



**CLIMATE
CATALYTIC
CAPITAL
FUND**

INVESTMENT GUIDELINES



**MARYLAND CLEAN ENERGY CENTER
CLIMATE CATALYTIC CAPITAL FUND
INVESTMENT GUIDELINES**

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ARTICLE I DEFINITIONS

“Act” means Sections 10-801 et seq. of the Economic Development Code of the Annotated Code of Maryland, as amended.

“Board” means the Board of Directors of the Center.

“Center” means the Maryland Clean Energy Center.

“C3 Fund” means the Maryland Clean Energy Center Climate Catalytic Capital Fund.

“Chairperson” means the Chairperson of the C3 Fund Oversight Committee appointed pursuant to these Guidelines.

“Committee” means the C3 Fund Oversight Committee.

“Cost” means (i) the purchase price of a project; (ii) the cost to acquire any right, title, or interest in a program or project; (iii) the cost of any improvement; (iv) the cost of any property, right, easement, and franchise; (v) cost of demolition, removal, or relocation of structures; (vi) the cost of acquiring land to which the structures may be moved; (vii) the cost of equipment; (viii) financing charges; (ix) interest before and during construction and, if the Center determines, for a limited period after the completion of construction; (x) reserves for principal and interest and for improvements; (xi) the cost of revenue and cost estimates, architectural, engineering, financial, and legal services, plans, specifications, studies, surveys, and other expenses necessary or incident to determining the feasibility of improving a program or project; and (xii) other expenses as necessary or incident to financing a program or project, acquiring and improving a project within a program, and placing a project or program in operation.

“Fiscal Year” means the fiscal year of the Center which begins on July 1 and ends on June 30 in the following calendar year.

“General Assembly” means the General Assembly of the State of Maryland.

“Governor” means the Governor of the State of Maryland.

“Guidelines” means these Maryland Clean Energy Center C3 Fund Guidelines, as the same may be amended, amended and restated, supplemented or otherwise modified from time to time in accordance with the terms hereof.

“Low-to moderate-income household” means a household located in a census tract with an average median income at or below 80% of the average median income for the State.

“Qualified Program or Project” means a program or project related to the purposes specified in Section 2.1 of these Guidelines.

“State” means the State of Maryland.

“Statute” means Maryland Economic Development § 10-855, as amended.

“Vice Chairperson” means the Vice Chairperson elected by the Committee pursuant to these Guidelines.

ARTICLE II PURPOSE

2.1 Purpose and Function of the C3 Fund.

(a) The purpose of the C3 Fund is to promote geographical impact remedies and to leverage increased private capital investment in technology development and deployment, including project planning, to:

- (i) reduce greenhouse gas emissions and enable the adoption of measures to combat climate impacts;
- (ii) facilitate the electrification of the transportation sector and the use of sustainable alternative fuels in aviation;
- (iii) enable improvements in energy management and efficiency to reduce greenhouse gas emissions from the building sector;
- (iv) expand the deployment of clean energy generation and energy storage capacity;
- (v) target the implementation of energy and weatherization measures for Low-to moderate-income households;
- (vi) optimize the economic, health, social, and environmental value of community-scale infrastructure for resilience and energy equity;
- (vii) allow for the deployment of advanced clean energy technology;
- and (viii) provide for the creation of a Maryland Green Bond program.

(b) The function of the C3 Fund is to achieve the objectives listed above to the fullest extent permitted by the Act or any other applicable provisions of the laws of the State of Maryland or regulations of the State’s agencies, in each case, pertaining to the purpose or investments of the C3 Fund.

(c) In addition to the purposes outlined in subsection (a) above, any allocation of monies from the C3 Fund may take into consideration the State climate change policies and programs and any climate mitigation and adaptation measures.

2.2 Independent Audit.

The C3 Fund is subject to an independent audit. The Center shall report to the Governor and the General Assembly on the use of the C3 Fund and outcomes of investments made from the C3 Fund on or before October 1 of each year.

ARTICLE III C3 FUND OVERSIGHT COMMITTEE

3.1 Name of Committee.

The name of the Committee shall be the “C3 Fund Oversight Committee.”

3.2 Purpose of C3 Fund Oversight Committee.

The purpose of the Committee is to manage the C3 Fund. Expenditures from the C3 Fund may be made only with the approval of the Committee and for Qualified Programs or Projects.

3.3 Membership and Term.

(a) The Board shall appoint the members of the Committee. The Committee shall consist of at least four (4) members, but not more than eleven (11) members, and shall be comprised as follows:

- (i) at least one (1) member, but not more than four (4) members shall have a background in finance (including debt, equity, grants, and program and project level finance) relating to climate change, clean energy, and sustainable technologies and/or industries and including large and smaller scale standardized and aggregated transactions;
- (ii) at least one (1) member, but not more than two (2) members shall have a background in clean energy technologies and/or sustainable industries;
- (iii) at least one (1) member, but not more than two (2) members shall have a background in state and local climate change mitigation and adaptation policies and programs;
- (iv) one (1) member shall have a background in the legal industry; and
- (v) two (2) members shall be determined in the sole discretion of the Board.

(b) The term of an appointed member is three (3) years and begins on July 1 of

each year. For the initial terms, the Board shall ensure that the members have staggered terms, with appointments being required for the first three years of the Committee. At the end of a term, an appointed member continues to serve until a successor is appointed and qualifies. A member who is appointed after a term has begun serves only for the rest of the term and until a successor is appointed and qualifies.

(c) In making appointments to the Committee, the Board may consider diversity and all geographic regions within and outside the State.

3.4 Chairperson.

The Committee shall elect from its members a Chairperson who shall serve a term of one (1) year or until a successor is chosen by the Committee, whichever is longer. The Chairperson shall preside at all meetings of the Committee which he or she attends.

3.5 Vice Chairperson.

The Committee shall elect from its members a Vice Chairperson who shall serve a term of one (1) year or until a successor is chosen by the Committee, whichever is longer. In the absence or incapacity of the Chairperson, the Vice Chairperson shall perform all the duties and responsibilities of the Chairperson. In the absence or incapacity of the Vice Chairperson, or in case of his or her resignation or death, the Committee shall elect from among its members an acting Vice Chairperson during the time of such absence or incapacity or until such time as the Committee shall elect a new Vice Chairperson.

3.6 Removal.

One or more Committee members may be removed, with or without cause, by the affirmative vote of a quorum of the Board.

3.7 Compensation.

No Committee member shall at any time receive compensation for the performance of his or her duties, but a Committee member may be reimbursed by the Center for expenses under the Standard State Travel Regulations, as provided in the State budget.

ARTICLE IV COMMITTEE MEETINGS

4.1 Meetings of the Committee.

The Committee shall determine the times and places of its meetings.

4.2 Regular Meetings.

The Committee shall hold regular meetings for the transaction of any lawful business of the Committee related to the C3 Fund. The regular meetings shall be held in accordance with a schedule of meetings established by the Committee, provided that the Committee shall meet at least four (4) times per calendar year.

4.3 Special Meetings.

The Chairperson may, when the Chairperson deems it appropriate, call a special meeting of the Committee for the purpose of transacting any business designated in the notice of such meeting.

4.4 Order of Business.

The order of business of any meeting of the Committee shall be as set forth in the agenda for such meeting. The Committee may vary the order of business in its discretion.

4.5 Organization.

At each meeting of the Committee, the Chairperson, or in the absence of the Chairperson, the Vice Chairperson, shall act as presiding officer. The presiding officer shall prepare or direct the preparation of a record of the business transacted at such meeting. Such record, when adopted by a quorum of the Committee members in attendance at the next meeting, shall be the official minutes of the Committee meeting.

4.6 Attendance.

Any member of the Committee may participate in a meeting of the Committee by means of teleconference, videoconference, or similar communications equipment, enabling all Committee members participating in the meeting to hear one another, and participation in a Committee meeting shall constitute presence in person at such a meeting.

4.7 Quorum.

A quorum of the Committee shall consist of a majority of the Committee members.

4.8 Enactment.

When a quorum is present, an affirmative vote of a majority of voting members attending the Committee meeting shall be sufficient for action, including the passage of any resolution for investment approval, except as may otherwise be required by these Guidelines or applicable law.

4.9 Report of Committee Actions.

The Committee shall report to the Board on the Committee's actions and activities at the Board meeting next following each Committee meeting.

4.10 Legal Requirements.

All meetings of the Committee shall be noticed and conducted in accordance with the applicable requirements of the Public Information Act and the Open Meetings Act.

ARTICLE V INVESTMENTS

5.1 Investment Types.

(a) The investment types related to the C3 Fund include the Revolving Loan Fund, the Block Grant Program, the Equity Investment Fund, and the Capacity Building Program. The Revolving Loan Fund will provide debt financing for programs in all sectors, including those serving homes and businesses targeting Low- to moderate-income households. The Block Grant Program will provide grants in all sectors, including those focusing on local government and community organizations. The Equity Investment Fund will support actions in all sectors, including technology startup and advancement. The Capacity Building Program will support training, technical assistance, and other enabling activities of partners and collaborators. These sources of investment may be utilized in various sectors, including, but not limited to, the energy sector, the transportation sector, the buildings sector, the agriculture sector, the forestry sector, the waste sector, and others, as determined from time to time by the Board.

(b) Additional funds and sub-funds may be created, as determined from time to time by the Board.

5.2 C3 Funding Sources.

- (a) C3 Funding sources specifically authorized by the Statute include:
- (i) money appropriated in the State budget to the C3 Fund;
 - (ii) money made available to the C3 Fund through private contributions and federal grants or programs;
 - (iii) proceeds from the sale, disposition, lease, or rental of collateral related to financing made from the C3 Fund;
 - (iv) repayment of financing made from the C3 Fund;

- (v) returns from or recovery of any financing made from the C3 Fund;
- (vi) proceeds from the sale of any financing made or assets acquired with proceeds, from the C3 Fund;
- (vii) interest earnings on money in the C3 Fund; and
- (viii) any other money from any other source accepted for the benefit of the C3 Fund, including, without limitation, state or federal loan or other programs.

5.3 Use of the C3 Fund.

- (a) The C3 Fund may be used only to:
 - (i) evaluate and coordinate financing for Qualified Programs and Projects and clean energy technologies related to the purposes specified in Section 2.1;
 - (ii) provide financing for Qualified Programs and Projects;
 - (iii) facilitate efficient tax equity markets for Qualified Programs and Projects;
 - (iv) secure private investment capital for financing of Qualified Programs and Projects;
 - (v) make grants to other green banks in the State for the purpose of financing Qualified Programs and Projects; and
 - (vi) administer the C3 Fund and activities of the Center in carrying out this part, provided, however, not more than 5% of the C3 Fund balance may be used for administrative purposes.

(b) The C3 Fund may not be used for a project to install new equipment that uses fossil fuels or improve the efficiency of existing equipment that uses fossil fuels.

(c) In each Fiscal Year, at least 40% of the C3 Fund balance shall be used for Qualified Programs and Projects in communities with Low-to moderate-income households; provided, however, if in any Fiscal Year there are not sufficient applications for Qualified Programs and Projects in communities with Low-to moderate-income households, the Committee may authorize funding that would otherwise be reserved for Low-to moderate-income households to be used for other Qualified Programs and Projects.

- (d) So long as a program relates to or includes a use specified in subsection (a)

above, the Committee may authorize the use of monies from the C3 Fund for program development, including, without limitation, the standardization and aggregation of projects and transactions with programs.

5.4 Procedures of General Applicability to Investments.

(a) The Committee shall make information regarding the rates, terms, and conditions for all its investment transactions available to the public for inspection, provided that public disclosure shall be restricted for patentable ideas, trade secrets, proprietary or confidential commercial or financial information, and disclosure of which may cause commercial harm to a nongovernmental recipient of such financing support.

(b) Any entity that receives an investment for a Qualified Program or Project shall provide the Committee with an annual statement during the time period that C3 Funds are dispersed, certified as correct by the chief financial officer or authorized representative of the recipient of such investment, setting forth all sources and uses of C3 Funds for such program or project in such detail as may be required by the Committee. The Committee will maintain any such audits for not less than five (5) years.

ARTICLE VI APPLICATION PROCEDURES & REPORTING REQUIREMENTS

6.1 Low-to Moderate-Income Qualified Program or Project Applications.

Prior to September 30 of any Fiscal Year, the Committee will prioritize applications for Qualified Programs or Projects in communities with Low-to moderate-income households. Following September 30 of any Fiscal Year, the Committee may authorize C3 Funds to be used for other Qualified Programs or Projects.

6.2 Competitive Selection and Award.

(a) The Committee may determine that the circumstances require for the submission of applications through the competitive selection process. Under the competitive selection process, applicants must complete a request for proposal (“RFP”) and follow the schedule pursuant to the formal qualifications and selection criteria provided in the RFP.

(b) During the competitive selection process, an RFP shall be published or distributed in a manner that the Committee determines will promote broad participation in the process. Notice of the RFP shall be posted on the website of the Center. The RFP will include guidelines that set forth information regarding the proposer’s qualifications, project eligibility, fees and expenses, and any other applicable information related to the Qualified Program or Project.

(c) Applications through the competitive selection process are due by the 15th of each month for an award to be made approximately 60 days thereafter.

(d) The selection process will be conducted on a fair and thorough basis by the Committee. The selection process may include a scoring of the received RFPs administered by the Committee. One or more proposers may be selected for the purpose of entering into negotiations, if applicable, with respect to a Qualified Program or Project. The Committee will consider, including, but not limited to, the following selection criteria under the competitive selection process:

- (i) the eligibility of the proposer;
- (ii) the proposer's qualifications and experience;
- (iii) the financial feasibility of the Qualified Program or Project, including the availability of required financing;
- (iv) the level and type of greenhouse gas emissions and or climate vulnerability reductions provided by the program or project;
- (v) the level and type of environmental, energy, and resource sustainability and security provided by the program or project;
- (vi) the cost-effectiveness of the Qualified Program or Project;
- (vii) the technological characteristics of the Qualified Program or Project, including scale up potential;
- (viii) the jobs and improved workforce environment created by the Qualified Program or Project; and
- (ix) the contributions by the Qualified Program or Project towards the statutory purposes of the C3 Fund.

All proposers will be notified of the results of the selection process on the website of the Center.

(a) The Committee will have the authority to award any RFP under the competitive selection process. Approval shall be subject to such program or project-specific terms, conditions, and requirements, as may be determined by the Committee within the limits established by the Committee.

Upon mutual agreement, the parties may enter into a contract to memorialize the agreed-upon terms and conditions subject to all necessary approvals. Any RFP, financing or

contracting documents shall include, such provisions as may be required by applicable laws or executive orders.

(b) If the Committee determines that the responses to the RFP have been insufficient in number or quality to achieve its objectives, the RFP may be extended, withdrawn and reissued, or cancelled at any time.

6.3 Programmatic Selection and Award.

(a) The Committee may determine that the circumstances require the submission of applications through the programmatic selection process. Under the programmatic selection process, the Committee will admit applications for Qualified Programs or Projects on a continuing or periodic basis.

(b) Applications through the programmatic selection process are due by the 15th of each month for an award to be made approximately 60 days thereafter.

(c) The Committee will consider, including, but not limited to, the following selection criteria under the programmatic selection process:

- (i) the eligibility of the proposer;
- (ii) the proposer's qualifications and experience;
- (iii) the financial feasibility of the Qualified Program or Project, including the availability of required financing;
- (iv) the level and type of greenhouse gas emissions and or climate vulnerability reductions provided by the program or project;
- (v) the level and type of environmental, energy, and resource sustainability and security provided by the program or project;
- (vi) the cost-effectiveness of the Qualified Program or Project;
- (vii) the technological characteristics of the Qualified Program or Project, including scale up potential;
- (viii) the jobs and improved workforce environment created by the Qualified Program or Project; and
- (ix) the contributions by the Qualified Program or Project towards the statutory purposes of the C3 Fund.

(d) The Committee will have the authority to award any programmatic

applications. Investment in a Qualified Program or Project shall be subject to such project-specific terms, conditions, and requirements, as may be determined by the Committee within the limits established by the Committee.

6.4 Strategic Selection and Award.

(a) The Committee may determine based on what would best serve the purpose of the C3 Fund, the uniqueness of opportunity, urgency of need, cost or similar factors, that the Committee's direct participation is required in the selection of funding a Qualified Program or Project through the strategic selection process. The Committee must execute an affirmative resolution adopted by a majority of the Committee permitting the utilization of the strategic selection process.

(b) The Committee must determine that the advantages of the strategic selection process outweigh the general public interest of an open and public process based on the finding of at least three (3) of the following characteristics:

- (i) Capabilities: The candidate obtains exceptional experience, expertise, availability, or holds a patent or other proprietary rights beneficial to the C3 Fund.
- (ii) Uniqueness: The Qualified Program or Project is unique based on its location, technology, improvements, implementation, or other similar unique attributes.
- (iii) Relevance: The Qualified Program or Project greatly aligns with the purpose of the C3 Fund or the overall mission of the Center.
- (iv) Urgency and Timeliness: The Qualified Program or Project requires an urgent need to act or the Qualified Program or Project would become unavailable due to a delay.
- (v) Multiphase Project; Existing Investment: The Qualified Program or Project is connected to a multiphase proposal or the Qualified Program or Project supports an existing investment or initiative under the C3 Fund.

(c) The Committee will have the authority to award any strategic selection application. Committee approvals under the strategic selection process shall to the extent applicable be subject to the procedures detailed in Section 6.1 and Section 6.2 above.

6.5 Reporting Requirements.

(a) Award recipients shall report to the Committee concerning the Qualified Program or Project financed with the proceeds from the C3 Fund annually. The report shall include the following:

- (i) construction status of the Qualified Program or Project;
- (ii) a financial statement specifying the amount of C3 Funds spent on the Qualified Program or Project in the preceding Fiscal Year;
- (iii) a summary of the operations and activities related to the Qualified Program or Project during the preceding Fiscal Year; and
- (iv) any such other information as may be reasonably requested by the Committee.

(b) If an event occurs that may delay or present adverse conditions which may materially impair the ability of the award recipient to meet the objectives of the Qualified Program or Project, the award recipient shall report to the Committee as soon as the impairment arises.

ARTICLE VII MISCELLANEOUS

7.1 Amendment of Guidelines.

These Guidelines may be altered, amended or repealed by the affirmative vote of at least a quorum of the Board.