN has a **comprehensive Benefits Guide** (included in Attachment 2.1.3 Equity Policy and Procedures) and provides medical, dental, and vision coverage at low cost to staff on a progressive scale, financially contributing more to those earning less salary. OFN practices include offering a prayer room for religious purposes and a lactation room onsite for all staff. We provide coaching and training for all employees. In 2022, OFN did a comprehensive review of all positions and salary with support from an outside agency to ensure that all staff have equitable compensation. Additionally, we offer competitive paid internships.

- **Procurement:** We promote using vendors and small, women-owned and/or minority-owned businesses. For example, over the past two years, 66% of our HR/benefits vendors are women- and minority-owned, and 60% of our independent contractors are women- and minority-owned. OFN contracts our audit services with a minority-controlled accounting firm, Mitchell Titus.
- **Programming:** OFN intentionally selects diverse leaders to speak at all OFN events. At our 2022 conference, every plenary and nearly 100% of OFN sessions included at least one person of color. Programming featured a dedicated racial equity track and a Native track.
- **Equity in Financing:** To promote equity in financing, OFN's financing practices have shifted to prioritize MDCLs serving the communities with the hardest time raising capital, including communities of color and MDCLs led by people of color. OFN integrated the best practices toolkit we developed for operationalizing racial equity, inclusion, and accessibility into our lending practices. Through FJF, OFN prioritizes these factors in developing our pipeline and as a result, 32% of the MDCLs financed are led by people of color, and 53% of these MDCLs' beneficiaries are people of color. Additionally, OFN's underwriting focuses on diverse communities, as evidenced by financing MDCLs having Sharia compliant loan products. OFN's climate program within FJF is contributing further to environmental justice and equity.

As described in Section 1.2.1.2 (LIDAC Accountability Plan), OFN is transparent in its reporting on programs to ensure LIDACs have equitable access to review program outcomes and outputs, and we plan to continue that transparency of reporting for the CLIMB program.

## 2.2. Governance and Management

### 2.2.1. Governance Structure

OFN's established and diverse Board of Directors brings the relevant expertise, skills, and track record necessary to oversee the success of the CLIMB program.

**Established:** Over its nearly 40-year history, the Board has expertly managed OFN's growth to more than \$1B in capital and 400 members while centering our mission. The 12-member Board is experienced, diverse, and committed to low-income communities. Having directed the CDFI Fund for six years, Board Chair Donna Gambrell, CEO of Appalachian Community Capital, is a seasoned expert in investments for rural communities, those experiencing persistent poverty, and communities of color. She adeptly led our CEO transition.

OFN's Board boasts more than **250 collective years in community development finance**, with expertise in finance, lending, marketing, operations, and capital markets. The Board represents diverse sectors (housing, business, community facilities, consumer) and MDCLs of all sizes ranging from \$12M to \$1B in assets. Every member has substantial experience in LIDAC community investing and financials. All Board members are executive leaders experienced in managing MDCLs, growing organizations, developing programs, and managing federal awards. For example, as CFO at Local

**Table 21. OFN's Board Expertise**

Board Representation and Experience	#	%
Serving rural markets	5	42%
Serving Native markets	4	33%
Serving communities of color	11	92%
Climate-related experience (includes environmental justice and energy communities)	5	50%
Managing Federal Assistance Awards	12	100%
LIDAC Community Investment and Financial Markets	12	100%

Initiatives Support Corporation (LISC), Christina Travers is responsible for financial reporting and audits for LISC and their affiliates, with a total balance sheet of \$1.2B; Travers brings this expertise to OFN as Finance Committee chair.

**Diverse:** The OFN Board’s seven female and five male members are racially diverse (8% American Indian or Alaskan Native, 25% Black or African American, 34% Hispanic or Latino, and 33% White/Caucasian). OFN’s Board represents all 10 EPA regions and diverse geographies (rural, urban, Native, and energy communities).

**Track Record in Emissions and Greenhouse Gas Reduction:** OFN's Board features experts in clean finance and emissions reduction, representing CDFIs across all three CCIA priority areas. For example, Betsy Biemann of Coastal Enterprises (CEI) specializes in solar loans for Maine businesses owned by Black, Indigenous, and people of color; women; and immigrants. David Beck from Self-Help, a leading CDFI in clean finance and a Coalition Partner for Climate United NCIF, and Elena Gonzales from Homewise offer energy-efficient home loans in New Mexico. CEI and Self-Help are members of the Partnership for Carbon Accounting Financials. The Board has also committed to appointing a member with LIDAC-based climate expertise from outside our membership.

**Stewardship:** The Board oversees OFN’s management and offers valuable insights. Their diverse perspectives and expertise shape OFN’s strategy and provide oversight on risk management and strong controls, making their collective knowledge a pivotal asset. For example, the Board was instrumental in crafting OFN’s 2022-2024 strategic plan and providing feedback in our Financing Policies to reflect the organization’s growth and the CDFI industry’s evolution.

**Committee Structure and Oversight:** OFN's Board operates on two levels: Board Committees and those with Delegated Responsibilities. This structure ensures fiduciary responsibility while offering strategic guidance to executive management. **Board Committee Descriptions** are included in Attachment 2.2.1 Board Policies and Procedures and are summarized as follows:

**Executive:** Acts for the full Board. Consists of the Chair, Vice-chair, and Chairs of the other four Board-appointed committees; meets at least annually for the President and CEO’s performance review, subject to the call of the Committee Chair.

**Finance and Audit:** Approves annual audit and budget; oversees investment policy and investment management, capitalization oversight and assistance, portfolio and financial risk management, internal control oversight, and periodic financial reviews. Risk management reviews include Annual Portfolio Review, annual endorsement of adequacy of loan loss reserve and portfolio quality reviews.

**Governance and Nominating:** Recommends Board size and composition; reviews prospective Board member qualifications and skills; conducts periodic reviews of the Board’s effectiveness; oversees Board Conflict of Interest policy; and identifies, recruits, and recommends an annual slate of candidates.

**Public Policy:** Provides strategic guidance on public policy concerns. Oversees public policy direction, monitors identified public policy issues, and reviews public policy priorities.

**Member Services:** Provides guidance on member concerns and helps OFN align its strategic direction with members’ needs. Provides guidance on new member products.



**Committees with Delegated Responsibilities:** OFN has three committees with delegated Board authority to deepen oversight over critical lending and programmatic grant-making activities.

Pursuant to **OFN’s Financing Policies**, the Board has delegated investment decisions and other activities related to financing to the **Investment Committee (IC)** and certain approvals and activities to the **Credit Review Committee (CRC)**. The policies (included in Attachment 2.3.1 Legal and Compliance Risk Management Policies and Procedures) outline a matrix for approval authority for financing activity as well as information on originations, portfolio management, credit risk, and portfolio risk oversight.

- **IC:** Up to seven members, including the CEO, Chief Investment Officer (CIO), Chief Financial Officer (CFO), and up to four non-OFN members appointed by Board Chair with expertise in community development finance, lending, and LIDACs. The IC meets biweekly.
- **CRC:** Staff-led committee comprising five OFN senior leaders: Chief Investment Officer, Chief Strategy and Operations Officer, SVP Financial Services, Executive VP (EVP) Network Services, SVP Investment and Network Operations. The CRC meets weekly.

The Board formed a **Sustainability Committee** to oversee OFN's climate strategy, including GGRF activities. They provide technical knowledge, strategic guidance, and compliance oversight, approving policies, tracking performance, and handling exceptions. Their roles are detailed in the Sustainable Committee Charter (see Section 1.2.1.2).

**Table 22. Governance Experience Spotlight: Board Oversight of Similar Programs**

**Board Oversight and Guidance for Development and Execution of FJJ**

OFN's Board and committees collaboratively guided the FJJ capital initiative. All Board members joined a listening tour engaging 75% of OFN members, leading to a loan + grant financing model targeting underserved areas and smaller MDCLs. The Finance Committee advised on fund structure and risk and the Membership Committee on TA strategy, while the Board updated financing policies. The IC and CRC approve the program's loans and grants.

**Board Independence:** OFN’s Board is structured to provide independent oversight. Ninety-two percent of OFN's Board members are independent, being neither part of the staff nor having a material relationship. Although many Board members are also OFN members, a robust **Conflict of Interest Policy** (included in Attachment 2.2.1 Board Policies and Procedures) ensures their impartiality. This policy mandates recusal from decisions materially affecting their organization, and annually, all directors affirm their compliance with this policy by signing a Potential Conflict of Interest Statement.

**Board Policies and Procedures:** OFN's Board has honed policies and procedures for effective oversight and organization stewardship. Highlighted policies and documents are included in Attachment 2.2.1 Board Policies and Procedures.

- **Board Training:** New members undergo in-person orientation, receive essential documents and policies, and meet one-on-one with executive leadership team members to grasp OFN’s operations, policies, and finances.
- **Meeting Frequency:** The Board convenes at least four times annually, with three extended sessions and one session during OFN's annual conference.
- **Documentation:** Meeting minutes are recorded and approved in subsequent sessions.

- Conflict of Interest and Whistleblower Procedures: OFN maintains strict **Conflict of Interest policies** and has a **Whistleblower and Code of Ethics Policy**.
- Board Evaluation Processes: OFN's Board takes strategic opportunities to evaluate the organization's performance and needs. For example, as part of the Strategic Plan process, the Board conducted a SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis, which helped inform the Strategic Plan and subsequent annual operational plans. OFN's **Succession Plan** highlights conducting an organizational assessment to determine leadership needs before the search for a new President and CEO.
- Board Nomination and Succession Plans: OFN's **Bylaws** stipulate a Board size of 9-16 members, with a maximum tenure of two three-year terms. At least two-thirds must be representatives of good-standing members. To diversify insights, OFN can appoint nonmembers. Currently, there is one such appointee, and the Board has committed to adding a second to bring climate expertise. OFN's Succession Plan, revised in August 2023 after a successful CEO transition, provides principles for Board succession, provides for a Transition and Search Committee, and outlines authority during transitions.
- Other Operational Policies: The Board also approves OFN's key operational policies, including OFN Financing Policies and Investment and Cash Management Policies.

### 2.2.2. Senior Management and Staff Capabilities

OFN's senior managers are uniquely equipped to execute our CLIMB program plan based on their extensive experience in sourcing and deploying capital for inclusive systems in LIDACs, providing TA for mission driven community lenders (MDCLs), and clean financing.

**President and CEO:** Harold Pettigrew, a seasoned community development leader, has created well-run, financially sound organizations that drive deep impact in LIDACs. Joining OFN in June 2023 after an exhaustive search, he previously served as CEO and President of Washington Area Community Investment Fund (WACIF), a member CDFI aiding diverse small businesses. At WACIF, he led the deployment of more than \$70M in grants, loans, and equity investments to LIDACs during his 7-year tenure. Prior to WACIF, Harold led water- and construction-industry workforce development and apprenticeship program strategy and execution through DC Water's 10-year, \$3.8B capital budget. As Washington, D.C.'s small business director, Harold negotiated more than 50 construction, development, and equity agreements for more than \$375M in community development opportunities in LIDACs.

**Diverse, Experienced Senior Management:** Pettigrew heads an experienced six-member Executive Leadership Team (ELT) overseeing OFN's Strategic Plan, complemented by a seven-member Senior Leadership Team (SLT) handling distinct business lines. The 13 senior leaders collectively have nearly 200 years (average 14) of experience in community development finance in LIDACs deploying more than \$4B to MDCLs. 69% have experience in program management, nearly 40% have a track record in emission reduction and climate work, and more than 60% have experience in financial markets and providing TA Services to MDCLs.

OFN's leadership teams are diverse: 10 women and three men, including two Asian, three Black, and eight White members. The majority of senior leaders hail from LIDACs, and all possess vast experience serving LIDACs, including communities of color, rural, Native, environmental justice, and energy communities.

**Table 23. OFN's Qualified Executive & Senior Leadership Teams**

Executive Leadership Team (ELT)	Senior Leadership Team (SLT)
Harold Pettigrew, Chief Executive Officer	Lisa Wright, SVP, Investment & Portfolio Management
Amber Kuchar-Bell, Chief Strategy & Operations Officer & Interim Chief Investment Officer	Emily Robichaux, SVP, Climate and Environmental Programs
Beth Lipson, Chief Financial Officer	Sindhu Lakshmanan, SVP, Development Services
Dafina Williams, Chief External Affairs Officer	Dr. Adrienne Smith, SVP, Research
Seth Julyan, EVP, Network Services	Keys Daniels, SVP, Loan and Investment Operations
Bhumip Patel, SVP, Finance and Accounting	Tamara Frye, SVP, Human Resources
	Lisa Chensvold, SVP, Strategic Communications

**OFN Senior Leadership and Staff Capability to Execute the Program Plan:** OFN's strength lies in the senior leaders and supporting teams that excel in program management and are committed to aiding MDCLs in serving LIDACs. The team is organized in business units, which cover all experiences needed to successfully execute our CLIMB program plan. Under the leadership of OFN's senior management in Financial Services, Climate Solutions, Network Services, and External Affairs, our staff have decades of experience in executing program strategies in clean finance, LIDAC investment, federal award management, and successfully launching new programs to build the capacity of MDCLs to serve LIDACs.

**Financial Services, Climate Solutions, and Operations teams** is led by **Amber Kuchar-Bell**, using her 20 years of experience in LIDAC investment and federal grants management to lead an integrated approach to effective program management. During her almost six years as the CDFI Program Manager at Treasury's CDFI Fund, Bell was responsible for \$2.25B of federal awards to thousands of MDCLs in LIDACs. In three years of handling Native Initiatives, she granted \$15M to Native MDCLs and led the Native American Capital and Credit Study. Particularly relevant to GGRF, she led the implementation of the CDFI Fund Rapid Response Program, leading a team of 10 to successfully design, execute, and disburse \$1.25B in grants to 863 MDCLs within six months of authorization; after an extensive audit, the U.S. Treasury Office of Inspector General had no findings or recommendations.

**Financial Services** is divided into two units: **Investment & Portfolio Management**, led by **Lisa Wright**, and **Loan and Investment Operations**, led by **Keys Daniels**. OFN is actively recruiting the Chief Investment Officer, expected to be in place by early 2024.

During Wright's five years at OFN she has led the Investment & Portfolio Management team (total of eight people) in managing more than \$450M of capital across OFN's funds as well as more than \$50M in related grant programs. She has grown the portfolio by 185% and the number of investments by more than 60% to above 250. Using OFN's clean finance assessment tool, CLIMAT, Wright is leading the underwriting of \$10M in loans and grants for seven MDCLs as part of FJF clean financing program. Using their deep experience analyzing MDCL organizational,

financial, and climate lending capacity, Wright’s team is well equipped to execute the Pass-through Strategy described in Section 1.2.3. OFN will hire a new Senior Investment Officer, Climate to further expand capacity.

During Daniels’ nine years at OFN she led the Loans and Investment Operations team (total of four people) that manages loan and grant closing, disbursements, and reporting for on- and off-balance sheet investment portfolio. Daniels and her team oversee management of \$682M for MDCLs under the federal CDFI BGP, ensuring the accuracy of thousands of pledged loans, reporting, and disbursements. Her team will leverage existing capacity and expand to manage pass-through grant closings and monitoring, and execute the Reporting Plan (Section 1.3.1).

**Climate Solutions** is led by **Emily Robichaux**, who joined OFN in 2023 to institutionalize OFN’s focus on climate, leveraging her nearly 20-year career in designing and improving customer-centered programs. Previously, Robichaux structured \$65M in clean energy project finance facilities and \$35M of working capital for developers and community financiers as First Vice President for Sustainability at Amalgamated Bank. She also led the financing of a five MW pipeline of energy-burden-reducing solar projects while serving as the Director of Project Finance and CFO at Groundswell, a nonprofit solar developer. Under Robichaux’s leadership, her growing team will be responsible for CLIMB program coordination, clean finance technical expertise, clean finance-oriented capitalization strategies, and climate-focused partnerships.

**Network Services** is led by **Seth Julyan** and is divided into **Development Services**, **Membership Services**, and **Research**. During Julyan’s 12 years at OFN, he has developed a deep understanding of the OFN network and leads OFN’s events, training, peer learning offerings, and programmatic grants initiatives, such as the Renewable and Energy Efficiency Program and Native Awards.

**Development Services** is led by **Sindhu Lakshmanan**, who develops and executes convenings and TA Services, including developing best-practice guidelines for MDCLs. Julyan and Lakshmanan have managed 13 OFN conferences, 10 Small Business Finance Forums, and 45 other OFN events with more than 26,000 attendees and 1,100 sessions in 42 cities. The last three events sold out. They are also leading a three-year, \$5M NextGen CDFI Workforce Initiative that aims to reach 7,500 MDCL professionals with the tools, skills, and expertise they need to have a greater economic impact in LIDACs. Within eight months of launching the initiative, Julyan and Lakshmanan and the three-person team produced five toolkits, reaching 2,600 people in 12 online and in-person trainings and webinars. This team will coordinate with Climate Solutions to execute the TA Services Strategy described in Section 1.2.4.

**Membership Services** is led by Julyan, and his four-person team will promote the CLIMB program to OFN’s 400 members and evaluate membership applications to ensure eligibility.

**Research** is led by **Dr. Adrienne Smith** and is responsible for program evaluation, OFN’s Annual Member Survey, and other research projects. Smith has published 18 peer-reviewed articles and funded reports, won ten university and national research grants and awards, and led complex six-month to seven-year program evaluations for federal agencies. Smith directs her three-person team to execute research strategy, leading and supporting the gathering of quality data on impact metrics. Smith’s team will be responsible for supporting program data quality and evaluation.

**External Affairs team** is led by **Dafina Williams** and **Lisa Chensvold** which consists of **Strategic Communications** and **Public Policy**. They develop marketing and communication materials to raise awareness of OFN’s programs and policy outreach to enhance services provided

by MDCLs to LIDACs. For example, Williams connected MDCLs with the federal Paycheck Protection Program, resulting in CDFIs providing \$34B to small businesses. This team of 12 will use all of OFN’s communications channels to perform outreach, ensure accessibility and execute the implementation plan (Section 1.2.5).

**Budget and Operations:** Our staff in Accounting, Development, Legal, Information Technology (IT), and Human Resources have decades of experience managing public and private capital, reporting to investors, and building internal infrastructure.

**Beth Lipson** leads the **Accounting** and **Development** teams. Lipson has a 26-year tenure at OFN and in the past three years alone has raised **\$425M in capital** (loans and grants) for MDCLs. Development team members have specialized expertise in managing and fulfilling all requirements for 60+ funding and investing partners, tailored and standardized reporting, and database management to track lending and impact metrics. **Accounting** is led by **Bhumip Patel** and his four-person finance team responsible for OFN’s financials, budgeting, compliance, and risk management. Patel’s position, added in 2021, bolsters OFN’s financial operations and compliance. Prior to OFN, Patel served for six years as CFO of a nonprofit, Martha’s Table. The three staff reporting to Patel have more than 50 years of experience at OFN, including thousands of grant and loan transactions. Lipson and Patel have combined experience developing and managing budgets for 100+ federal and nonfederal programs. This team will manage all CLIMB program payments, financial tracking, and controls.

**Legal** support is coordinated by Lipson, and OFN has used Faegre Drinker Biddle & Reath LLP as legal counsel for OFN since our inception. Doug Raymond, the Senior Partner leading the engagement, has decades of experience in corporate finance, nonprofits, governance, structuring, and lending. He brings in other expertise across the 1,200-person firm as needed. OFN also engages in other specialized legal support when needed (e.g., when pursuing the CDFI Bond Guarantee Program). OFN plans to hire a General Counsel to support the CLIMB program.

**Human Resources** is led by **Tamara Frye, SPHR, SHRM-SCP**. Frye and her two-person team have overseen OFN’s growth from 14 to more than 50 employees. She has enhanced hiring and management practices to emphasize diversity, which has nearly doubled the percentage of staff members of color. She will lead OFN’s organizational growth and contract procurement to execute the CLIMB program.

**Information Technology** support is currently overseen by **Bell** and, in 2024, OFN plans to hire a Chief Technology Officer. For the past 12 years, OFN has used the IT firm Dorset Connects, an IT support firm that specializes in supporting small business, to support OFN’s software, hardware, cybersecurity, server, and other IT needs. OFN also has team and additional contractor support for managing our CRM.

**Effective and Comprehensive Policies and Procedures:** OFN has effective management policies and procedures, and the lack of findings in third-party audits is evidence of our clear leadership and Board roles and responsibilities. OFN’s Board sets and approves the strategic direction, including the 2022-2024 Strategic Plan. Leadership and staff implement this plan, crafting an Annual Roadmap with specific activities and benchmarks. The Board approves key policies, such as **Financing Policies** (included in Attachment 2.3.1 Legal and Compliance) and **Investment and Cash Management Policies** (included in Attachment 2.2.2 Management Policies and Procedures). These policies outline approval procedures, committee roles, financial product details, investment

criteria, and governance protocols. The Board also endorsed an **Approval and Signature Matrix** that outlines approval authorities (also in Attachment 2.2.2 Management Policies and Procedures).

OFN leadership approves a set comprehensive of guidelines and procedures to clarify roles, responsibilities, and procedures including **Accounting Guidelines** (Included in Attachment 2.3.1 Legal and Compliance Risk Management Policies and Procedures) and the **Employee Guide** (included in Attachment 2.1.3 Equity Policies and Procedures) which includes Whistleblower policies and Equal Opportunity Employment, Workplace Discrimination, Harassment and Retaliation Policy, and Complaint Procedures. Dorsett developed OFN's **IT and Systems Management Guidelines**, which cover new-hire IT protocols, remote work, mobile communications devices, a **Disaster Recovery Plan**, and robust systems for security, including multifactor authentication and numerous Microsoft products. OFN's **Financing Policies** and **CLIMAT** are foundational for conducting the financial analysis and clean energy capacity analysis required to execute OFN's pass-through grant strategy (Section 1.2.3). All of these are included in Attachment 2.2.2 Management Policies and Procedures.

## 2.3. Risk Management and Financials

### 2.3.1. Legal and Compliance Risk Management Program

**Financial Management and Internal Controls:** OFN has adeptly managed 19 federal grants, establishing robust internal controls compliant with 2 CFR 200. Our track record boasts **two decades of clean single audits** related to federal award compliance and unblemished audited financial statements since inception. OFN has proficiently managed 83 grants worth \$98M in the last five years, all concluding within budget and with satisfactory closeout agreements.

OFN's Accounting Guidelines (included in Attachment 2.3.1 Legal and Compliance Risk Management Legal Policies and Procedures) outline our meticulous records management and accounting processes, which ensure transparency and proper control of each federal award's financial results. Our accounting department uses the MIP Cloud system to monitor and track federal funds, verify eligibility, and obtain necessary approvals before disbursement. Our accrual-based accounting ensures accurate financial results in line with regulations such as 2 CFR 200.328 and 2 CFR 200.329. Specifically, our Accounting Guidelines outline procedures to meet all 2 CFR 200 requirements, including 2 CFR 200.305, Subpart E, and 2 CFR 200.303, and our controls align with the COSO's *Internal Control Integrated Framework*, covering all five internal control components and 17 principles. This includes the Board and Executive Leadership's commitment to ethics, an effective organizational structure, and a proactive approach to staff development.

OFN's accounting team communicates regularly to manage federal and nonfederal awards. When a new grant closes, the Development and Accounting teams sign an onboarding sheet to communicate grant parameters, and the teams will meet periodically with program staff to ensure compliance and appropriate tracking. Additionally, accounting staff will undergo federal grants management training to strengthen oversight and compliance.

OFN's financing operations, including grant allocations, are overseen by various committees and officers for efficiency and transparency. OFN's annual audit assesses internal controls, and OFN's Board of Directors and Finance Committees review the audit each year. The Finance Committee evaluates financial and portfolio risks, endorsing OFN's annual portfolio review. The Board regularly evaluates program success and risk mitigation strategies through these methods.

**Oversight and Management of Pass-through Grants:** With our experience as a Qualified Issuer of the CDFI BGP and managing our \$1B nonfederal grant pass-through and lending program, OFN is experienced managing and overseeing pass-through programs. OFN’s success at managing lending award risk management and monitoring as an intermediary is evidenced by our cumulative historical loss rate of 0.3%. We do this by providing clear expectations for performance and reporting, monitoring, and mitigating risk with covenants, providing technical support services to ameliorate noncompliance, verifying annual reporting for accuracy, conducting site visits, and imposing enforcement actions, as necessary.

OFN has the institutional oversight and management capacity to build a robust federal pass-through grant program, as we did for the CDFI Bond Guarantee Program. In this program we provide robust oversight of six bond issues, consisting of 23 bond loans to 17 MDCLs for a total of \$682M. The Chief Investment Officer, GC, and Chief Strategy and Operations Officer will design and implement policies, procedures, and training for the Network Services, Investment Services, and Climate Solutions teams for grant evaluation, legal agreement drafting, monitoring, technical assistance coordination and support, and enforcement actions. If awarded, OFN will document and approve policies and procedures compliant with the 2 CFR § 200.332 Requirements for pass-through entities.

Each senior leader at OFN will have clear lines of responsibility, oversight, and accountability for executing the CLIMB program (and other GGRF programs). The Sustainability Committee, including the CEO, is responsible for overall oversight and management. Additionally, OFN staff will have vigorous training as well as internal and third-party oversight to ensure we effectively manage Federal funds as an intermediary.

**OFN’s CLIMB Program to Assess and Mitigate Legal and Compliance Risk Management:** OFN will enhance existing infrastructure to implement a robust legal and compliance risk management strategy for our CLIMB program. We will identify and assess risks, integrate them into program administration, monitor risks, and foster a culture of integrity and communication. OFN will coordinate compliance and risk monitoring with other NCIF Awardees with which OFN is partnering with as described in our Coordination Plan (Section 1.2.5.5).

- *Align risk management with program objectives by identifying and assessing risks:* OFN’s risk management is integrated into our program design. As outlined in Section 1.2.3, OFN embeds risk management into every phase of our strategy, from assessment to oversight, and aligned it with our TA Services. For example, OFN mitigated the risk of serving an inexperienced network by only serving MDCLs already meeting our robust membership criteria. OFN can more effectively support members because we already have long relationships and deep understanding of their business models. OFN members have proven capacity to manage federal awards: 95% of members received \$3.3B in CDFI Fund awards and are already compliant with 2 CFR 200.
- *Integrate risk management into program administration:* OFN’s legal and compliance risk management program integrates risk-based principles across its operations to facilitate managing CF, TA Subawards, and direct and contracted TA Services provision. Our program is built on risk-based policies, procedures, and organizational structure that define roles, responsibilities, and standard processes and are subject to routine review, enhancement, and improvement. OFN created the organization’s oversight infrastructure and staffing capacity to have clear separation of duties with responsibility to assess and make awards, monitor, track payments, enforce legal agreements, and conduct internal management and oversight. To enhance risk mitigation, OFN will build its

internal capacity to monitor and evaluate risk by hiring a GC, experienced compliance staff, and third-party firms to support building strong policies and procedures and providing financial and programmatic oversight audits. OFN’s governance function will implement routine risk assessments that inventory legal and compliance risks to OFN, including 2 CFR 200 requirements, and quantify portfolio risks to identify relevant mitigating controls and establish additional or enhanced controls for new or documented control gaps. Our governance and oversight plan incorporates continuous improvement of risk-based policies and procedures and independent audits of OFN’s internal controls. Other important governance functions to support stewardship of the CCIA award include the creation of a confidential whistleblower hotline and accompanying protection policies and procedures, as well as a consumer complaint and reporting database.

- *Monitor program risks:* OFN will separate the legal and compliance risk management into clear lines of responsibility to assess and mitigate program risks. Each team will be responsible for building on OFN’s existing policies and procedures to deliver detailed plans for each level of responsibility and systemic documentation to ensure compliance on an ongoing basis. OFN will coordinate its ongoing risk monitoring and reporting with other GGRF awardees.

**Table 24. Risk Monitoring Controls across the CLIMB Program**

***Investment Strategy***

- The CIO and Investment Services team will oversee grant reviews, including risk assessments and remediation, closing, and subaward compliance monitoring and management, including meeting program goals and measures and safeguarding the assets to ensure that program funds were used for authorized purposes.
- The Chief Strategy and Operations Officer and Climate Solutions Team will ensure CLIMB program oversight and grant approval by the Board Sustainability Committee.
- The EVP, Network Services, and Development Services team will work across teams to implement and manage TA Services training, contracts, and other implementation needs.
- The GC and Legal team will support the drafting and enforcing of assistance agreements.

***Program Reporting***

- The GC, Human Resources, and Legal team will manage and monitor confidential reporting mechanisms, including whistleblower protections, internal investigations, and consequences for employees and third parties for noncompliance.
- The GC and Investment Services will collaborate on contract terminations.

***Program Budget and Management***

- The CFO and Accounting team will be responsible for internal controls; safeguarding grant expenditures; tracking payments; retaining documents; routine audits; and third-party audits of programmatic and reconciliation mechanisms, including payment authorization, payment certification, and other third-party management.
- The ELT will coordinate to ensure that resources are allocated as effectively and economically as possible for the success of OFN’s CLIMB program.
- The CEO and Human Resources will design compensation incentives and disincentives to ensure efficient program performance.
- The CEO, ELT, and Board of Directors are responsible for creating and communicating the culture and ensuring strong governance and oversight.

• *Build a strong organizational culture of integrity and communication:* OFN’s culture underpins all policies and procedures. OFN’s leadership has created a strong team culture of



integrity, support, and communication. OFN’s mission-driven culture creates incentives to promote integrity, which reduces noncompliance and improves reporting by reducing risk, and when risks emerge, reporting them more quickly. The team dynamic creates mutually reinforcing behaviors that support adherence to policies and transparency and communication to ensure that risks and mistakes are identified, communicated, and remedied. This is underscored by OFN’s multifaceted internal staff training, including consistent CEO messaging during all-hands meetings, team-level strategy development, and monthly reporting.

### 2.3.2. Financial Statements

OFN’s financial position is strong, as evidenced by our AA+ rating from Aeris, an independent third-party CDFI rating system. An AA+ rating indicates “very strong financial strength, performance and risk management practices relative to its size, complexity, and risk profile.”

**OFN Financial Statements:** Included in Attachment 2.3.2 Financial Statements are 1) OFN’s audited financials from 2020 to 2022, which include OFN and two consolidated affiliates managed by OFN that provide investments in MDCLs, and 2) OFN’s unaudited 6/30/23 financials, which include OFN without consolidated affiliates. As of 6/30/2023, with our on- and off-balance-sheet activity, OFN manages more than \$1B in capital for MDCLs: \$252M on-balance-sheet capital, \$39M in 5% and 10% ownership in investor funds, \$215M in off-balance-sheet loan participations that OFN originated, and \$550M in CFI BGP funds.

**Demonstrated Financial Health and Key Financial Ratios:** OFN tracks four primary areas regarding financial strength and has excelled in all these areas over its almost 40-year history. See Page 48 of OFN’s 2022 audit for the consolidating schedule.

- **Net Assets:** OFN’s net asset ratio (excluding pass-through grants to MDCL) is a strong 39% at 6/30/23 (above covenant levels of 20%). OFN has been able to achieve this net asset ratio, while also increasing its on-balance-sheet debt to fund our financing activities. OFN has increased debt capital from \$91M on 12/31/19 to \$170M on 6/30/23.
- **Portfolio and Capitalization:** On-balance-sheet portfolio performance has been strong since we began lending more than 35 years ago. MDCL loans and investments on balance sheet have increased in each of the past four years, from \$132M (2018) to \$212M (6/30/23). OFN has only written off one loan for \$1.5M in its entire financing history (less than 0.3% of cumulative lending). Strong underwriting and active portfolio monitoring have sustained this remarkable performance. OFN’s development services, available to and sought after by OFN borrowers, contribute to the loan portfolio’s overall strong performance.
- **Operating Performance:** OFN’s operating performance has been stellar during the past five years. OFN tracks changes in unrestricted net assets as an indicator of operating performance. OFN has generated unrestricted operating surpluses for each of the past five years. OFN raises grants and generates earned income to cover operating expenses; OFN had a very strong self-sufficiency ratio of 90%, indicating that it covers most of its expenses through earned income.
- **Liquidity:** In each of the past five years, OFN has had sufficient liquidity, with a current ratio > 2:1 and an operating liquidity ratio (months of operating cash) greater than three months.

Overall, OFN’s strong financial performance over the past five years from both an operating and portfolio perspective has allowed the organization to grow its internal team from 34 people (2019) to 50 people (2023). This strong financial performance was further enhanced by a \$25M unrestricted donation from MacKenzie Scott in 2022. The donation allows OFN to accelerate work

under our Strategic Plan, including enhancing our operational infrastructure and building our climate activities. OFN is well prepared from a financial perspective to continue this growth and fortify our operational infrastructure to successfully implement the EPA's CCIA program.