SUMMARY

Program Title: Community Lenders CLIMB: **C**lean **L**ending **I**nvestment **M**o**B**ilization

Applicant Name: Opportunity Finance Network (OFN)

Applicant Eligibility: Opportunity Finance Network is a nonprofit organization with 501(c)(3) certification from the Internal Revenue Service (IRS) since 2008, as indicated in our IRS determination letter. As described in Note 1 of OFN's 2022 Audited Financials, OFN was formed in 1986, reincorporated in 2006 to move its state of incorporation to Pennsylvania from California, and merged with its predecessor organization effective December 2008. This note also highlights that OFN is not controlled by other entities. OFN does not accept deposits, and it is funded by public and charitable contributions.

As set forth in its Articles of Incorporation and Strategic Plan, OFN supports mission-driven Community Lenders (MDCLs) and low-income and disadvantaged communities by providing capital and other forms of financial and technical assistance. This assistance will include supporting the rapid deployment of low- and zero-emission products, technologies, and services as set forth in a Sustainability Committee Charter approved by the OFN Board of Directors. OFN will finance and provide technical assistance services to MDCLs as further described in Sections 1.2.3 and 1.2.4.

As a nonprofit corporation, OFN may engage in any charitable, scientific or educational purposes as may be permitted under Section 501(c)(3) of the Internal Revenue Code, and Section 3 (g) of our Articles of Incorporation expressly include as among our purposes "[providing] grants, below market rate loans, and other debt and equity financing to organizations and individuals through which the capital needs of low income, low wealth, and other disadvantaged people can be satisfied." This gives OFN the legal authority to invest in or finance projects through CCIA.

In accordance with the foregoing, OFN qualifies as an "eligible recipient" under Section 134(c)(1) of the Clean Air Act.

The OFN organizational documents included in the Supporting Documents for Applicant Eligibility attachment are IRS Determination Letter, Articles of Incorporation, 2022 Audited Financials, and Sustainability Committee Charter.

Program Summary: OFN's *Community Lenders CLIMB: Clean Lending Investment MoBilization* (CLIMB) program puts **mission-driven community lenders** (MDCLs) at the forefront of market transformation for clean finance in low-income and disadvantaged communities (LIDAC or 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.

OFN represents the **largest national network of more than 400 MDCLs** and $42B in assets. The OFN network provides responsible financial products and services in low-income rural, urban, and Native communities nationwide, and more than half of the network already offers clean energy financing. OFN members are uniquely suited to finance the deployment of CCIA-eligible projects because they are mission-driven and have the organizational capacity, community accountability, and technical knowledge to successfully deliver clean financing projects in LIDACs.

Through CLIMB, OFN will leverage CCIA funding to provide capital and technical assistance (TA) to MDCLs to build their capacity to invest and reinvest in projects, activities, and technologies that reduce emissions of greenhouse gases and other air pollutants. OFN designed our CLIMB investment strategy to transform clean financing markets and improve health and economic outcomes in LIDACs by growing members' clean financing capacity with a thoughtful pass-through strategy and curated TA services. OFN will effectively and equitably analyze Capitalization Funding and TA Subaward applications using our **Climate Lending Investment Mobilization Assessment Tool** (CLIMAT), and our broader CLIMB strategy is informed by 1) our rich experience designing and executing programs that support our network's growth and ability to deploy new financial products into LIDACs, and 2) a two-year listening tour with our members and the LIDACs they serve.

OFN is ideally positioned to deliver a comprehensive CCIA program, leveraging its almost **40-year track record** and **highly experienced 50-person team** in providing capital and technical assistance to MDCLs and managing federal awards. OFN's CLIMB program will revolutionize our MDCL network's approach to clean financing, dramatically reduce greenhouse gas emissions, and enhance health and economic outcomes in the LIDACs most affected by climate change.

EPA Funding Allocation: $2,290,000,000

Contact Information: Amber Bell, Chief Strategy Officer, abell@ofn.org, 202-618-6098

Coalition Members: Not applicable.

Named Contractors: Not applicable.

Period of Performance: April 1, 2024-June 30, 2030.

Attachments: Some referenced attachments were updated in April 2024, and some attachments have not been updated since original submission in October 2023. OFN will send updated attachments to EPA as required by the CCIA Terms and Conditions.

TOP-LINE OUTPUTS AND OUTCOMES

	By Year 2 *By June 30, 2026*	**By Year 4** *By June 30, 2028*	**By Year 6** *By June 30, 2030*	**By Year 7** *By June 30, 2031*
1. Capitalization Funding to Community Lenders*	$430,000,000	$1,394,000,000	$1,842,000,000	$1,842,000,000
2. Total Funding to Community Lenders**	$487,300,000	$1,587,600,000	$2,097,200,000	$2,097,200,000
3. GHGs Reduced/Avoided***	3,000,000	11,000,000	15,000,000	15,000,000
4. Private Capital Mobilized****	$1,075,000,000	$3,485,000,000	$4,605,000,000	$4,605,000,000

Figures in the table are cumulative.

* Figures reflect subaward funding obligated to subawardees by the indicated date. As no further subaward funding is anticipated to be obligated after June 30, 2030, the Year 7 Capitalization Funding figure remains unchanged from Year 6.

** Figures reflect subaward funding obligated to subawardees by the indicated date. As no further subaward funding is anticipated to be obligated after June 30, 2030, the Year 7 Total Funding figure remains unchanged from Year 6.

*** The GHG reduction figures shared in the table above represent the projected cumulative GHG reductions over the investment's lifetime, based on the Capitalization Funding obligated to Community Lenders as of the listed date. OFN assumes a 15-year lifetime across all three priority project categories. Since OFN does not anticipate deploying additional subaward funding in Year 7, there is no further reduction in GHG emissions in Year 7, as all cumulative GHG emissions reductions for a priority project's lifetime are accounted for in Year 6. As a result, funding and GHG emissions figures in Year 6 equal those in Year 7. Program income recycled after the end of Year 6 is excluded from our GHG reduction figures.

Methodology for Greenhouse Gas Emissions Reduced/Avoided

OFN developed various outputs and outcomes in its investment objectives for its CCIA funding. The goals and targets identified were developed through an extensive portfolio and impact modeling exercise using inputs and data collected from OFN members, industry standards, and other informed and documented assumptions. Key methodological choices associated with the modeling exercise, including the basis of projected Greenhouse Gas Emissions Reduced/Avoided and projected Private Capital Mobilized quantitative impacts, are described here.

Portfolio Modeling

OFN established its CLIMAT framework, which categorizes its members based on clean lending readiness: *Established*, (robust record, pipeline, capacity, and products), *Maturing* (needs additional capacity and products), *Emerging* (limited record or only co-lending experience), and *Nascent* (no intentional clean financing). From prior survey work, OFN estimates that 45% of its members have no intentional clean financing; OFN estimated the distribution of the remaining 55% across the other clean lending categories. Using inputs, including its award size matrix guidelines and member distribution across the identified climate lending readiness categories, OFN allocated its available CCIA award dollars across the membership (including existing and expected growth) to calculate total capitalization funding (CF) and technical assistance subaward (TA Subaward) funding amounts.

OFN then applied varying private capital mobilization ratios (based on CLIMAT category and expected loan product deployment type) to identify industry-reasonable capital mobilization targets. OFN's outcomes, provided below, identify a private capital mobilization ratio, calculated on the full portfolio of CF deployed by OFN over the six-year performance period. This target will balance the essential need for private capital mobilization to reach GHG emissions reduction targets while not compromising equity and community benefit goals with a too-high mobilization target. OFN's capital mobilization methodology is described in further detail in this section.

These exercises produced key inputs for its greenhouse gas reduced/avoided modeling: Total CF, Total TA Subaward, and Total Private Capital Mobilized for its portfolio. OFN reviewed each priority project category detailed by EPA in the CCIA Notice of Funding Opportunity (NOFO). Based on an analysis of OFN member-submitted portfolio and projection data, OFN then applied percentages to priority project categories and intracategories as outlined in Section 1.2.2.1 to the Total CF + Total Private Capital Mobilized projected for its portfolio. This allocation provided OFN with a priority project funding breakdown that serves as the basis for the greenhouse gas modeling described below. These allocations may move or change over time based on routine prioritization assessments and will be refined over the course of the period of performance.

Greenhouse Gas (GHG) Reduced/Avoided Modeling

The accurate and reliable reporting of outputs and outcomes is critical to measuring the success of OFN's Community Lenders Clean Lending Investment MoBilization (CLIMB) Program and OFN's performance as a steward of CCIA funding and catalyst for environmental change. OFN leveraged industry standard methodologies and utilized projection inputs to execute tracking and reporting of desired outputs and outcomes. OFN aligned with the Greenhouse Gas Protocol, National Renewable Energy Laboratory (NREL)'s Long-Run Marginal Emission Rates for Electricity, federal calculators published by the Department of Transportation, and other EPA-preferred methods outlined below to support the measurement of the additional benefits enabled by priority projects.

The overall methodology employed to estimate emissions reduction potential and monetary cost savings potential involved using industry averages for the typical size and cost of a single project of each considered category and applying emission factors, database averages, and a series of calculations to convert dollars to metric tons of carbon dioxide equivalent reduction (MT CO_2e). OFN allocated the total CF + Mobilized Private Capital across each project archetype. OFN calculated average project sizes based on industry averages and well-founded research conducted by industry experts and leveraged state-by-state case studies to extrapolate to a national average project-specific cost. OFN divided allocated funds per priority project category by an estimate of average cost for each project category. This returned an estimate of the number of projects that could be financed each year—a key input in quantifying estimates of GHG emissions reduction, air pollutant benefits, and reduction in energy consumption across OFN's entire portfolio. The model's projections are based on average values (e.g., Residential Rooftop Solar cost), and therefore, project outcomes may vary from these projections based on actual values (e.g., project sizes, allocation of funds, GHG reduction). These averages may change over the period of performance, and it will be important to continually revise projections to reduce the margin of error on estimates.

The following is a detailed description of each project type and its assumptions and calculations.

Distributed Energy Generation and Storage

The Distributed Energy Generation and Storage priority project area contains intracategory allocations to Community Solar (Pure Generation & Generation + Storage), Residential Rooftop

Solar (Pure Generation & Generation + Storage), Commercial Small Scale (Pure Generation & Generation + Storage), and Standalone Storage.[1]

The estimated greenhouse gas savings and air quality benefits for the above project archetypes were calculated in terms of the avoided emissions that would have been associated with the generation of an equivalent amount of brown electricity.

Size

Average sizes (kW, MW) for each of the listed projects are pulled from industry averages provided by the NREL, U.S. Energy Information Administration (EIA), and Tesla, considering both average project size as well as average battery size where applicable.

Avoided Consumption

Using a capacity factor extracted from NREL, MW (or kW for residential projects) of solar was converted to MWh/year to estimate the electricity consumption per year that results from each solar project, and ultimately prevents the consumption of brown electricity from the grid.

Avoided Emissions

A United States electricity grid emission factor (kg CO2e per MWh) was extracted from NREL's Long-Run Marginal Emission Rates for Electricity (LRMER) 2021 report, which contains a state-by-state modeled output of avoided CO2e emission factors based on changes to electrical demand, sources of electricity added to the grid, and the deployment of additional technology to better manage grid load. On average, solar panels have a conservative lifetime of 15 years. By multiplying the U.S. weighted average marginal emission factors across the installed equipment's lifetime with the estimated annual total of solar generation, an estimate of the total lifetime emissions reduction potential of distributed energy generation projects is returned.

Emissions avoided from standalone storage took a slightly different approach. OFN assumed that these types of projects would be financed to increase the reliability of the electricity grid while displacing carbon-intense peaking power plants that are deployed when the grid lacks adequate supply. Batteries are assumed to supply power to the grid for 438 hours, or 5% of annual hours, per year. Emissions avoided are calculated by subtracting the grid average emissions factor from the emission factor of electricity generated from coal and oil.

Air Quality Benefits

As natural gas is the most common source of electricity generation in the U.S., natural gas energy content was taken as a proxy for the energy content of the theoretical source of avoided brown electricity, allowing for the conversion of MWh to a volume of natural gas. With this volume, emission factors from EPA were extracted for five criteria air pollutants (CO, lead, N2O, PM 2.5, and SO2) in the combustion of natural gas. The sum of the avoided emissions of these air pollutants informed the "Air Quality Benefits" in lb./year. Please note that ozone is a secondary pollutant formed in the atmosphere from NOx and VOCs, so there is not a clearly defined conversion factor from natural gas to ozone, and as a result, these emissions are excluded.

[1] OFN is continually making refinements to improve its portfolio modeling and more nuances may be captured in future iterations of the modeling. For example, OFN added a Standalone Storage project archetype to the Distributed Energy Generation and Storage priority project category following submission of our original application in October 2023.

Net-Zero Emissions Buildings

The Net-Zero Emissions Buildings priority project area contains intracategory allocations to Residential (single), Residential (multi-family), Community Locations, Commercial/Industrial/Agriculture, and Municipal. Each building type has a subcategory for Whole Building Retrofits, Targeted Retrofits, and New Construction.

For the purposes of preliminary impact estimation, a Whole Building Retrofit considers upgrades made to a building's attic, walls, roof, HVAC system, and water heater. A Targeted Retrofit considers upgrades made to only the HVAC system. New Construction considers a completely zero-emissions building built from the ground up. Estimated greenhouse gas savings and air quality benefits were calculated in terms of avoided emissions from the consumption of fuel and electricity in a standard building.[2]

Size

Average building size for retrofits was taken from industry averages of all currently existing buildings of each type as reported by the Residential Energy Consumption Survey (RECS) for residential buildings and the Commercial Building Energy Consumption Survey (CBECS) for community locations, commercial/industrial/agricultural, and municipal buildings. Single-family attached and detached households were taken as a proxy for residential (single), an average of apartments (2-4 unit building) and apartments (5 or more unit building) were taken for residential (multi-family), an average of public assembly, public order and safety, and religious order and worship buildings were taken for community locations, an average of food sales, food service, mercantile, office, warehouse and storage, and lodging buildings were taken for commercial/industrial/agricultural, and education buildings were taken for municipal. For multi-family residential buildings in particular, the average apartment square footage was multiplied by an assumed 30 units per building to estimate total building size. Average building sizes for new construction were also taken from RECS and CBECS but looked specifically at the size of recently constructed buildings (2016-2020 in RECS and 2010-2018 in CBECS). Actual building sizes may vary from the averages used to estimate GHG reductions.

Baseline Emissions

Baseline emissions per square foot – in total as well as broken out into Scopes 1 and 2 carbon emissions – were also pulled from RECS and CBECS and applied to the square footage referenced above to estimate the emissions avoided by constructing a net-zero building of each type and size. The share of electricity consumption from cooling was also pulled to isolate consumption and corresponding emissions to ensure the accuracy of total emissions calculations when estimating new electricity consumption from HVAC upgrades.

Avoided Consumption

For this exercise, avoided consumption is calculated in post-retrofit or new construction activities by assuming a reduction in Scope 1 emissions from HVAC electrification and a reduction in electricity consumption due to building envelope upgrades. For HVAC electrification, baseline heating load in MMBtu of fuel consumption obtained from RECS and CBECS is converted to an estimated new heating load based on the installation of a more efficient HVAC system and building envelope upgrade. Similarly, modeling the emissions impact for whole building retrofits also

[2] There are various ways to measure the spectrum of retrofit impact, and OFN may explore this nuance in a finalized version of our modeling.

assumes buildings are equipped with envelope upgrades to enable residents and building owners to reduce electricity from air condition use.

Avoided Emissions

Avoided emissions calculations for Net-Zero Buildings include both the reduction in Scope 1 emissions and growth in Scope 2 emissions resulting from HVAC electrification. The avoided Scope 1 calculations include the elimination of average baseline heating load emissions for each building type extracted from RECS and CBECS. The parallel increase in Scope 2 emissions is calculated through the conversion of natural gas energy content (MMBtu) to electricity (MWh) and the application of an assumed increased efficiency value associated with this upgraded system. For whole building retrofits and new construction, an assumed efficiency ratio is applied to energy consumption on cooling, given building envelope upgrades will reduce air conditioner consumption in the summer months. The subtraction of these adjusted Scope 2 emissions (calculated) from the baseline total emissions (RECS, CBECS) over 15 years provides the total avoided emissions over the assumed project lifetime.

Air Quality Benefits

Similar to the approach for determining air quality benefits for distributed energy generation and storage, the energy content of natural gas was taken as a proxy for the energy content of the theoretical source of avoided brown electricity, allowing for the conversion of MWh to a volume of natural gas. With this volume, emission factors from EPA were extracted for five criteria air pollutants (CO, lead, N2O, PM 2.5, and SO2) in the combustion of natural gas. The sum of the avoided emissions of these air pollutants informed the "Air Quality Benefits" in lb./year. One should note that ozone is a secondary pollutant formed in the atmosphere from NOx and VOCs so there is not a clearly defined conversion factor from natural gas to ozone and these emissions are excluded.

Zero-Emissions Transportation

The Zero-Emissions Transportation priority project area contains intracategory allocations to zero-emissions vehicles, residential Electric Vehicle (EV) charging stations at/near multifamily, EV charging depots, and other[3] and were calculated in terms of the avoided emissions that would have been associated with the consumption of fuel in gasoline-powered modes of transportation.

Zero-Emissions Vehicles

The average energy consumption and battery size of full electric vehicles, as reported by the Electric Vehicle Database at the time of modeling, were taken as the average "size" of zero-emissions vehicles to calculate avoided gasoline consumption. The U.S. Department of Transportation Congestion Mitigation and Air Quality (CMAQ) Emissions Calculator Toolkit provides projections of emissions reductions associated with various types of transportation projects. This tool dispensed total energy consumption per day, carbon dioxide equivalent emissions, and criteria air pollutant emissions for a typical gasoline-powered vehicle. These outputs were leveraged to inform avoided consumption, avoided emissions, and air quality benefits.

Residential EV Charging Stations at/near Multifamily and EV Charging Depots

[3] Other assuming e-micro mobility charging.

EV charging depots are considered to be representative of charging stations found near shopping centers and other public areas, and it was assumed that these stations would be of similar size to residential EV charging stations at/near multifamily (apartment buildings). Because of this initial assumption, calculations and estimations are consistent between the two project types. The average size of an EV charging station was estimated from a range of typical values reported by the U.S. Department of Transportation. Avoided consumption and emissions were extracted from the CMAQ tool in a similar way as those for zero-emissions vehicles, but instead look at the impact of "electric charging infrastructure" rather than "vehicles".

Other

For the sake of modeling greenhouse gas emissions reduction, e-bike chargers are taken as a representative project for the "other" category. Due to the inconsistent nature of this category, avoided consumption and annual energy savings were not calculated. The CMAQ tool's analysis of e-micro mobility infrastructure informed the total avoided emissions and air quality benefits in consistency with the other project types considered under zero-emissions transportation.

Conclusion

OFN undertook an extensive modeling exercise to identify the CF and TA Subaward funding to community lenders, the private capital mobilized, and the projected GHG reduced/avoided as a result of these investments. OFN continues to refine and iterate its targets to maximize the CLIMB program's impact[4] in achieving EPA's program objectives of reducing emissions of greenhouse gases and other air pollutants, delivering benefits of greenhouse gas- and air pollution-reducing projects to American communities, particularly low-income and disadvantaged communities, and mobilizing financing and private capital to stimulate additional deployment of greenhouse gas- and air pollution-reducing projects.

**** *Methodology for Private Capital Mobilization*: OFN's private capital methodology includes all capital mobilized for CCIA-eligible projects except capital contributions from federal, Tribal, state, territorial, and local government entities. Our methodology includes balance sheet and project-level leverage as well as private capital in both the subject transaction and follow-on transactions. Total private capital mobilized will be presented on a cumulative basis from the inception of the CCIA award to OFN.

Sources of Private Capital: Sources of private capital included in the mobilization calculations include but are not limited to:

- Tax equity contributions
- Tax credit transfers
- Sponsor equity contributions
- Subsidies and incentives from utilities and other non-government entities
- Other debt capital blended into the transaction from the MDCL and other lenders
- Recycled CCIA capital, as described below

[4] OFN continues to refine its modeling based on a partial award amount. The GHG Reduced/Avoided as well as Private Capital Mobilized should be viewed as projections based on various assumptions.

Project and Follow-on Transaction Calculation: Private capital in the subject transaction and follow-on transactions may be included in mobilization calculations, per the following examples:

- CCIA Capitalization Funding is used in a pre-development loan → the private capital in any subsequent and related construction, bridge, and/or permanent loans are included in the calculations;
- CCIA Capitalization Funding is used in a construction loan → the private capital in any subsequent and related bridge and/or permanent loans are included in the calculations
- CCIA Capitalization Funding is used in permanent financing, and the availability of the permanent financing directly supports the securing of construction and/or bridge financing → the private capital in the construction and/or bridge financing and any related pre-development financing are included in the calculations
- OFN will calculate the private capital leverage using the total building cost for any project in this category, including tax equity, sponsor equity, and other debt and equity from private sources.

OFN anticipates reviewing the final data dictionary and reporting process and reserves the right to make subsequent revisions to our key methodological choices so that they are aligned with EPA's reporting requirements and do not pose an undue burden to OFN and our subawardees. This may include reviewing the feasibility of including values related to follow-on transactions in mobilization calculations.

Balance Sheet Leverage: OFN's private capital methodology assumes that the MDCL will use non-GGRF balance sheet capital to invest in CCIA-eligible projects and blend that capital into the project with one loan from the MDCL. However, that loan would contain both CCIA and other private capital. For on-balance sheet leverage, OFN assumes no more than a 1:1 leverage ratio; for example, if an MDCL received a CF grant of $10MM, it would leverage an additional $10MM in private capital for a total of $20MM invested in CCIA-qualified projects.

Project Finance Transactions: For the purposes of the above calculations, OFN will calculate the private capital mobilization using the private capital component of the CCIA-eligible costs for any project in this category, including tax equity, sponsor equity, and other debt and equity from private sources.

Recycled Capital: For the purposes of the above calculations, OFN will count any program income and private capital that is deployed into CCIA-eligible projects over the period of performance as a source of private capital. For example, an MDCL makes a community solar loan to a first project. The loan is subsequently sold on the secondary market. The MDCL then uses that principal returned by the first project as proceeds for a second loan to a net-zero emissions building. The total project costs of the second loan that originates from private and recycled capital will contribute to the private capital mobilization rate. The private capital mobilization rate would continue to grow throughout the period of performance as capital is recycled.

OFN anticipates private capital may continue to be mobilized into CCIA-eligible activity after Year 6 and will report on it accordingly per our CCIA closeout agreement. At this time, mobilization cannot be estimated with any degree of certainty, and as such, the Year 7 Private Capital Mobilization figure remains unchanged from Year 6.

PROJECT NARRATIVE FOR THE ENVIRONMENTAL PROTECTION AGENCY'S CLEAN COMMUNITIES INVESTMENT ACCELERATOR (CCIA)

Submitted by:

OPPORTUNITY FINANCE NETWORK

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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) <u>Distributed Energy Generation and Storage:</u> Bridge loans for solar and storage, power purchase agreements (PPA) and community solar loans, direct solar loans; 2) <u>Net-Zero Emissions Buildings:</u> Pre-development, bridge, and construction loans, and equipment loans for energy efficiency or electrification; 3) <u>Zero-Emissions Transportation:</u> 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.

- <u>*Deep Relationships*</u>: 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 Driven*: 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.[5]
- *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. Through the CLIMB program and in partnership with OFN members, 100% of CCIA grant funds will be deployed as financial and technical assistance serving LIDACs.

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

[5] 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, p. 11.

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).

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. <u>*Market Gap*</u>*:* 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. <u>*Unique Solution:*</u> **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. <u>*Market Gap*</u>: 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. <u>*Solution:*</u> **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 2.5:1) will significantly boost capacity for clean financing products and programs at MDCLs. <u>*Unique Solution:*</u> **Support secondary market creation and product standardization:** OFN will partner with NCIF applicants like Climate United 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 $7B 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 levering 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 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 nearly 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[6]

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."[7]

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 initially requested $3.07B for 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; of OFN's funding allocation ($2.29B total), we will distribute $2.097B in CF and TA Subawards.

[6] 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.

[7] https://cdn.ofn.org/uploads/2022/02/24093050/ofn_persistent_poverty_paper_july_2021.pdf.

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 years, demonstrating a significant interest in leveraging the CF with new private sector capital. OFN expects to provide 309 MDCLs with CF and TA Subawards for the CLIMB program. This forecast represents a project penetration rate of 70% 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 members elected from the OFN membership 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 regular 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, subject to data sharing agreements and ensuring data security and confidentiality.

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 an annual CLIMB program report in the form provided by EPA. OFN will annually share updated data 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, including members that 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

The Investment Objectives outlined below reflect OFN's partial award amount, refinement to our Capitalization Funding deployment strategy, updated market conditions, and clarified program requirements based on our funding allocation and award amount. OFN determined that, based on the information available to us to date, most of the investment objectives, outputs, and outcomes that follow can be measured using data points in EPA's draft data dictionary. If EPA revises its data dictionary, OFN reserves the right to make subsequent revisions to our key methodological choices, investment objectives, outputs, and outcomes so that they are aligned with EPA's reporting requirements and do not pose an undue burden to OFN and our subawardees. Further, OFN will adjust its key methodological choices should EPA set standards for measuring projected emissions reductions and other climate-related data elements, as encouraged by OFN and other awardees to ensure that subrecipients and grantees report high-quality, verifiable data that accurately tells the story of the program's accomplishments, outputs, and outcomes.

As with any new program with ambitious goals, OFN desires to achieve all targets within this workplan and shall use commercially reasonable efforts to produce the following outcomes and outputs during the performance period. These outcomes and outputs are based on an assessment of what may be possible for a novel program for which no comparable programs exist. Therefore, OFN reserves the right to adjust targets, including but not limited to private capital leverage, types of projects funded, and categories of outcomes achieved, so long as revised targets fall within the spirit of EPA's award and OFN's proposal. OFN will provide notice and/or seek advance approval prior to making adjustments to the extent that applicable rules and regulations and terms and conditions require OFN to do so. OFN will keep EPA apprised of any such changes and shall revise its investment strategy and investment objectives every three years, as instructed in the CCIA Notice of Funding Opportunity.

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 (25%, 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), Commercial Small Scale (25%, also split 70/30 across pure generation and generation plus storage projects, and Standalone Storage (10%).

- **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. Note that as part of our net-zero emissions buildings work, OFN will not finance oil-to-gas conversions.
- **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	800 MW deployed
Deploy additional MW of new storage capacity	1,100 MWh in storage capacity
Fund buildings and units with net-zero features	202,000 buildings/units upgraded
Finance EV purchases	19,000 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, 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."[8] 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 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	15,000,000 metric tons avoided
Reduce air pollutants in LIDACs through distributed energy generation and storage projects	70,000 lbs. of air pollutants avoided
Reduce air pollutants in LIDACs through net-zero emissions building projects	69,000 lbs. of air pollutants avoided

[8] 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.

Reduce air pollutants in LIDACs through zero emission transportation projects	4,690,000 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 with financial savings	177,000 LIDAC households and businesses
Provide energy savings for LIDAC households and businesses	$114M estimated total annual energy savings in LIDACs and $1.7B estimated total lifetime savings from CCIA

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 women- or minority-owned
Promote ownership of clean energy assets by Tribal, community-, women-, and minority-owned businesses	100 clean energy assets owned by Tribal, community-, women-, 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
Fund clean energy business development training to small businesses in each EPA region, prioritizing Tribal, women-, and minority-owned businesses.	200 small businesses directly trained across all EPA regions
Fund clean energy job training programs for LIDAC residents in each EPA region	1,000 LIDAC residents directly trained across all EPA regions
Create climate jobs in each EPA region	61,000 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 70%, inclusive of membership growth (OFN anticipates that at least 410 members will offer at least one clean finance product by the end of the performance period)

Reach lenders from the Nascent CLIMAT category in each EPA region	200 Nascent lenders engaged total; 15 Nascent lenders in each EPA region
Provide CF and TA Subaward funding to a diverse mix of unique lenders in each EPA region	280 unique lenders funded; 15 unique lenders in each EPA region
Provide climate lending capacity building resources to a diverse mix of lenders	800 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. Additionally, OFN's refined Capitalization Funding deployment strategy incorporates new information, including 1) increased projections for deployment of CF funding into permanent financing 2) a longer timeline for MCDLs to access secondary markets and 3) revised projections about the balance sheet leverage provided by investors based on perceived risk in early years of the program, all of which slow the private capital mobilization and capital recycling processes. 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	2.5:1 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.

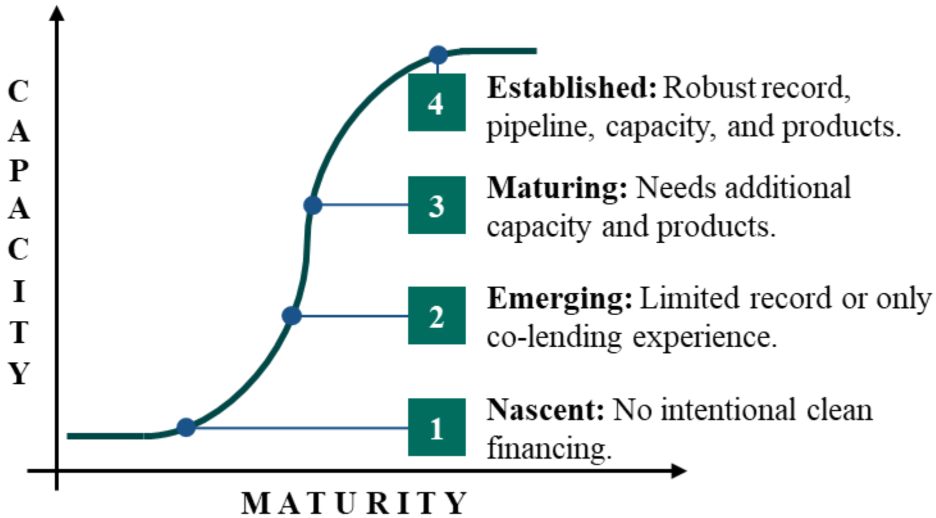

Figure 1. CLIMAT Clean Financing Capacity Curve

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; all deployment periods will end no later than the end of the performance period to ensure appropriate time for the closeout procedures.

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 2.5:1 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. We anticipate establishing minimum mobilization targets based on lenders' CLIMAT category and project types, with the goal of minimizing clean finance market entry barriers for earlier stage MDCLs while also ensuring the private capital mobilization ratio outlined in Section 1.2.2.3 is achieved on a portfolio basis. OFN's methodology encompasses balance sheet and project-level leverage and includes private capital in both the subject transaction 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 a NCIF funding strategy and demonstrated long-term commitment to clean finance for exception requests. Exception subaward amounts outlined in the guideline matrix in Table 12 are inclusive of the initial $10M subaward funding. 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 based on the following guidelines: 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. To start, 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). OFN anticipates accelerating the application review cycle as new systems and efficiencies are introduced.

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 be announced within one month of CCIA award execution and will be available to the 231 MDCLs that submitted clean finance pipeline forms to OFN; OFN may announce funding priorities screening for the first round to manage application review capacity during our program ramp-up period. 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 EPA Region 7 households or businesses with financial savings, then we will conduct outreach to solicit applications from EPA Region 7- servicing MDCLs, to encourage progress toward our related Equity and Community Benefits investment objective. OFN anticipates allocating 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; any funding recommendations exceeding this threshold will be approved by the Sustainability Committee. 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:

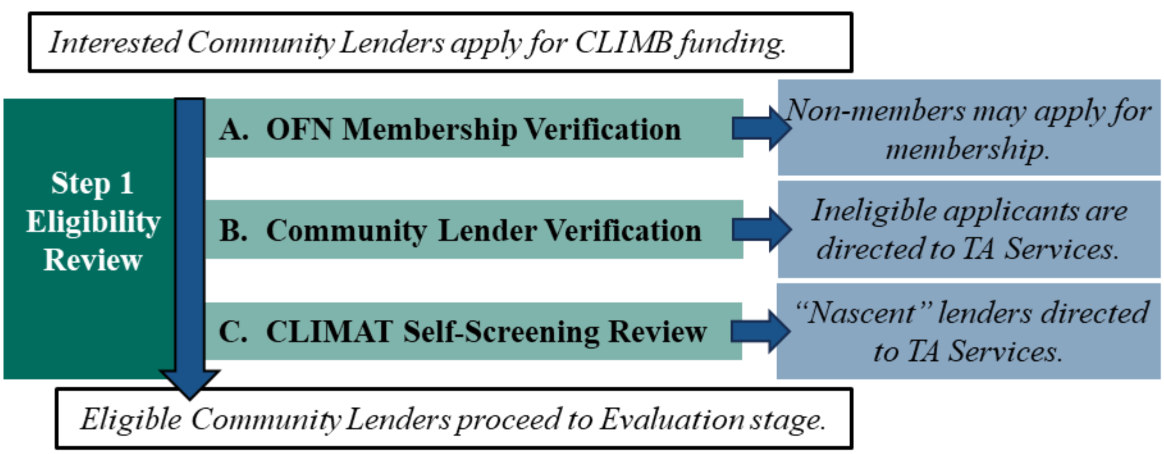

Figure 2. Pass-through Strategy Step 1: Eligibility Review Process

Steps 1A and 1B: Prior to evaluating CLIMB applications, OFN 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:

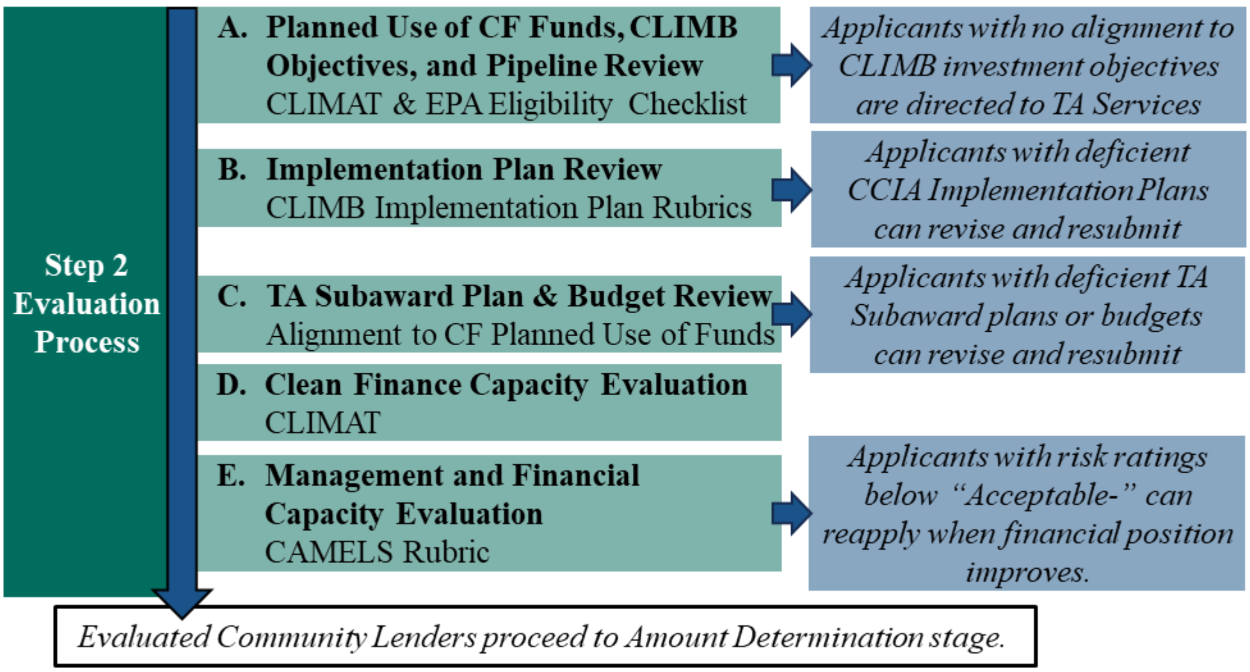

Figure 3. Pass-through Strategy Step 2: Evaluation Process

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. Consistent with its existing practices, OFN may update CLIMAT and our Financing Guidelines in the future; changes will be approved by the appropriate OFN governance bodies.

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)
Clean Financing Strategy	• Clean financing strategy, history • Staffing plan • Planned use of proceeds • Community and climate impact	1. Coherent plan based on a competent market assessment and supporting pipeline 2. Evidence of private capital to meet CF deployment needs, record of success mobilizing private capital at scale 2. Reasonable growth rate assumptions 3. Evidence of demand, proven marketing strategies 4. Recency of strategy adoption, record of success and/or adaptation to market conditions
Pipeline Quality and Climate Products	• Pipeline volume and quality • Sample transactions • Product term sheets, marketing collateral • Narrative on origination plan	1. 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 2. Evidence of multiple successful climate products 3. Evidence of key relationships to support deal flow 4. Evidence of origination staffing and marketing 5. Experience closing clean finance loans 6. Integration of local and state policies supporting the clean finance investments

OFN will incorporate EPA's CCIA-eligibility project checklist into our *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 reporting 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)
Capacity to Execute Plan		
Execution Capacity and Clean Finance Record	• Staffing plan • Loan volumes • Sample transactions • Performance data (if available)	1. Evidence of sufficient, experienced staff across origination, underwriting, and closing, including capacity detailed in TA Subaward request. 2. Track record of lending to CCIA-eligible projects 3. TA Subaward budget alignment with CF plan.
Project Assessment Capacity	• Technical underwriting guidance • Narrative on technical capacity	1. Quality of internal policies on technical review for risk and impact. 2. Capacity to assess project feasibility, scope, cost. 3. Adequacy of underwriting approaches and cash flow analysis for climate loans.
Technical Assistance Capacity	• Narrative on TA experience and capacity relevant to deployment plan	1. Knowledge of applicable incentives and policies. 2. Knowledge of applicable tax credits. 3. Ability to refer borrowers to service providers. 4. Ability to assess needs/refer borrowers to resources.
GGRF Compliance and Reporting		
Tracking and Reporting Capabilities	• Loan impact reports • Sample applications and documents	1. Ability to identify CCIA-eligible projects. 2. Ability to manage purpose-restricted funding. 3. Presence of clear, consistent reporting capability.

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 may include the Senior Climate Investment Officer, Senior VP (SVP) Investment & Portfolio Management, SVP Investment Operations, and SVP Climate; changes to OFN's review guidelines and procedures will be approved by the OFN Sustainability Committee. 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:

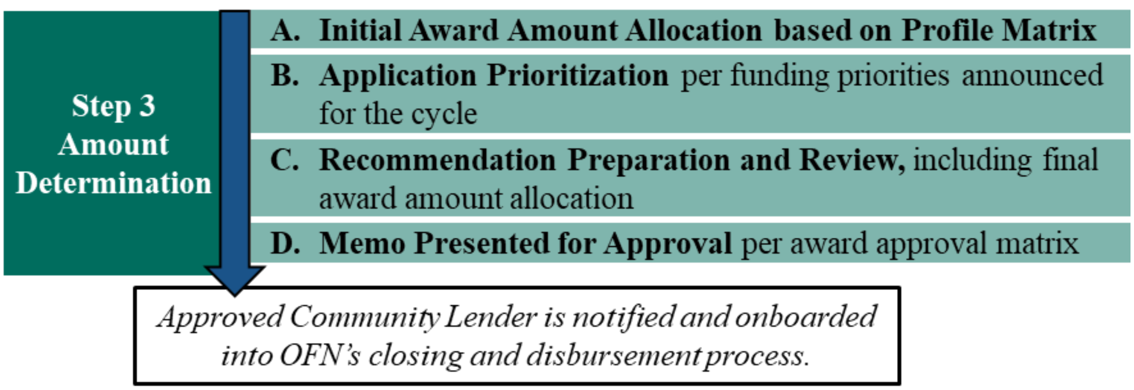

Figure 4. Pass-through Strategy Step 3: Amount Determination Approach

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). Any exceptions to the below guidelines will be approved by the Sustainability Committee.

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

Financial Rating	Nascent	Emerging	Maturing	Established	Exception
Outstanding, Strong, and Acceptable+	$0	$6M	$8M	$10M	$50M
Acceptable	$0	$4M	$6M	$8M	$40M
Acceptable-	$0	$2M	$4M	$6M	$30M

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 will establish CCIA grant funding guidelines that will detail the memo review process. Changes to OFN's approval guidelines and process will be approved by appropriate governance bodies.

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 the below matrix.

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[9]
< $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

[9] OFN's Chief Investment Officer (CIO), Chief Strategy & Operations Officer, EVP Network Services, SVP Investment Operations, SVP Investment & Portfolio Management, SVP Climate. Committee composition may change over time, and changes will be approved by OFN's Sustainability Committee.

OFN's management and oversight plan leverages our deep experience managing $1B in CDFI Bond Guarantee Program (BGP)[10] 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 Subawards will be distributed to MDCLs in parallel based on agreed-upon timing and disbursement criteria. Per OFN's standard procedures, all loan and grant disbursements 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.

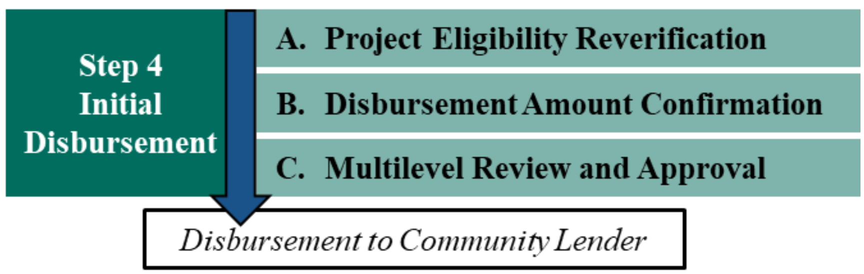

Figure 5. Pass-through Strategy Step 4: Initial Disbursements

<u>Step 4</u>: 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.

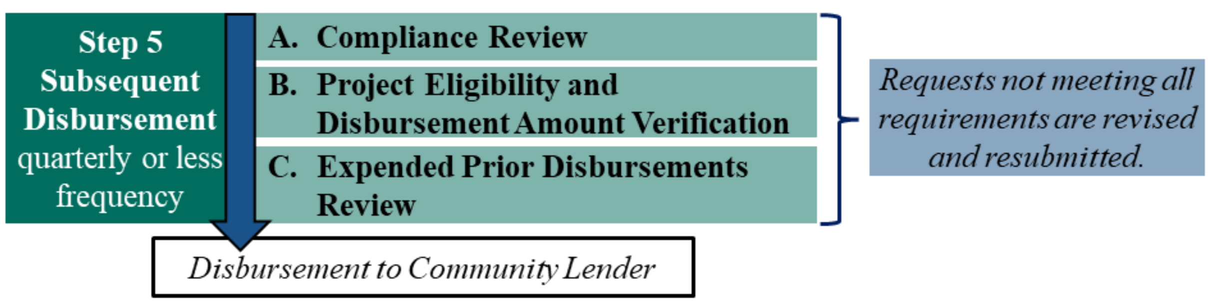

Figure 6. Pass-through Strategy Step 5: Subsequent Disbursements

<u>Step 5</u>: 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

[10] 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.

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. OFN will conduct reviews of 1) audited financials; 2) CLIMAT positions; and 3) grant performance goals and measures in alignment with EPA reporting requirements and timelines to ensure program success and 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 requirements, 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 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 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. OFN will adjust the frequency and structure based on our identified deployment goals, to maximize impact. Examples of the types of modules include:

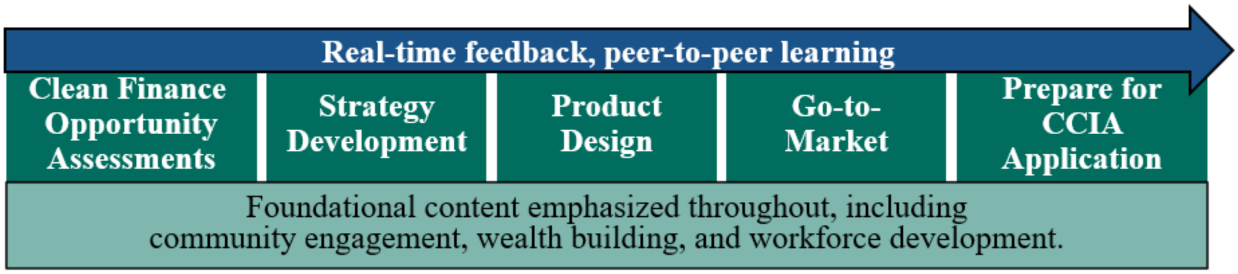

Figure 7. Community Lender Support Plan

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. 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 may 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 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 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 45Kimpressions 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 make paper application materials available and conduct 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, and other similar requirements by integrating labor and workforce development requirements 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 provide an annual attestation of adherence to their submitted labor and equitable workforce development plan and disclosure of any compliance issues related to the plan. OFN will review the submissions 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 and Davis-Bacon and Related Acts: To ensure compliance with Build America, Buy America (BABA) and Davis-Bacon and Related Acts (DBRA), OFN will work with MDCLs to understand requirements and provide practical tools that they can integrate into CCIA lending programs to monitor compliance.

- *CLIMB Grant Evaluation:* As part of the CLIMB funding application, **OFN will require and evaluate a BABA and DBRA plan** (see Section 1.2.3.4) for alignment with the regulations. The plan must include how subrecipients will comply and monitor compliance with the Acts as well as OFN's periodic evaluation and compliance reviews.

- *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 required training for all subawardees and a review process to identify funded projects that may trigger either Act. Training will cover how members can use the MEP National Network's (MEPNN) supplier scouting service to identify local and regional suppliers for projects. The specialist will 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, subawardees will provide an annual attestation certifying compliance with the Acts. OFN will also conduct semi-annual compliance checks with a random, reasonable sample of subawardees to 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-MDCLs for TA Services and additional training and support.

1.2.5.3. Consumer Protection Plan

OFN prioritizes responsible lending for consumers though 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 provide an annual attestation of adherence to their submitted consumer protection plan and disclosure of any 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 protection plans and attestations 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 provide an annual attestation of adherence to their submitted housing affordability plan and disclosure of any compliance issues related to the plan. Based on the monitoring, OFN could impose training requirements, additional audits, sanctions, or remedies for noncompliance. At a minimum, reviewing the proposed plans and annual attestations 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 Centers (EJ TCTACs) 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.

At EPA's urging, the five CCIA awardees will coordinate with each other during the program period of performance, minimizing duplication and maximizing complementarity across grantees in achieving the GGRF program objectives. This coordination benefits the overall objectives of the GGRF as it will use CCIA to build capacity and engagement from diverse sectors. Further, we plan to coordinate with GGRF grantees across the National Clean Investment Fund and Solar for All programs to ensure that community lenders participating in the CCIA program are positioned to provide the broadest range possible of qualifying projects to seek and access capital from the permanent NCIF funds and from targeted state and local strategies on Solar for All.

The five CCIA awardees will coordinate as follows:

1. Pass-through strategy and logistics – coordinate on market segments served and timing of application cycles, where possible
2. Technical assistance services – share and cross-promote resources and training opportunities, where possible

3. Market building – coordinate on outreach and on-the-ground implementation of contractor accelerators and workforce development, where possible
4. Reporting – align reporting requirements, templates, metrics and standards, where possible
5. Communications – coordinate on program-level communications and cross-promote individual awardee communications, where appropriate
6. Program evaluation – collaborate on approach and implementation, where possible
7. Compliance (e.g., DBRA, BABA, EPA Terms and Conditions generally) – align messaging, training, and support, where possible
8. LIDAC engagement – coordinate on engagement, transparency, and accountability strategies and implementation, where possible

Embedded in each of the above topics, the awardees will consider joint procurement and the use of technology to increase program effectiveness and reduce costs.

As described in the letters of support, **examples of targeted coordination with SFA and NCIF awardees 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) **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.

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 reports and transaction details from CLIMB subrecipients submitted according to EPA reporting requirements and timelines, reporting from contractors, 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. OFN may procure other services to support reporting implementation, including but not limited to grant and other reporting systems.

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

Outputs	Outcomes
Climate and Air Pollution Benefits	
1. Deployed MW of new renewable energy and new storage projects. 2. Deployed net-zero features in buildings/units. 3. Financed EV purchases.	1. Metric tons of GHG emissions reduction. 2. Pounds of other air pollutant reduction in LIDACs.

Outputs	Outcomes
Equity and Community Benefits	
1. Reached LIDAC households and businesses. 2. Delivered estimated savings to LIDAC households and businesses 3. Deployed small business funding to women- and minority-owned businesses. 4. Financed income-generating assets owned by Tribal, community-, women- and minority-owned businesses. 5. Trained businesses. 6. Trained LIDAC residents. 7. Climate jobs created.	1. Increase in access to clean energy for LIDAC households and businesses. 2. Reduction in energy burden for LIDAC households and businesses. 3. Increase in clean energy market access by businesses, particularly women- and minority-owned businesses. 4. Increase in wealth building through asset ownership for Tribal, community-, women-, and minority-owned businesses. 5. Increase in number of trained members of the clean energy workforce. 6. Increase in climate jobs available.
Market Transformation	
1. OFN members begin offering at least one clean financing product. 2. Lenders participate in Nascent lender learning journey programs. 3. Lenders access TA Services resources. 4. Lenders receive CLIMB Subawards. 5. Private capital mobilized.	1. Increase in share of MDCLs with clean financing products or programs. 2. Increase in clean financing capacity and education among MDCLs. 3. Increase in the volume of clean financing deployed by MDCLs. 4. Increase in private capital mobilizing for CCIA-eligible projects.

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.

Program Evaluation

Per the NOFO, CCIA is subject to the Evidence-based Policymaking Act and therefore evaluation of the program's implementation and outcomes will occur. OFN has budgeted a portion of its administrative costs to procure an independent, third-party evaluation partner. If or when EPA provides additional guidance on its program evaluation plans and schema, OFN reserves the right to adjust its plans and budget for program evaluation accordingly.

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 **Financial Services** team, comprised of **Loan and Investment Operations** and **Investment and Portfolio Management**, 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. The team will actively monitor the performance and compliance of OFN's CLIMB portfolio. Our **Research team** 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** 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 as needed to effectively implement the program and achieve our stated outcomes and outputs. 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 EPA will be certified by our Chief Strategy Officer serving as OFN's Chief Reporting 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 support OFN's processes and ability to review and validate, verify, and assure the completeness and compliance of data reported by MDCLs and aggregated by OFN.

1.4. Program Budget

1.4.1. Expenditure and Disbursement of Awarded Funds

OFN will distribute 92% of CLIMB funding to MDCLs as CF and TA Subawards and use 8% on program administration and TA Services. OFN will expend CF and TA Subawards around the workstreams shown in our initial **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 update its CLIMB Program Schedule no less frequently than annually to include, at a minimum, efficiency opportunities as OFN matures in its administration of the CCIA program. 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. 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**
LIDAC Engagement	Transparency Postings	Regional Meeting	--	Regional Meeting; Transparency Postings	--	Regional Meeting
CF & TA Subawards	Portfolio Assessment	Application Period	Eligibility, Evaluation, Amount Determination, Approval			Closings
TA Services	Lender Trainings			Nascent Enrollment	Lender Trainings	
Reporting	Semi-annual EPA report	--	--		--	--

The CLIMB Program Schedule Excerpt is intended as a representative sample.

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 Officer will have programmatic oversight, and OFN's CFO will have financial oversight.

1.4.2. Budget Description and Table

OFN's allocated budget of $2.29B 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 92%, or $2.09B, 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
Personnel	$6.29M	$6.36M	$6.51M	$6.57M	$6.79M	$7.06M
Contractual	$28.08M	$19.37M	$17.71M	$17.90M	$19.56M	$18.18M
*Subawards**	$207.60M	$279.70M	$628.10M	$472.20M	$377.00M	$132.60M

**Excludes associated indirects*

Personnel: OFN anticipates launching the program with existing staff and adding new staff over time to administer the program. Overall, OFN will dedicate 127 people, including many existing staff, to the CLIMB program with their percentage of time ranging from 5% to 100%. Based on our proposed investment strategy and program reporting plan, OFN anticipates FTE (full-time equivalent) increases across the organization. This budget item includes an annual 5% inflation and promotion 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 and compliance 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 Operations Officer, and VP of Grant Management and Compliance, with varying percentages of time allocated to the CLIMB budget based on anticipated program responsibilities.

Fringe: OFN's 21.5% fringe rate (increasing 3% annually for inflation) 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 and LIDAC engagement 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 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 1. OFN anticipates procuring contract resources including but not limited to the following types: technical assistance services strategy, content development, and implementation including training delivery; market building strategy, content development, and implementation; event planning and implementation; labor and procurement services; help desk services; analytical and production reporting services related to deployment of Capitalization Funding including state incentive cataloging, Justice40 tract reviews, energy audits, and solar audits; contractor training and accelerator services; workforce development services; LIDAC engagement strategy, content development and implementation; and services and software supporting loan participations and syndications.

2) As capacity for **CF and TA Subaward management** (see Sections 1.3.1 and 1.3.2). OFN anticipates procuring contract resources including but not limited to the following types: underwriting and other pass-through process strategy, climate lending expertise for evaluation and documentation development, and implementation services; and subaward compliance services, software, and training including material development on topics including Davis-Bacon and 2 CFR 200.

3) For **program administration** functions related to launch, compliance, and ongoing administration such as the mid-performance strategic review and wind-down assessment. OFN anticipates procuring contract resources including but not limited to the following types: program administration support; legal services; procurement support; reporting services, software, and training including material development; award compliance services, software, and training including material development on topics including Davis-Bacon and 2 CFR 200; audit and grant compliance reviews; software procurement, development, customization, and/or upgrades including for customer relationship management software, loan and grant management software, technical assistance microsite, and learning management system; accessibility services; translation

services; whistleblower and other program transparency services; marketing and communications services including content development and delivery of training, outreach, and reporting materials such as case studies; search engine optimization services; public relationship support; website design and development; process and guideline development services; and program evaluation.

4) To access and/or customize **software** (primarily our CRM) for CF and TA Subaward application, program reporting, compliance, and transaction-level reporting needs (see Section 1.3.1). OFN anticipates procuring software resources to support the types of services listed above and is integrated into the budget accordingly.

OFN also anticipates and has budgeted for the need to serve refreshments at the CCFF to ensure participants remain at the event during breaks and interact to facilitate execution of the agenda.

Other: OFN will distribute an anticipated 92% of CLIMB award funds as CF and TA Subawards to MDCLs, ranging from $208M in Year 1 to $133M in Year 6. We have also budgeted costs related to our CCFF and other costs not categorized above, such as event space reservation fees, technology costs, and merchant fees. We also have budgeted $120,000 in participant support costs for community member stipends to participate in regional community meetings and events.

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.

Pre-award costs: OFN has incorporated pre-award costs in the Year 1 budget throughout the relevant budget categories, based on the period of performance beginning April 1, 2024. These costs are reflected in the attached budget table. We estimate pre-award costs to be less than 4% of the total Program Administration budget.