Wednesday, June 18, 2025
3:30 PM
Virtual Access:
https://us02web.zoom.us/j/81019471108?pwd=DZjXcmPHepKUvOvRgTaVnpglR8UUwA.1
Meeting ID: 810 1947 1108
Passcode: 454638

Investment Oversight Committee Agenda

3:30 PM – 3:35 PM	**Welcome**	**Ms. Magruder** **MCEC, Executive Director** **Chair Lierman** **Comptroller, Maryland**
3:35 PM – 3:40 PM	**Minutes** • Thursday, April 17, 2025 (ATTACHMENT A)	**Ms. Powers**
3:40 PM – 3:45 PM	**Financials** • C3 Fund Financial Statements Year-to-Date (ATTACHMENT B)	**Ms. Magruder**
3:45 PM – 4:00 PM	**Closed Session** ***Motion to close the meeting in accordance with Section 3-305(5), the Investment Fund Oversight Committee is closing the meeting to comply and consider the investment of public funds, and section 3-305 (b)(13) to comply with specific constitutional, statutory, or judicially imposed requirement that prevents public disclosures about a particular proceeding or matter.***	**Chair Lierman**
4:00 PM – 4:05 PM	**Re-Open Meeting** **Closed Session Report**	**Chair Lierman** **Ms. Magruder**
4:05 PM – 4:50 PM	**WSP Presentation** • Fund Strategy Recommendations • Proposed Loan Pricing Approach • Risk Assessment Framework • Impact Assessment	**Ms. Berardo** **Ms. Dixon** **Ms. Piscetek**

4:50 PM – 4:55 PM	**New Business**
	• Proposed Meeting Dates FY 2026
	  ○ Thursday, August 21, 2025
	  ○ Thursday, October 16, 2025
	  ▪ 2025 Summit
	  ▪ Alternative date Thursday, October 23, 2025
	  ○ Thursday, December 18, 2025
	  ○ Thursday, February 19, 2026
	  ▪ 2026 Legislative Reception
	  ▪ Alternative date Thursday, February 26, 2026	

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Investment Oversight Committee Agenda

- Thursday, April 16, 2026
- Thursday, June 18, 2026

4:55 PM - 5:00 PM	**Closing Remarks** **Adjourn Meeting**	**Acting Chair Pezza** **Ms. Magruder**

NEXT MEETING: TBA, 2025, 3:30 PM – 5:00 PM

Thursday, April 17, 2025
3:30 PM
Zoom Access: https://us02web.zoom.us/j/86228636118?pwd=RmhKblhJUlIrWE04LzZLcFBIM2VnQT09
Meeting ID: 862 2863 6118
Passcode: 504361

Investment Oversight Committee Meeting Minutes

Present: Vice Chair, Mr. Jimmy Rhee, Mr. Elorm Addae-Nuku, Ms. Yinka Bode-George, Mr. Al Delia, Mr. James McDonnell, Mr. Christopher Peoples, Ms. Pam Bucklinger, Mr. Daniel Hazard, Ms. Kathy Magruder, Ms. Pamela Powers, Ms. Kim Pezza, Ms. Michelle Staudenmeier, Mr. Lawrence Twele, Mr. Keith Wang, Mr. Noah Wood, Ms. Karin Berardo, Ms. Jen Dixon, and Ms. Melissa Piscetek, with guest Mr. Max Baitman.

Excused: Chair, Comptroller Brooke Lierman, Ms. Marissa Ramirez, and Ms. Marsha Absher

Welcoming Remarks: Mr. Rhee welcomed committee members to the meeting at 3:33 PM.

First Order of Business: The first order was to approve the C3 Fund Investment Oversight Committee Meeting Minutes for Monday, March 24, 2025.

Vice Chair Rhee requested a motion to approve the C3 Fund Investment Oversight Committee meeting minutes for Monday, March 24, 2025, as presented. Mr. Delia moved the motion. Mr. Peoples seconded the motion. The motion passed with no objections or abstention.

Chair Lierman – EX
Mr. Rhee - AYE
Mr. Addae-Nuku – AYE
Ms. Bode-George – AYE
Ms. Bruce – AYE
Mr. Delia - AYE
Ms. Kelly – AYE
Mr. McDonnell – AYE
Ms. Pelletier - AYE
Mr. Peoples – AYE
Ms. Ramirez – EX

Financial Report: Ms. Magruder presented the year-to-date financial statements for the C3 Fund, noting the interest earned with expenses paid. Questions were raised concerning the cost of due diligence performed for a project application.

Strategy for Fund Deployment & Transaction Review Methodology: WSP representatives, Ms. Berardo, Ms. Dixon, and Ms. Piscetek, presented strategy options for the C3 Fund. The presentation included a work plan with operations and tools update for members.

Closed Session:

Pursuant to MD General Provisions Article, Section 3-305 (5), the Investment Fund Oversight Committee is closing the meeting to comply consider the investment of public funds, and section 3-305 (b)(13) comply with specific constitutional, statutory, or judicially imposed requirement that prevents public disclosures about a particular proceeding or matter.

Vice Chair Rhee requested a motion to close the meeting in accordance with Section 3-305 (5,) the Investment Fund Oversight Committee is closing the meeting to comply consider the investment of public funds, and section 3-305 (b)(13) comply with specific constitutional, statutory, or judicially imposed requirement that prevents public disclosures about a particular proceeding or matter. Mr. Delia moved the motion. Ms. Kelly seconded the motion. The motion passed with no objections or abstentions.

Chair Lierman – EX
Mr. Rhee - AYE
Mr. Addae-Nuku – AYE
Ms. Bode-George – AYE
Ms. Bruce – AYE
Mr. Delia - AYE

Thursday, April 17, 2025
3:30 PM
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Investment Oversight Committee Meeting Minutes

Ms. Kelly – AYE
Mr. McDonnell – AYE
Ms. Pelletier - AYE
Mr. Peoples – AYE
Ms. Ramirez – EX

Open Session:

Vice Chair, Rhee requested a motion to re-open the meeting to transact additional business and report on any action taken during the closed session. Delia moved the motion; Ms. Pelletier seconded the motion. The motion passed unanimously with no objections or abstentions.

Chair Lierman – EX
Mr. Rhee - AYE
Mr. Addae-Nuku – AYE
Ms. Bode-George – AYE
Ms. Bruce – AYE
Mr. Delia - AYE
Ms. Kelly – AYE
Mr. McDonnell – AYE
Ms. Pelletier - AYE
Mr. Peoples – AYE
Ms. Ramirez – EX

Closed Session Report: Ms. Magruder reported on actions taken during the closed session.

Vice Rhee requested a motion to approve the Maryland School for the Deaf Term Note investment, as presented and recommended by MCEC Management and Staff, based on their due diligence and deal negotiation, sub-committee review and recommendation, and IOC review and approval, all subject to satisfaction of contingencies and conditions to close as presented to the committee with confirmation of commitment of the Department of General Services as contemplated. Mr. Peoples moved the motion. Ms. Bruce seconded the motion. The motion passed with no objections or abstentions.

Chair Lierman – EX
Mr. Rhee - AYE
Mr. Addae-Nuku – AYE
Ms. Bode-George – AYE
Ms. Bruce – AYE
Mr. Delia - AYE
Ms. Kelly – AYE
Mr. McDonnell – AYE
Ms. Pelletier - AYE
Mr. Peoples – AYE
Ms. Ramirez – EX

New Business & Announcements: Mr. Rhee thanked committee members for their time. Ms. Magruder announced the next meeting of the IOC on Thursday, June 18, 2025, from 3:30 PM to 5:00 PM.

Adjournment:

Vice Chair Rhee requested a motion to adjourn. Ms. Pelletier moved the motion. Mr. Delia seconded the motion. The meeting adjourned at 4:58 PM with consensus.

Meeting Recording: https://bit.ly/C3IOC_2025_04.17

C3 Fund

Income Statement
For period ending May 31, 2025

Prepared on
June 5, 2025

Program Reporting:C3 Fund Direct P&L

September 2023 - May 2025

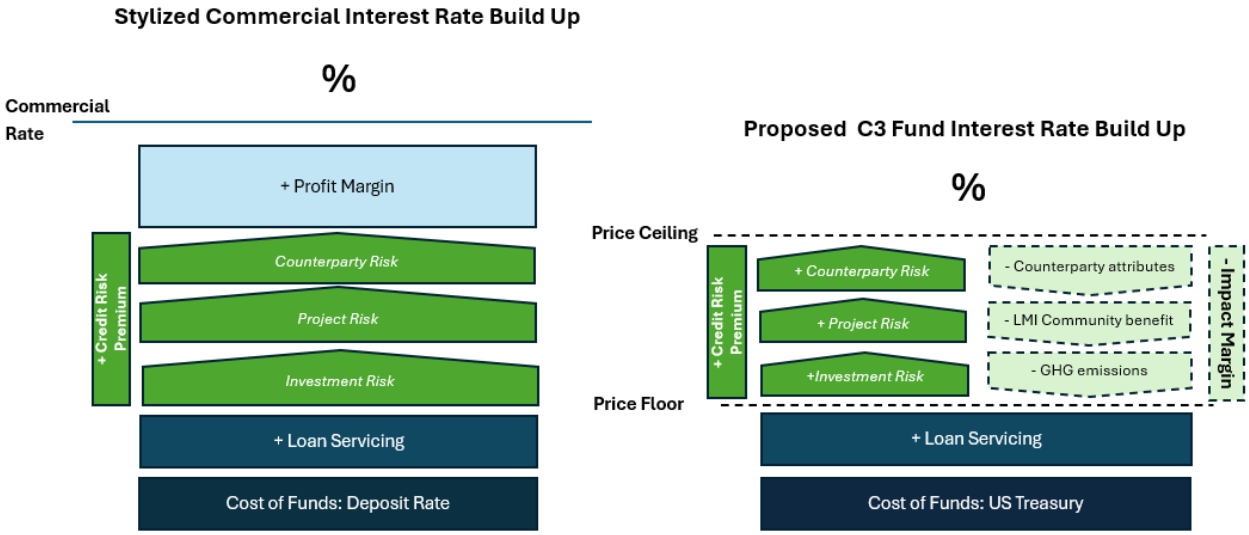
	Sep 2023 - Jun 2024	Jul 2024 - May 2025	Total
INCOME			
4100 Grant Revenue			0.00
C3 Fund Administration Revenue	5,000,000.00	5,000,000.00	10,000,000.00
Total 4100 Grant Revenue	**5,000,000.00**	**5,000,000.00**	**10,000,000.00**
Total Income	**5,000,000.00**	**5,000,000.00**	**10,000,000.00**
GROSS PROFIT	**5,000,000.00**	**5,000,000.00**	**10,000,000.00**
EXPENSES			
6000 Program/Grant Support			0.00
C3 Fund Direct Support			0.00
Outside contractors	3,622.50	128,709.11	132,331.61
Professional services - accounting	5,000.00		5,000.00
Professional services - legal	3,450.50	5,900.00	9,350.50
Total C3 Fund Direct Support	**12,073.00**	**134,609.11**	**146,682.11**
Total 6000 Program/Grant Support	**12,073.00**	**134,609.11**	**146,682.11**
Total Expenses	**12,073.00**	**134,609.11**	**146,682.11**
NET OPERATING INCOME	**4,987,927.00**	**4,865,390.89**	**9,853,317.89**
OTHER INCOME			
4950 Restricted Interest Income	149,634.36	265,143.03	414,777.39
Total Other Income	**149,634.36**	**265,143.03**	**414,777.39**
NET OTHER INCOME	**149,634.36**	**265,143.03**	**414,777.39**
NET INCOME	**$5,137,561.36**	**$5,130,533.92**	**$10,268,095.28**

C3 Fund Pricing Approach and Guidance Memo, May 2025

Executive Summary

This memo sets out the approach to pricing C3 Fund loans. WSP has recommended that the C3 Fund takes a cost build up model for pricing loans. This approach disaggregates the loan price into key elements and enables C3 Fund to identify the relative contribution of key variables to the loan price and adjust for C3 Fund mandate.

WSP recommends a cost build up model using i) the US Treasury rate, of the relevant tenor, as a base rate or notional cost of funds, ii) a loan servicing element, and iii) a credit risk premium based on the Risk Assessment and Management Framework and iv) a discretionary impact deduction which could be subtracted from the loan price depending on proposed impact outcomes associated with the project. This approach seeks to attributes "value" to expected or sought impact, which is not reflected in market rates, promoting the catalytic characteristics of the C3 Fund's debt instruments, with a price floor protecting the non-discretionary price. An impact premium would be calculated based on ex-ante impact estimates using the Impact Assessment Framework. This approach is presented in the figure below.



This memo recommends an implementation approach for each element of the pricing build up. It also outlines a pricing calculator structure based on the buildup, which WSP will build and calibrate.

1. Introduction

The C3 Fund requires a standard methodology for loan pricing, capturing the interactions between risk, return, cost of capital, and impact. This pricing approach is applicable to *loan* pricing only. The C3 Fund's use of debt as catalytic capital will involve extending concessional or more flexible terms to borrowers than those commercial lenders would offer to borrowers, or lending to borrowers or projects which would not be considered by commercial lenders. This approach provides structured guidance on how to deploy debt as catalytic capital while supporting fund financial sustainability.

The approach is a foundational building block for C3 Fund lending operations. The Risk Assessment and Management Framework is a key input to the Pricing Approach and Model, the output of which will be a key input into the C3 Financial Model.

2. Recommended Approach for C3 Fund Loan Pricing

There are various approaches to loan pricing; none is purely scientific, and there is room for discretion and adjustments to suit the mandate and strategy of the lending entity. Alternative approaches may include cost build up approaches, economic model approaches, or comparable prices; a combination of approaches can be used as a sense check.

WSP recommends a modified cost build up model for C3 Fund loan pricing. This approach disaggregates the loan price into key elements: i) cost of capital, ii) servicing costs, iii) risk premium, and iv) impact incentives (instead of a margin). We recommend this approach for C3 Fund for the following reasons:

1. Disaggregation helps to identify the relative contribution of key variables to the loan price
2. Relative simplicity and ease of implementation, including access to data inputs
3. The use of a base rate, such as US Treasury, compensates for opportunity cost, as well as anchoring the price to market conditions
4. The credit risk premium will be explicitly linked to the C3 Fund Risk Assessment and Management Framework
5. It may internalize desired impact outcomes by providing impact-related loan price reductions
6. Price floor aims to preserve fund capital

3. The Standard Cost Build Up Approach – An Overview

A standard cost build up or cost of funds formula includes i) the *cost of funds* incurred by the lender in raising the funds to be lent; ii) the loan *arranging and servicing costs*, iii) a *risk premium* to reflect the various economic factors inherent in the proposed loan, and iv) a *margin*. The mathematical approach to the cost build up method is as follows:

$$\boldsymbol{PL = cf + ls + rp + m}$$

Where:

Variable	Name	Description
$\boldsymbol{cf}$	Cost of Funds (%)	Borrowing costs incurred by lending institution. In the case of a publicly capitalized institution such as C3 Fund this is effectively zero and so may be proxied by risk-free/very low risk government borrowing rates.
$\boldsymbol{ls}$	Loan service rate (%)	Operational costs directly associated with loan servicing and management
$\boldsymbol{rp}$	Risk premium (%)	Additional cost of assessing and taking on credit or repayment risk associated with the loan

Variable	Name	Description
m	Margin (%)	"Margin" for the lending institution covering the incremental cost of equity required to support the loan

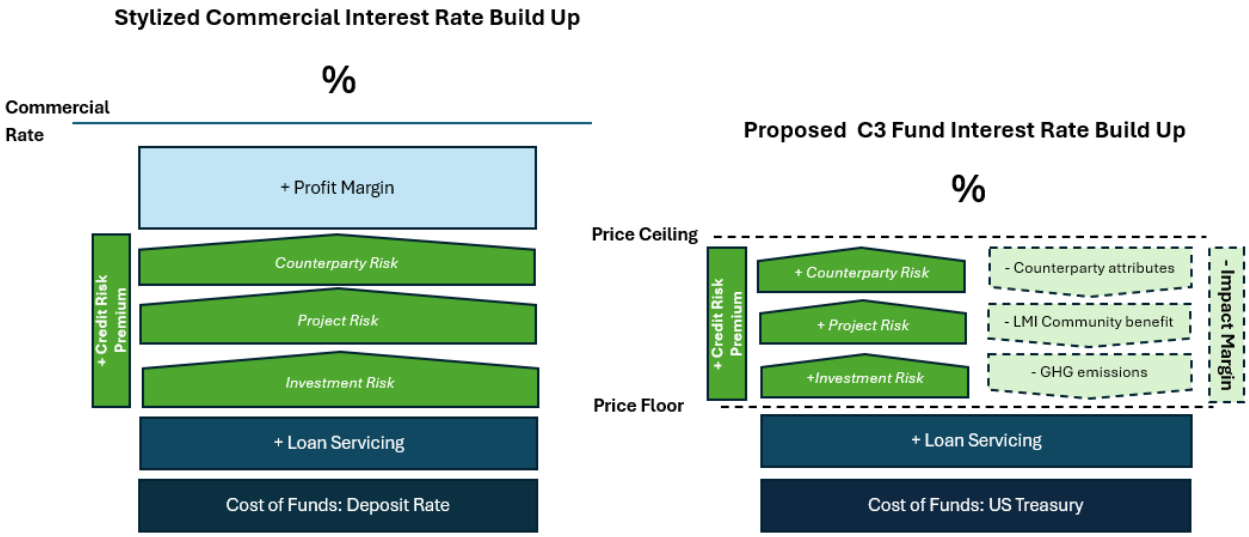
The standard cost build up approach includes non-discretionary (cost of funds, servicing and risk premium) and discretionary elements, such as profit margin and which in a commercial setting would be a profit for the lender.

4. C3 Pricing Approach Implementation

Green Banks and funds like the C3 Fund must balance their impact mandate against other strategic or commercial imperatives such as the pursuit of financial sustainability, capital preservation and/or covering costs. The pricing approach is an important tool in pursuing and balancing these objectives.

Figure 1 below shows a stylized comparison between the proposed C3 Fund cost build up and a commercial build up for a loan/borrower with the same characteristics. The C3 Fund approach allows for impact offsets, so it will always be lower than the commercial rate. The C3 Fund approach ensures that the impact deduction does not exceed the credit risk premium, so the approach ensures that the C3 Fund is compensated for credit risk and recoups some costs.

Figure 1. Cost Build Up Comparison



Thus, the proposed C3 pricing mathematical approach to the cost build up method is as follows:

$$\boldsymbol{PL = cf + ls + rp - [im]}$$

$$\text{Where } \boldsymbol{(rp - im) \geq 0}$$

Table 1 below sets out the specific recommendations for each element of the cost build-up for loan pricing.

Table 1. Elements of the Cost Build Up – Recommendations for C3 Fund

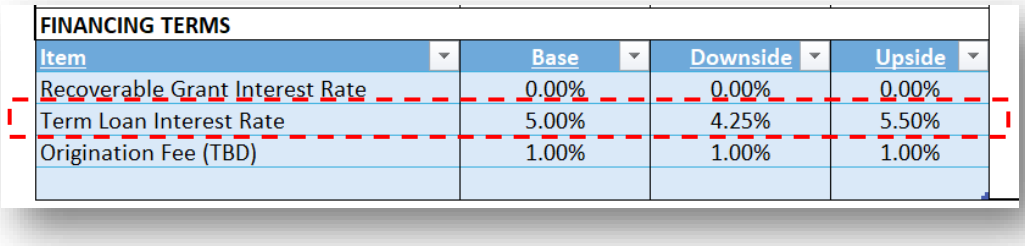
Element	Recommendation	Rationale/ C3 Fund Context	Implementation Approach
Cost of Funds cf	Use of a Risk-Free Rate in lieu of the cost of borrowing. i.e. the US Treasury Rate	• Typically, this would be the borrowing cost incurred by lending institution. • C3 Fund has been capitalized by state appropriations. Therefore, it has no 'cost of capital' in the conventional sense. • The use of a market benchmark links C3 Fund lending to market conditions.	• Select a UST rate with the closest match to the term of the loan as the base or reference rate. • The cost of funds may change as C3 Fund's capital base evolves
Loan Servicing Rate ls	Add a percentage addition to cover costs associated with managing and administering the loan.	• In pursuit of financial-sustainability, C3 Fund must cover the costs of managing and administering a loan, including processing payments, maintaining records, providing customer support, handling escrow accounts for property taxes and insurance, and ensuring compliance with regulations. • C3 Fund does not have a standard estimate for loan servicing costs. In the short term, C3 Fund will likely operate at a high loan servicing ratio; as it grows in scale and matures, servicing costs will likely decline as a ratio of loan balance outstanding. • The cost of loan servicing will vary depending on the structure of the loan, e.g. monthly draws on a construction loan will be more costly and time consuming to administer than a one-off draw down. • Rationale for fees and a suggested approach are set out in the Strategy Document.	• Rate estimated by C3 Fund and consistently applied to each loan, aligned with the short term goal of operational efficiency (Revenue >/= OpEx) • Initially recommend a flat rate of 0.25% (25 bps) • Over time as the portfolio grows and/or servicing is outsourced the rate can be adjusted. • The servicing rate may also be adjusted for different types of loans that have different levels of servicing required (e.g. monthly draws vs. one-off drawdown)
Risk Premium rp	• C3 Fund should add a spread reflecting the 'cost' of assessing and accepting the credit or repayment risk associated with the borrower and the loan, based on the C3 Fund Risk Assessment and Management Framework	• Characteristics that will usually increase the risk for a lending include long tenor, absence of security, subordination, high LTV or application of the loan to a risky project. • Characteristics which limit the lender's risk, such as strong collateral, a high-quality guarantee, experienced management or restrictions on future behavior of the borrower, will reduce the rate.	• Calculate Risk Premium using Risk Assessment and Management Framework. • For each of risk category – Counterparty, Project and Investment- a basis point increment will be assigned, depending on whether the proposed investment is assessed as risk level 1-5 under the Risk Framework. • Add calculated premium to the combined reference rate and servicing cost.

Element	Recommendation	Rationale/ C3 Fund Context	Implementation Approach
Impact Margin (im)	• Dispense with the margin element, per the standard cost build up approach, and, instead, calculate an impact premium • C3 Fund should implement a price floor, where $im = rp$.	• This approach enhances the catalytic nature of the debt instrument but provides structure around any rate reductions • This approach attributes "value" to expected impact, which market rates do not reflect. This C3 Fund loan rate would appear concessional in comparison to commercial financiers. • It would be based on ex-ante impact estimates with price floor protecting some of the non-discretionary price. • While deductions for impact would de facto erode the risk premium (see figure 1 above), this reflects the idea that C3 Fund is willing to take on additional risk (inherent in the nature of the borrowers and projects) without seeking returns to compensate. • The deductions based on the impact premium would be discretionary.	• Cost build up consists of RfR+ Servicing Fee+ (Risk Premium – Impact Premium) • Based on the Impact Assessment Framework, calculate an Impact Premium based on the evaluation of core impact areas • On a discretionary basis, apply this premium to the cost build up • Set a price floor to support financial sustainability

5. Loan Pricing Calculator

The pricing calculator will follow the structure set out above. The output of the pricing calculator with be an important input into the financial model and can be varied in the Financing Terms sensitivity shown below. One approach could be to have the Downside interest rate be the price floor (i.e. the whole impact premium subtracted in the price build up) and the upside be the sum of the risk-based pricing build up (price ceiling) and the base case be the price output with some portion of the Impact Premium subtracted. This rate sensitivity feeds into the cashflow and return scenarios in the model. Note that the 'downside' analysis in the financial model is based solely on financial returns to the fund.

Figure 1. Extract from Financial Model Inputs



FINANCING TERMS			
Item	Base	Downside	Upside
Recoverable Grant Interest Rate	0.00%	0.00%	0.00%
Term Loan Interest Rate	5.00%	4.25%	5.50%
Origination Fee (TBD)	1.00%	1.00%	1.00%

The credit risk premium is generated based on the Risk Assessment and Management Framework, while the proposed deductions are based on the Impact Premium will be determined based on the Impact Framework.

Table 2. Pricing Calculator Outline

Element	Description	Proposed Value
(a) Cost of Funds cf	**Selected based on tenor of loan being offered**	**US Treasury of appropriate tenor**
(b) Loan Servicing Rate ls	**A small percentage to cover the costs of servicing the loan**	**+ 0.25%**
Price Floor	***A floor below which d) cannot reduce the price***	$im = rp$
(c) **Risk Premium rp**	Total of adders for credit risks based on risk assessment framework	Sum of increments assigned to each element of credit risk
Counterparty	*Risk Assessment: High/med/low*	+ bps TBD
Project	*Risk Assessment: High/med/low*	+ bps TBD
Investment	*Risk Assessment: High/med/low*	+ bps TBD
Sub-total	***Total of non-discretionary elements of pricing equation***	$cf + ls + rp$
(d) **Impact Margin (im)**	Deduction based on the Impact Premium	Impact Premium or some proportion of it is a discretionary deduction in the price build up
Total	**Sum of the pricing equation**	$cf + ls + rp - im$
Price Ceiling	**A ceiling on the loan price**	$cf + ls + rp - im$, ***where*** $im=0$

6. Benchmarking and Comparables

A supplementary method such as an 'arm's length' comparable loan (internal or external comparable) can be assessed against the cost build up as a sense check. A comparable loan means a loan with similar characteristics to the one that is being priced. Loan characteristics include the amount, tenor, collateral package, borrower profile, etc. The closer the characteristics of the lender are to C3 Fund, the more reliable the loan may be as a comparable market. For instance, commercial banks, green banks, and development financial institutions may be sources of funding for building retrofits, but commercial banks will have a lower degree of comparability to C3 Fund as they are profit maximizing, whereas green banks and development banks and more closely aligned because of their impact objectives.

It is difficult to gather perfect comparable data from other lenders with enough accuracy to apply the approach, however, we recommend maintaining a spreadsheet or database of market comps and internal pricing over time to facilitate benchmarking and sense checking proposed pricing. The fund should engage with peers and contacts in commercial banks periodically to conduct high level benchmarking to guide pricing. Benchmarking will also be informative in assessing types and level of fees attached to lending or other products. The institutions listed below may be suitable comparables but the degree comparability declines as the lender becomes more commercially oriented.

- Impact Mandate

    - DC Green Bank
    - Montgomery County Green Bank
    - IPC
    - Connecticut Green Bank
- Government-backed
    - SBA
- Commercial
    - Sandy Spring
    - Eagle Bank
    - Amalgamated

C3 Fund Risk Assessment and Management Framework

The Risk Assessment and Management Framework (the Framework) will be central to underwriting and due diligence in Phase 2 of the Investment Process. Getting a full understanding of the counterparty, project and investment risks the proposed transaction will inform structuring, risk mitigation approaches, loan pricing and portfolio risk management during the asset management phase.

The Framework is primarily geared towards debt investments and assessing repayment risk but is also relevant to other instruments (e.g. recoverable grants and credit enhancements) with minor modifications. For Recoverable Grants, the aim is to assess risk of non-recovery of principal over the investment horizon, and for Credit Enhancement, the underlying risk of the project and probability of C3 Fund payout

Risks have been categorized as three main groupings – counterparty, project and investment – with a number of underlying constituent elements. The weighting of each grouping will vary depending on the type of financing extended by C3 Fund e.g. corporate v. project financing.

It is non-exhaustive, sector agnostic and not intended to be prescriptive, but rather a framework to understand the level of inherent risk posed by a counterparty and the project, as well as the structure of the investment proposed, which may also offer mitigants to the first two risk groupings (counterparty and project).

Proposed Use Cases

1. Pricing – credit risk assessment determines Credit Risk Premium in pricing model (see Pricing Approach and Guidance)
2. Investment case and Investment Memorandum – advising the IOC on the risks and mitigants associated with the investment and make an informed decision; documented in the Investment Memorandum.
3. Portfolio Monitoring– portfolio investments should be reassessed periodically (annually) to evaluate changing risk profile and whether additional monitoring and engagement with borrowers may be required or additional mitigants put in place.

Risk Assessment Approach and Guidance

1. The proposed risking grading system assigns a numerical score (1 to 5) to each element, with 5 being the highest risk and 1 the lowest.
2. The assessment is largely qualitative and will be based on the review of due diligence materials, engagement with the applicant and judgment of the underwriter, unless an objective, quantitative metric e.g. LTV is available.
    a. As C3 applicants are likely to be earlier-stage businesses, less experienced developers, and emerging customer and channel strategies, the risk framework generally does not include quantitative ranges for historical company performance ratios e.g. EBITDA etc.
3. The risk assessment will help the team to identify the fundamental risks associated with a counterparty and a project, as well as consider suitable mitigants in the structuring process and also where C3 Fund can reflect its catalytic mandate by taking on more risk than would be acceptable to commercial lender.
4. The framework is intended to be flexible and recursive; the underwriting should assess the inherent risk associated with the counterparty, the project and the investment (as far as details are known), including any existing mitigants.

5. Each element should be reconsidered as the instrument is structured and where new mitigants are known or negotiated. The risk rating of a given element may change through the due diligence and underwriting process. In turn, the pricing model may also be recalibrated in response to risk adjustments.

C3 Fund Risk Assessment and Management Framework

Risk	Example Sources of information	5	4	3	2	1	Potential mitigants	Additional Guidance
1. Counterparty	• Historical financials and balance sheet • Years and relevance of sponsor experience	• No/Limited Revenue • Ambitious forward-looking assumptions • Weak BS/High existing debt burden • No/Limited Track Record	• Falls between 3 and 5	• Some/ Limited Revenue • Moderate forward-looking assumptions • Moderately strong BS/moderate existing debt burden • Some Track Record in the industry	• Falls between 1 and 2	• Existing Revenue • Conservative forward-looking assumptions • Strong BS/limited or well managed existing debt burden • Strong Track Record	• Guarantee: - Third Party - Personal (and strong net worth) - Corporate	• Historical financials and ratios will reflect the stage (relatively early) of the majority of C3 applicants • Consider what C3 Funding will enable • Consider industry type and nuance e.g. capital intensity
2. Project	• **See below**	• **Average of ratings of elements below**	• **Falls between 3 and 5**	• **Average of ratings of elements below**	• **Falls between 1 and 2**	• **Average of ratings of elements below**	• **See below**	• **Risk ratings for constituent elements are averaged to give an indication of overall project risk**
Repayment Profile	• *Project revenues and sources (e.g. SRECs, PPA, savings, revenue, sales)* • *Reasonableness of Proforma Projections* • *Debt Service*	• *Primary sources of repayment are not clear and are uncontracted* • *Ambitious forward-looking assumptions for project revenues* • *DSCR ~1x*	• *Falls between 3 and 5*	• *Primary sources of repayment are clear and ideally, are contracted; secondary sources unclear or unavailable* • *Moderate forward-looking assumptions for project revenues* • *DSCR 1.2x - 1.5x*	• *Falls between 1 and 2*	• *Clear and contracted primary, secondary (and possibly tertiary) sources of repayment identified* • *Conservative forward-looking assumptions for project revenues* • *DSCR >1.5x*	• *Guarantee* • *Collateral* • *Cash Sweep* • *Escrow Accounts* • *Interest Reserve Account*	• *Consider impact of operational, technology risks, market and legal and regulatory risks outlined below as they pertain to ability to repay* • *Conduct sensitivity/scenarios in financial model*

Risk	Example Sources of information	5	4	3	2	1	Potential mitigants	Additional Guidance
Operational	• *Site control* • *Delays in reaching milestones* • *Poor performance etc.*	• *Significant risk of delays to repayment conditions or underperformance with no or few mitigants*	• *Falls between 3 and 5*	• *Moderate risk of delays to repayment conditions or underperformance with some mitigants*	• *Falls between 1 and 2*	• *No/low risk of delays to repayment conditions or underperformance with some or significant mitigants*	• *Management experience* • *Permitting etc. already in place* • *Site control secured and documented* • *Budget Contingencies* • *Performance insurance*	• *Relates to repayment risk through delays, cost overruns and impacts on revenue generation/ profitability* • *Will vary significantly based on phase of project/financing e.g. a construction loan v. term loan*
Market	• *Market dynamics and Pricing* • *Demand Drivers* • *Sectoral nuances*	• *New market, unclear demand and volatile pricing, significant challenges in customer acquisition and/or sales*	• *Falls between 3 and 5*	• *Intermediate market, growing demand, moderate pricing volatility, moderate challenges in customer acquisition and/or sales*	• *Falls between 1 and 2*	• *Mature market, stable or growing demand, stable pricing, few challenged in customer acquisition and/or sales*	• *Clear and detailed business or project strategy* • *Strong partnerships* • *Conservative revenue and cost assumptions* • *Contingencies*	• *Staff can draw on knowledge, experience, subject matter experts, industry reports etc. to assess market dynamics*
Legal/ Regulatory/ Political	• *Regulatory changes and delays* • *Regulatory revenues, tax credits etc.* • *Equipment supply chain (tariffs)* • *Policy changes* • *Political/public interest considerations*	• *Highly sensitive to regulatory changes, delays or political or public interest considerations*	• *Falls between 3 and 5*	• *Moderately sensitive regulatory changes, delays or political or public interest considerations*	• *Falls between 1 and 2*	• *Limited sensitivity to regulatory changes, delays or political or public interest considerations*	• *Experienced Management team* • *Budget contingencies* • *Conservative/ comprehensive project planning with built in mitigants Operates in a supportive jurisdiction*	• *Relates to operational and repayment risk through potential for delays, cost overruns and impacts on revenue generation/profitability and repayment* • *May also relate to policy or public interest considerations around projects and project impacts*
Technology Risk	• *Production forecasts* • *Engineering reports* • *Market research* • *GHG emission assessment/*	• *Technology is unproven or experimental*	• *Falls between 3 and 5*	• *Technology is newer but has started to be adopted and data exists to support analysis*	• *Falls between 1 and 2*	• *Technology is mature, well-understood and proven to be commercially viable*	• *Third party engineering report confirming projections etc.* • *N/a for new technology but consider the*	• *Relates to repayment risk (energy production, savings, sales etc.)* • *Failure to meet impact targets/ reputational for MCEC* • *Intended use of proceeds e.g. if the funds will be*

Risk	Example Sources of information	5	4	3	2	1	Potential mitigants	Additional Guidance
	calculations/ assumptions						*intended use of proceeds*	*used to specifically advance a newer technology*
3. Investment	• **See below**	• **Average of ratings of elements below**	• ***Falls between 3 and 5***	• **Average of ratings of elements below**	• ***Falls between 1 and 2***	• **Average of ratings of elements below**	• **See below**	• **Risk ratings for constituent elements are averaged to give an indication of overall investment risk**
Size	• *Size of investment* • *% of fund*	• *>10% of committed capital*	• *Falls between 3 and 5*	• *5-10% of committed capital*	• *Falls between 1 and 2*	• *>5% of committed capital*	*N/a*	• *Relates to degree of portfolio concentration that the proposed investment would result in*
Investment Loan to Value	• *Investment/ Project size*	• *Up to 100% LTV*	• *Falls between 3 and 5*	• *Up to [80%] LTV*	• *Falls between 1 and 2*	• *[> 80%] LTV*	• *Strong collateral package*	• *Lending a higher LTV strip may be a way for C3 Fund to fulfill the 'catalytic' nature of its mandate*
Investment length	• *Tenor of loan*	• *10 years and above*	• *Falls between 3 and 5*	• *5-10 years*	• *Falls between 1 and 2*	• *<5 years*	• *Loan is fully amortizing/no balloon*	• *Lending for longer tenors may be a way for C3 Fund to fulfill the 'catalytic' nature of its mandate – but could impact C3 financial sustainability*
Subordination	• *C3 Fund Position* • *Lien*	• *First Loss/Equity/Mezzanine Position*	• *Falls between 3 and 5*	• *Subordinate Lien*	• *Falls between 1 and 2*	• *Senior Lien*	• *Parent guarantee* • *Various collateral rights* • *Lien against equipment or assets within the financing* • *Lien against other assets or revenues*	• *Accepting a subordinated position in the capital structure is a way in which C3 Fund could the 'catalytic' nature of its mandate and crowd in other capital*
Collateral Value	• *Collateral Value* • *Outlook for collateral/asset value*	• *No or limited collateral*	• *Falls between 3 and 5*	• *Partially Collateralized*	• *Falls between 1 and 2*	• *Fully or nearly fully collateralized*	• *Loan is fully collateralized*	• *Appraised or market value of collateral where available* • *Types of acceptable collateral include equipment, other assets, revenue, contracts etc.*

Investment Oversight Committee Meeting

Wednesday, June 18, 2025

Katherine Magruder
Executive Director

Anmol Vanamali
Chief Investment Officer

Keith Wang
Finance Manager

Noah Wood
Senior Lending Analyst

CLIMATE CATALYTIC CAPITAL FUND

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Agenda

Agenda Item	IOC Action
Meeting Minutes - April 17, 2025	*Requesting Approval*
Financials	*No action; update only*
Pipeline Update	*Requesting Approval*
Strategy Workstream	
Fund Option/ Asset Allocation	*Requesting Approval*
Operations Workstream	
Pricing Policy and Approach	*No action; update only*
Risk Assessment and Management	*No action; update only*
Impact Assessment and Management	*No action; update only*
Project Next Steps	*No action; update only*

1. Meeting Minutes

Motion to approve the meeting minutes from Thursday, April 17, 2025, as presented.

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2. Financials

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3. Pipeline Update

Close Session

Motion to close the meeting in accordance with Section 3-305(5), the Investment Fund Oversight Committee is closing the meeting to comply and consider the investment of public funds, and section 3-305 (b)(13) to comply with specific constitutional, statutory, or judicially imposed requirement that prevents public disclosures about a particular proceeding or matter.

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Reopen Session

Motion to re-open the Meeting to transact additional business and report on any action taken during the closed session.

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4. Strategy Workstream

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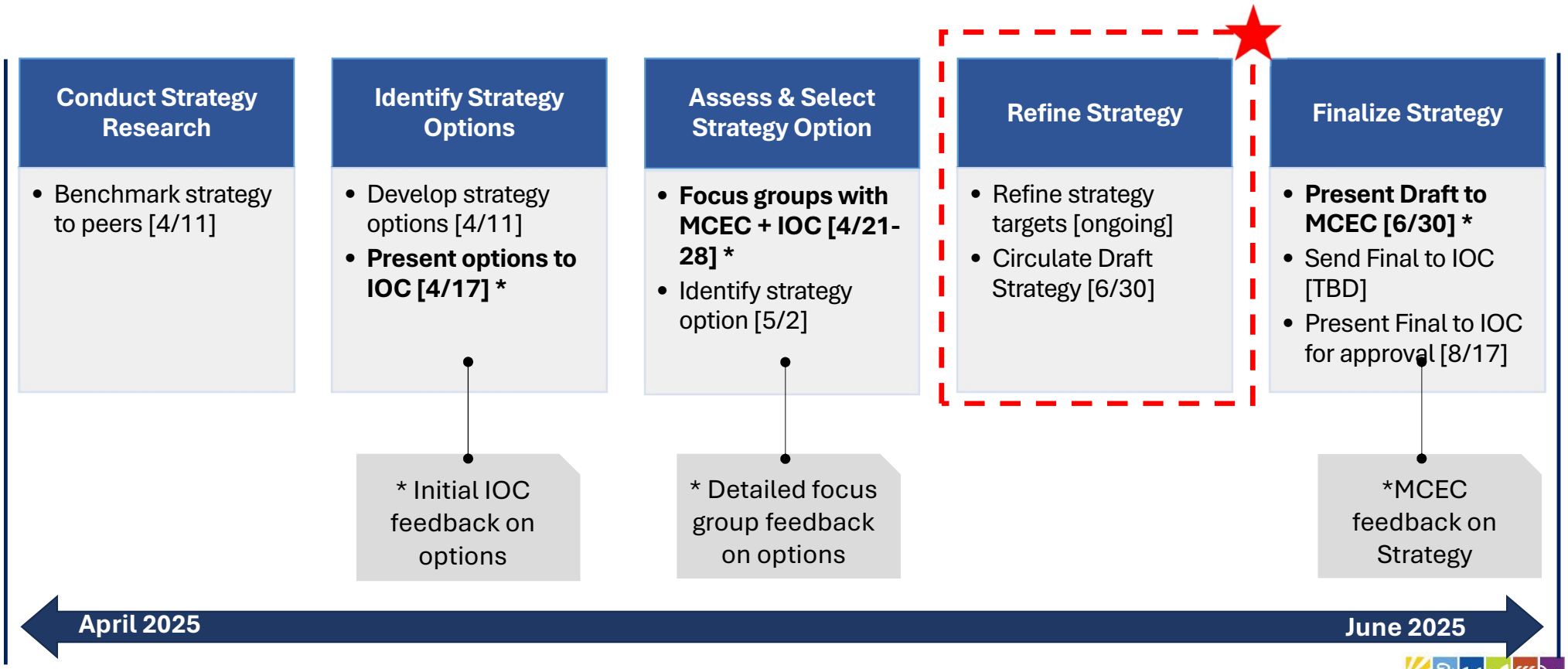
Strategy Development Workplan



Strategy Focus Group Recap

There were a range of views on the fund's overarching goal: some participants thought that C3 Fund should "lean" into the risk to help scale new tech / investments, while others favored a higher income focus.

However, there is broad agreement that the Fund should help catalyze new ventures, early technology that can be scaled, etc.

There is broad agreement that the fund should be enduring.

- Most participants think that the fund should be operationally sustainable, but that some capital injections to grow the fund and / or replenish capital is appropriate.
- "Seeking self-sustainability" is an appropriate short to medium term position.
- Longer term self-sustainability is deemed to be a worthwhile goal, though participants accepted that a critical mass is necessary to become financially self-sustainable (~$50 million as a rule of thumb).

Most popular was the "blended finance" option, with multiple participants expressing a preference for it, though not specifying the precise asset allocation %, most favored the 3 instrument offering (debt, CE, recoverable grant).

There is broad agreement that C3 should forge partnerships and collaborate with players in MD's impact fund landscape.

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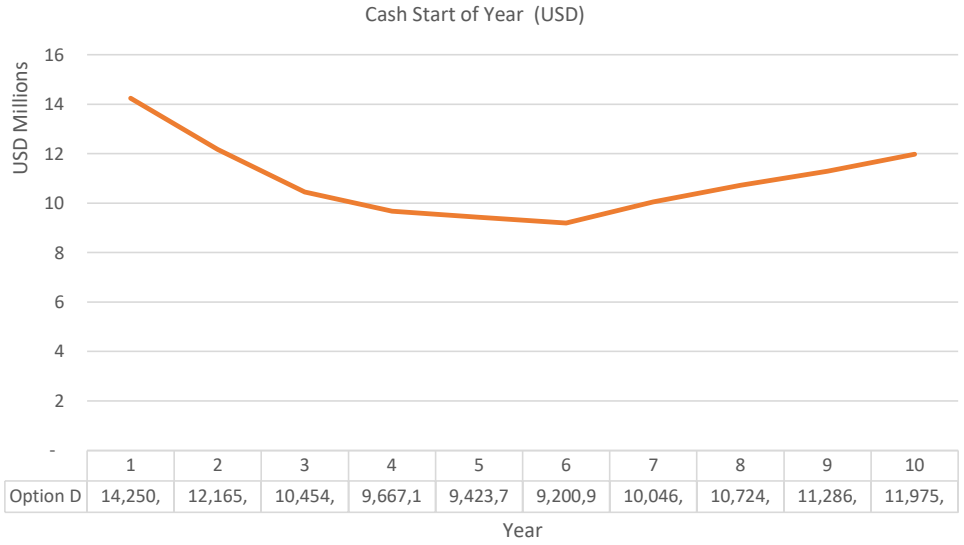
Selected Fund Option

Higher-risk and mid-complexity fund with higher impact and ability to leverage private capital.

Cash to…	Option D	Notes
Loans, of which:	**70%**	
Tranche A	*34%*	*2 years, 5% APR*
Tranche B	*33%*	*5 years, 7% APR*
Tranche C	*33%*	*8 years, 10% APR*
Credit Enhancement	**20%**	
Recoverable Grant	**10%**	0.9 return mult.



Cash Start of Year pa ($ Thousands)

Year	1	2	3	4	5	6	7	8	9	10
Option D	$14,250	$12,165	$10,454	$9,667	$9,424	$9,201	$10,047	$10,725	$11,286	$11,975

See Annex 1 for Fund Financial Forecast

Strategy Framework

Strategy Framework

Overarching Goal

Strategic Objectives

Key Performance Indicators

Implementation Roadmap

1. Efficiently deploy investment into clean energy measures, technologies and infrastructure intended to reduce GHG emissions and mitigate the effects of climate change.
2. Catalyze private capital to support Maryland businesses and organizations deploying these technologies, especially those that would not otherwise have access to financing and have the ability to scale.
3. Optimize economic, health, social, and environmental impacts, including for LMI communities, and measure impact via performance targets.
4. Seek strategic partnerships to boost impact and scale commercial capital, e.g., across (institutional capital, CDFIs, impact funds, community banks and credit unions, etc.).
5. Achieve financial returns to the fund that contribute to its long-term financial sustainability.
6. Secure additional funding from federal, state, philanthropic foundations, and capital market sources to boost fund longevity.

Strategy Framework

- Overarching Goal
- Strategic Objectives
- KPIs
- Implementation Roadmap

A set of quantitative and qualitative targets to monitor and evaluate achievement of Strategic Objectives, for example:

Strategic objectives	Strategy elements	KPIs
1. Efficiently deploy investment into clean energy measures, technologies and infrastructure intended to reduce GHG emissions and mitigate the effects of climate change.	Markets: Financial and commercial ecosystems where projects are developed, financed, and deployed.	• **Amount of capital deployed (p.a.)** • **GHG emissions avoided or reduced (measured in tCO_2e), (p.a., per $ invested on an investment weighted basis)** • **MW of solar, wind or other renewable energy capacity financed (p.a., per $ on an investment weighted basis)** • **Average time from project approval to fund disbursement.**
4. Seek strategic partnerships to boost impact and scale commercial capital, e.g., across (institutional capital, CDFIs, impact funds, community banks and credit unions, etc.).	Partnerships : Strategic collaborations with public, private, and nonprofit entities to expand MCEC's reach, effectiveness, and impact.	• **Number of partnerships.** • **Distribution across partner types (% institutional, % CDFIs, % banks, etc.).** • **Percentage/number of repeat partners.**
	Sources of capital: The various funding streams that provide the financial resources needed to support MCEC's investments.	• **Number of funding streams by type.** • **Capital amount per funding stream and distribution of capital across funding streams.**
	Financial sustainability: Ability to maintain and grow operations over time without relying solely on continuous public funding.	• **Private capital catalyzed multiplier**

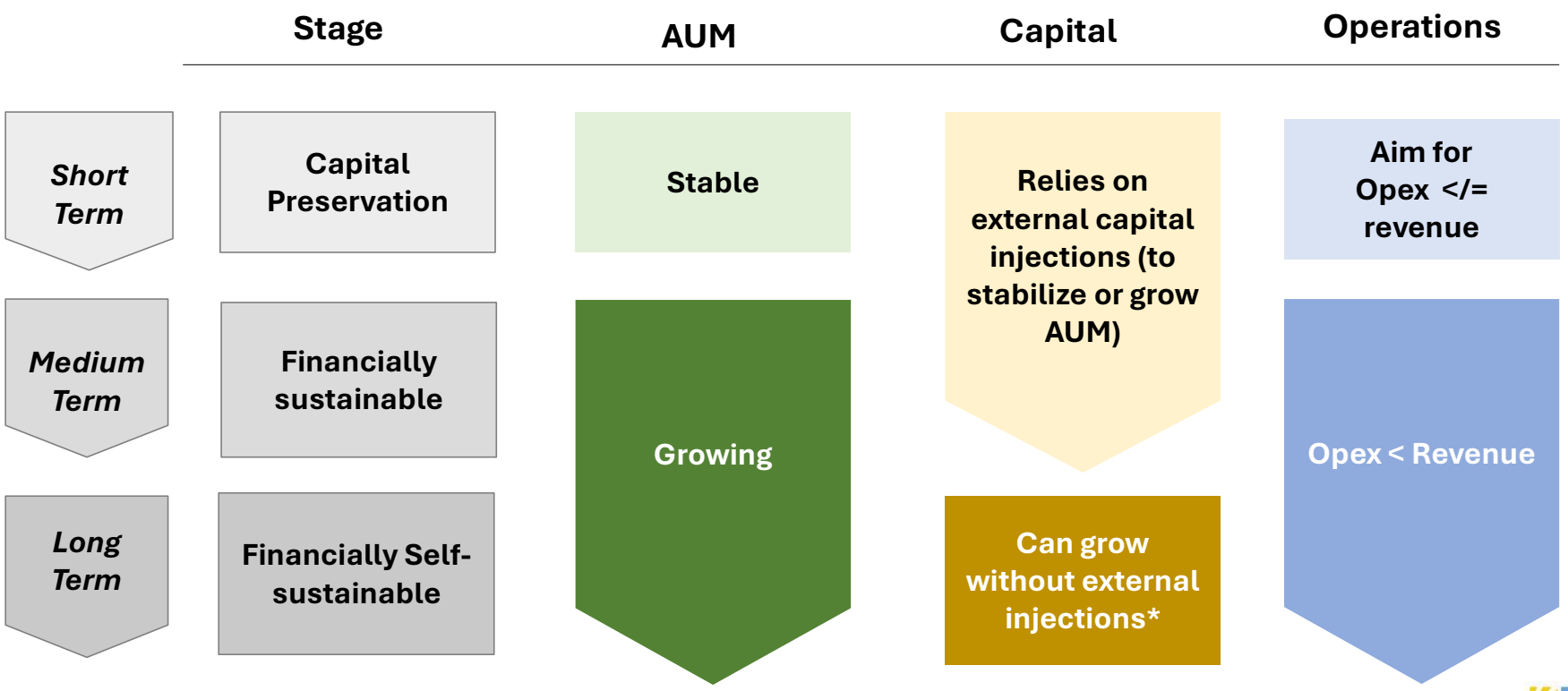
Strategy Framework

- Overarching Goal
- Strategic Objectives
- Key Performance Indicators
- Implementation Roadmap

- **The Strategy contains specific, short-term, medium-term and long-term recommendations for C3 Fund to achieve the strategic objectives**
- **It also sets out roadmaps for achieving financial sustainability (see next slide), expanding the capital base of the fund, partnerships (see extract below) and origination**

Partner Type	Examples	Strategic Alignment	Challenges
Green banks	MCGB, Baltimore Green Bank	C3's closest peers and competition. Focus on creating synergies around social impact goals and working together to serve similar communities, working together to optimize social impacts and climate finance deployment, supporting MD and national knowledge and stakeholder networks.	Need to carefully manage relationship given mutual competition for clients and funding.
CDFIs	FSC First, Lendistry	Focus on creating synergies around social impact goals and working together to serve similar communities, supporting MD and national knowledge and stakeholder networks.	Need to carefully manage relationship given mutual competition for clients and funding.
TA providers	Maryland Energy Innovation Accelerator	Focus on creating synergies within MD's innovation and climate tech ecosystems, creating networks of entrepreneurs. Opportunity to use existing TA providers as source of project pipeline.	Coherence between existing TA provided and C3's needs/available investment opportunities.

Pathway to Financial Self-Sustainability



* May still receive them

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Motion to adopt the Fund Strategy Recommendations as presented by WSP.

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5. Operations Workstream

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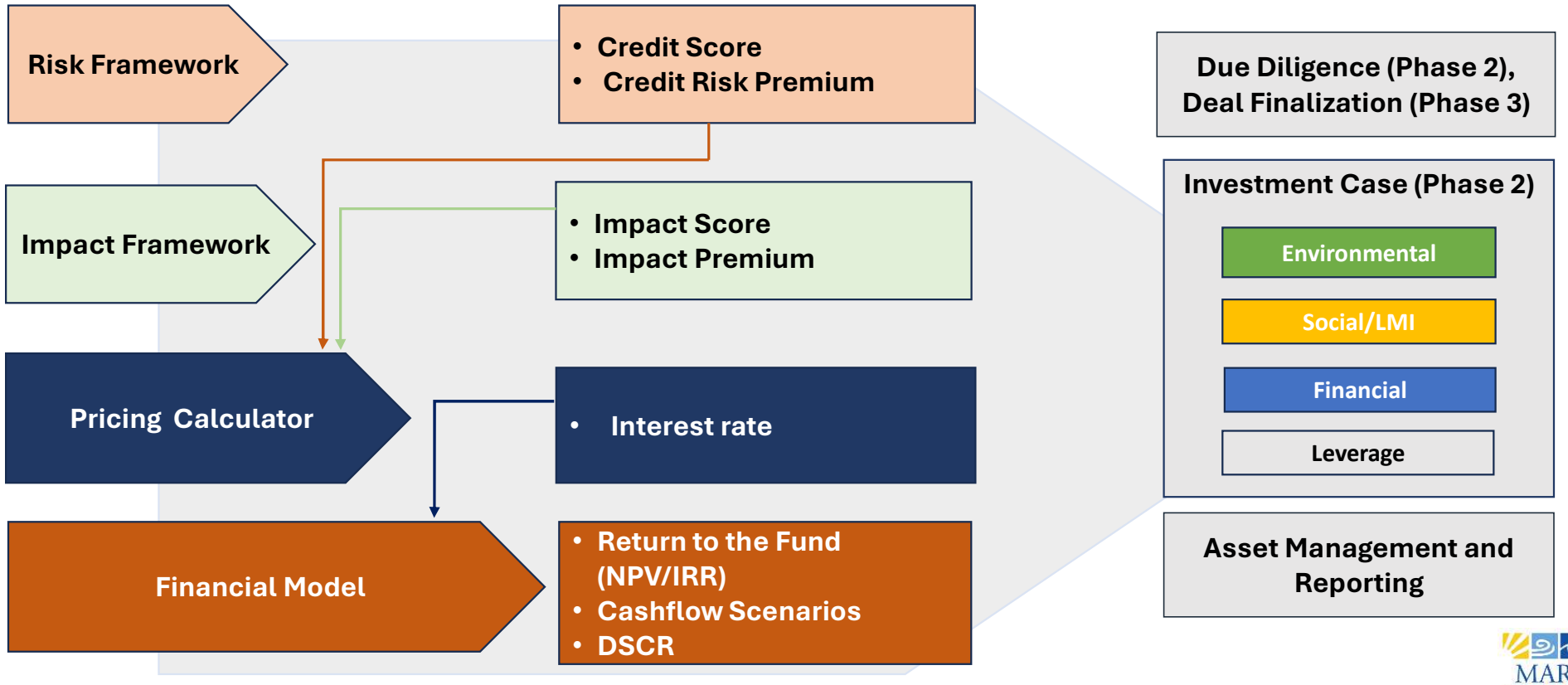
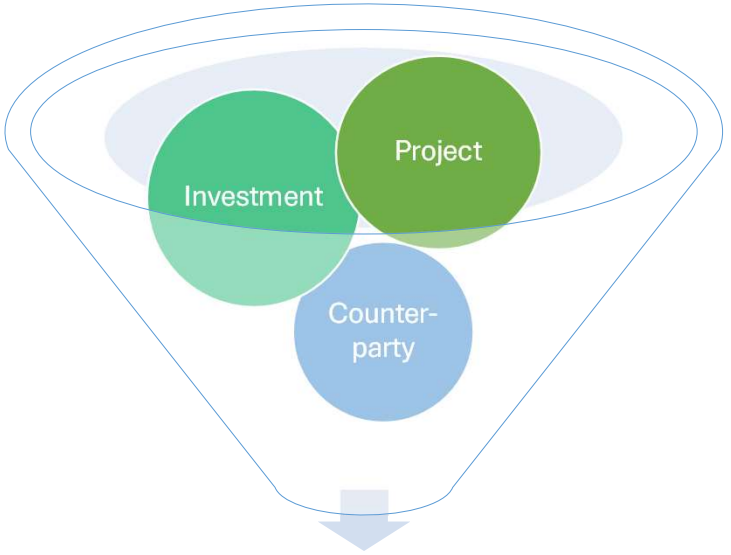
Financial Modeling: Inputs and Outputs



Risk Assessment- Overview

- The Risk Assessment and Management Framework will be central to underwriting and due diligence in Phase 2 of the Investment Process. Primarily geared towards debt investments and assessing repayment risk but is also relevant to other instruments (e.g. recoverable grants and credit enhancements) with minor modifications.
- It is non-exhaustive, sector agnostic and not intended to be prescriptive, but rather a framework to understand the level of inherent risk posed by a counterparty and the project, as well as the structure of the investment proposed, which may offer mitigants
- Use Cases: Underwriting and Pricing, Investment Case and Memo, Portfolio Monitoring



Credit Risk Premium

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Risk Assessment- Framework

- The underwriter will assign each element a score based on the materials available and the framework guidance
- Counterparty Risk is shown below as an example

Risk	5	4	3	2	1
Counterparty	• No/Limited Revenue • Ambitious forward-looking assumptions • Weak BS/High existing debt burden • No/Limited Track Record	• Falls between 3 and 5	• Some/ Limited Revenue • Moderate forward-looking assumptions • Moderately strong BS/moderate existing debt burden • Some Track Record in the industry	• Falls between 1 and 3	• Existing Revenue • Conservative forward-looking assumptions • Strong BS/limited or well managed existing debt burden • Strong Track Record

- The guidance provided in the Risk Assessment Framework on assessment, sources of information, any objective measurement standards, acceptable mitigants etc. will be codified in the Underwriting Standards document.

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Risk Assessment- Credit Risk Premium

Risk	Risk Level	Rationale
1. Counterparty	5	
	1.00	
2. Project	2.00	
Repayment Profile	3.00	
Operational	4.00	
Market	5.00	
Legal/Regulatory/Political		
Technology Risk	3	
3. Investment	4	
Size	1	
Investment Loan to Value	4	
Investment length	5	
Subordination	3	
Collateral Value	5	

The Assessment Framework has been turned into an excel-based tool for risk rating and credit premium calculation, linked to the Pricing Calculator
The underwriter completes the risk rating based on the Underwriting guidance, document review, engagement with borrower etc.

The completed risk rating can be dropped into the Investment Memo

Depending on the type of loan under consideration, each grouping can be weighted differently.

The tool include pre-sets for project or corporate finance, or the option to enter custom weights

Current Selected Risk Weighting	Counterparty	Project	Investment
Corporate Lending	40%	30%	30%
Project Finance			
Corporate Lending			
CUSTOM			

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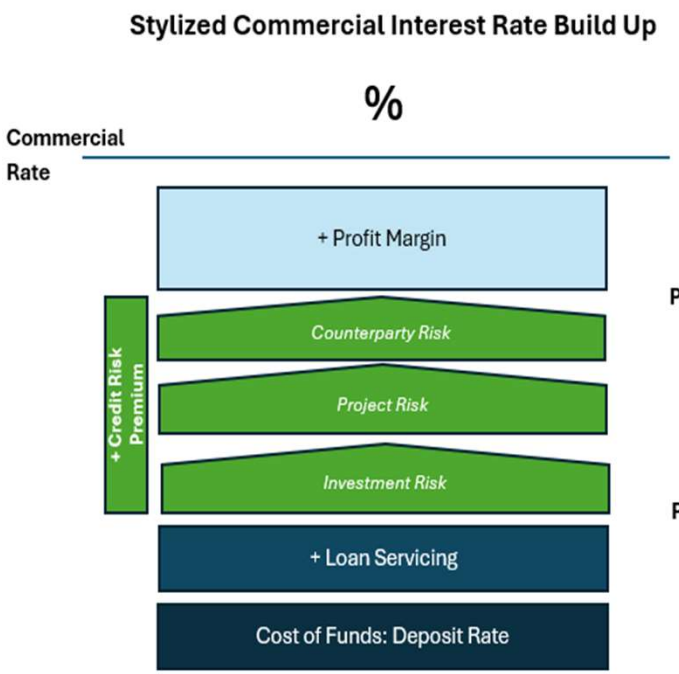
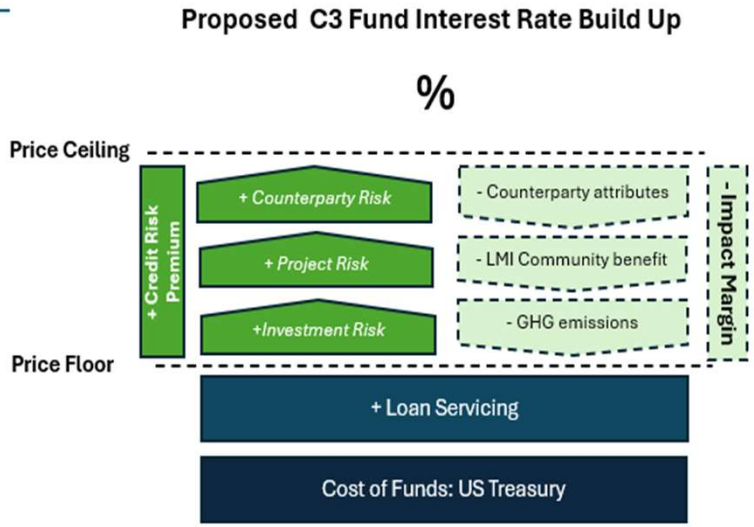
Pricing Approach – Overview





- WSP has recommended that the C3 Fund takes a cost build up model for pricing loans.
- This approach disaggregates the loan price into key elements and enables C3 Fund to identify the relative contribution of key variables to the loan price and adjust for C3 Fund mandate.

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Pricing Policy – Elements of Loan Price

$$PL = cf + ls + rp - [im]$$

Where $(rp - im) \geq 0$

Element	Recommendation	Implementation Approach
Cost of Funds $\mathbf{cf}$	• Use of a Risk-Free Rate in lieu of the cost of borrowing. i.e. the US Treasury Rate	• Select a UST rate with the closest match to the term of the loan as the base or reference rate.
Loan Servicing Rate $\mathbf{ls}$	• Add a percentage addition to cover costs associated with managing and administering the loan.	• Rate estimated by C3 Fund and consistently applied to each loan • Initially recommend a flat rate of 0.25% (25 bps)
Risk Premium $\mathbf{rp}$	• C3 Fund should add a spread reflecting the 'cost' of assessing and accepting the credit or repayment risk associated with the borrower and the loan, based on the C3 Fund Risk Assessment and Management Framework	• Estimate a Risk Premium using Risk Assessment and Management Framework. See slide below • Add calculated premium to the combined reference rate and servicing cost.
Impact Margin $(\mathbf{im})$	• Dispense with the margin element, per the standard cost build up approach, and, instead, calculate an impact premium • C3 Fund should implement a price floor, where $im = rp$.	• Estimate an Impact Premium based on the evaluation of core impact areas based on the Impact Assessment Framework, • On a discretionary basis, apply this premium to the cost build up • Set a price floor to support financial sustainability

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Pricing Policy – Calculating Interest Rate

Base rate is linked to US Treasury; the calculator pulls yesterday's quote

Servicing charge can be manually adjusted but initially recommended at 25bps

The Credit Risk Premium is calculated in the Risk Assessment Tool in the same workbook (see previous slides)

The deduction for impact is discretionary

Project Name	XXX	
Pricing Date		
Pricing Notes		
Cost Build Up Element	**Pricing element**	**Guidance**
US Treasury 2Y	4.01%	Select based on closest match to proposed loan tenor
Servicing Charge	0.25%	Currently proposed as a flat rate across all loan types and tenors. Can be manually adjusted if required.
Credit Risk Premium	3.00%	Calculated in Risk Assessment Tool
Risk based interest rate	**7.26%**	
Deduct Impact Premium?	Yes	Select Yes if a deduction for impact will be made
Portion of Impact Premium	1	If choosing to deduct only a portion of the impact premium enter it here in decimal form; if dedcuting all the premium select 1
Deduction	2.00%	Impact premim calculated in Assessment Tool multiplied by portion of impact to be deducted
All in interest rate	**5.26%**	
Check	**OK**	Ensures that the All in interest rate does not fall below the price floor

The price floor (Base Rate + Servicing) protects the non-discretionary elements of the loan price

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Impact Assessment - Background

The founding legislation- Climate Solutions Now Act (2022) (CSNA)- states that the fund must report annually on the "outcomes of the investments made from the fund," without specifically stating what those are or how they should be measured.

The founding legislation makes explicit reference to the following impact areas which the fund is mandated to address:

- Reduce greenhouse gas emissions and enable reduction of climate impacts
- Leverage of additional (private capital)
- Impact on communities with low- and moderate-income households
  - 40% of the fund balance should be used for qualified projects in 'communities with low- and middle-income households.

Further, the Investment Guidelines, explicitly mention the following impact areas that should be considered in making an investment, in addition to those mentioned above (excl. financial viability):

- Technological characteristics or the projects including scale up potential
- Jobs and improved workforce environment

In order to effectively deploy capital and pursue the fund mandate, collection, measurement, tracking and reporting of the outcomes achieved by the Fund's investments is essential (aligned with the Strategy KPIs)

See Annex 2 for the set of proposed Impact Metrics

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Impact Assessment

Our proposed approach aims to address these issues while enabling MCEC staff to assess impact and manage associated risks

Impact measurement and evaluation poses numerous challenges and risks, especially for lower capacity applicants or investees and given the limited capacity of C3 Fund to analyze and assess technical data

- **Measurement challenges and data limitations: difficulty in quantification, and comparability**
- **Impact attribution: the contribution made by the funding/financing provided by the C3 Fund**
- **Temporality: Identifying what exactly a C3 Fund investment enables and when can also be challenging**

1. Characterize impact (proposed project outcomes) under defined categories
2. Measure impact based on standardized metrics (measured and provided by applicant with guidance)
3. Assess impact with a series of questions under each impact area which will allow the assessor to gain understanding the degree of impact generated and degree of reliability of the ex-ante estimates.
4. Assign a 1-5 score to the impact area. However, it is not prescriptive guidance i.e. the answers to each question do not dictate the score assigned, there is a degree of discretion/subjectivity.
5. Monitor and report metrics, per dollar on an investment weighted basis allows for a more reasonable comparison of impact across different investments

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Impact Integration – Implementation

Process Phase	Goal (re. Impact)	Tools and Inputs	Implementation
Phase 0: Application	• Gather data to enable to make suitability decision	• Application Form	• Applicants will supply initial information in the applicant form, questions set out in Table 1. • Further data, underlying assumptions and evidence would be supplied later
Phase 1: Screening	• Identify suitable investees/projects and screen out unsuitable • Degree of alignment with fund mandate to move suitable projects to Phase 2 and DD time investment	• Screening Tool • Application form data	• The Screening Tool is not intended as an impact assessment but rather one of broad suitability/alignment • Full data unlikely to be available at this point to make accurate assessment of high/med/low impact.
Phase 2: Due Diligence	• Gather and assess data to make investment decision • Construct investment case • Reflect impact in discretionary pricing reduction	• Impact metrics • Data Request: Impact workbook • Impact Assessment Framework • Investment memo • Pricing calculator	• Additional impact data request questionnaire would accompany the DD information request for applications that have moved to this phase of the investment process • See **Impact Assessment approach**
Phase 4: Asset Management	• Periodically gather data on impact metrics from investee over the course of the investment	• Ex-ante impact estimates • Ex-ante impact estimates • [Reporting process and guidance (Fund Manual)	• A reporting schedule and which metrics and data should be supplied at what intervals should be confirmed with the investee as part of closing documentation
Phase 6: Reporting	• Report annually on fund outcomes	• Impact metrics • [Reporting process and guidance] • Ex-ante impact estimates • Ex- post impact data	• Reporting should be aligned to wider MCEC reporting and make use of existing resources • The fund should implement dashboard to collect and monitor impact (and other data) at an investment and portfolio level • Proposed approach for recording and measuring impact data for monitoring, comparison and reporting.
Phase 7: Close Out	• Assess differences in ex ante estimates v. ex post impact data	• Impact metrics • Ex-ante impact estimates • Ex- post impact data	• Ex ante impact estimates supplied at the time of due diligence should be compared against ex-post data supplied over the life of the investment.

6. Project Progress and Outlook

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Next Steps

Strategy Workstream

1. Complete strategy draft memo and review with MCEC (by w/c 30 June)
2. Finalize strategy memo and submit for IOC approval (by August 17 IOC Meeting)

Operations Workstream

1. Complete Impact Framework
2. Test Pricing calculator with MCEC team.
3. Finalize Risk and Loan pricing Framework, submit for IOC Approval (by August 17 IOC Meeting)
4. Codify risk and underwriting guidance in Underwriting Standards
5. Codify policy and process in Fund Manual.

Annex 1: Fund Financial Forecast

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Fund Financial Forecast

Financial Forecast											
Year		**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
Operating Revenues											
Loan Interest		138,543	256,815	326,235	392,716	460,700	484,517	523,511	574,860	569,629	579,460
Tranche 1		32,219	59,724	51,142	45,494	43,165	42,110	43,519	46,964	49,767	52,594
Tranche 2		43,780	81,155	113,274	142,974	171,927	156,414	149,906	150,737	155,712	163,550
Tranche 3		62,543	115,936	161,819	204,248	245,609	285,992	330,087	377,158	364,150	363,316
Credit Enhancement Fees		57,000	48,660	41,817	38,668	37,695	36,804	40,186	42,900	45,145	47,900
Invested Capital Interest		474,525	405,097	348,126	321,915	313,812	306,391	334,551	357,140	375,832	398,770
Loan/Grant Principal Returned		-	-	644,385	550,104	472,740	1,490,079	1,387,568	1,302,402	1,504,028	1,432,516
Total Operating Revenues		**670,068**	**710,572**	**1,360,563**	**1,303,404**	**1,284,948**	**2,317,791**	**2,285,816**	**2,277,302**	**2,494,634**	**2,458,647**
Operating Expenses											
Loans Made		1,995,000	1,703,109	1,463,592	1,353,396	1,319,329	1,288,129	1,406,519	1,501,490	1,580,074	1,676,511
CE Paid Out		285,000	243,301	209,085	193,342	188,476	184,018	200,931	214,499	225,725	239,502
Grants Made		475,000	475,000	475,000	-	-	-	-	-	-	-
Total Operating Expenses		**(2,755,000)**	**(2,421,411)**	**(2,147,677)**	**(1,546,738)**	**(1,507,805)**	**(1,472,148)**	**(1,607,451)**	**(1,715,989)**	**(1,805,799)**	**(1,916,013)**
Profit (Loss)		**(2,084,932)**	**(1,710,839)**	**(787,114)**	**(243,334)**	**(222,857)**	**845,643**	**678,365**	**561,313**	**688,835**	**542,634**

Fund Cash Balance

Cash Forecast											
Year		**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
Starting Cash Balance		**14,250,000**	**12,165,068**	**10,454,229**	**9,667,115**	**9,423,781**	**9,200,924**	**10,046,567**	**10,724,932**	**11,286,244**	**11,975,079**
Profit (Loss)		(2,084,932)	(1,710,839)	(787,114)	(243,334)	(222,857)	845,643	678,365	561,313	688,835	542,634
Net Sources (Uses) of Capital Funds		-	-	-	-	-	-	-	-	-	-
Ending Cash Balance		**12,165,068**	**10,454,229**	**9,667,115**	**9,423,781**	**9,200,924**	**10,046,567**	**10,724,932**	**11,286,244**	**11,975,079**	**12,517,714**

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Annex 2: Proposed Impact Metrics

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Proposed Impact Metrics- Environmental

	Impact Area	Impact Characterization	Impact Metric	Investment Case and Reporting
Environmental	*Climate Mitigation*	Will the project / enterprise create GHG emission reductions through energy efficiency or load management measures?	• **Number of Metric Tons of CO2 Equivalent (avoided v. baseline)** **Related metrics:** • **Renewable Energy generated (M/KWh)** • **Energy Saved (M/KWh)** • **Energy Savings ($)**	• **Core**
		Will the project / enterprise create GHG emission reductions through energy supply substitution measures? (e.g. installation of energy generation equipment etc.)		
		Will the project / enterprise create GHG emission reductions though other mitigation measures?		
	Climate Adaptation and Resilience	Will the project / enterprise create resilience benefits to stakeholders / communities against the impacts of climate change (e.g., extreme weather events, heatwaves, coastal erosion etc.)?	• **Investment value of natural or built infrastructure that is accessible, managed, or owned by the beneficiary groups or communities for collective wellbeing.** • **Number of beneficiaries of proposed resilience measures**	• **Core**
		Will the project / asset be designed to account for future physical climate risk?	• **Description or evidence of design/ engineering standard utilized**	• **Ancillary**
	Other environmental benefits, if relevant to project	Will the project / enterprise generate ecological co-benefits (e.g., water conservation, stormwater management, biodiversity gains, etc.)?	• **Description of ecological benefits** • **Quantification where relevant e.g. gallons of water saved**	• **Ancillary if co-benefits** • **Core if the primary purpose of the project/enterprise**

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Proposed Impact Metrics- Socio-economic

	Impact Area	Impact Characterization	Impact Metric	Investment Case and Reporting
Socio-economic	Benefits accruing to LMI households (excl. jobs)	• Is project / enterprise located in, or will it provide benefit to communities with Low- and Moderate-Income Households?	• **Evidence of project location in census tract with LMI communities** • **% of project benefits (e.g. energy generated, energy savings, etc.) accruing to LMI households per the CSA definition**	**Core**
	Underserved/ overburdened communities	• Will it provide benefits to underserved and/or overburdened communities?	• **% of project benefits (e.g. energy generated, energy savings, etc.) accruing to Underserved or Overburdened households per the CSA definition**	Ancillary
	Jobs Created	• Will the investment or project lead to or facilitate the creation of new jobs?	• **Number of FTE jobs created**	**Core**
	LMI/ underserved/disadvantaged communities	• Will the project / enterprise create [temporary or] permanent jobs for socially and economically disadvantaged workers? • Will the project / enterprise create temporary or permanent jobs in LMI communities? • Will the project / enterprise create [temporary or] permanent jobs in underserved communities?	• **Number of FTE jobs for socially and economically disadvantaged workers** • **Number of FTE jobs for LMI households** • **Number of FTE jobs in underserved communities**	**Ancillary**
		• Is the borrower/sponsor a small, minority, women, and veteran-owned businesses under MD law or from a socially and economically disadvantaged background	• **Qualification under Maryland Code definition (yes/no)**	**Ancillary**
		• Will the project / enterprise utilize Minority/Disadvantaged Business Enterprise (MDBE) contractors or suppliers?	• **Value of contract or wages (including bonuses and excluding benefits) paid to the organization who belong to groups historically marginalized on the basis of race and/or ethnicity.**	**Ancillary**

Proposed Impact Metrics- Catalytic/Leverage

	Impact Area	Impact Characterization	Impact Metric	Investment Case and Reporting
Catalytic	*Private Capital Mobilization*	Does C3 Fund Investment mobilize, facilitate or unlock other sources of capital for the project or enterprise?	**Leverage Ratio**	**Core***
	New Technology	Does the project/investment involve new or innovative technology, which the investment would enable to scale?	**Technology Type**	**Core***

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Proposed Meeting Dates FY 2026

Thursday, August 21, 2025
Thursday, October 16, 2025
- 2025 Summit – October 14 & 15, 2025
- Alternative date – Thursday, October 23, 2025

Thursday, December 18, 2025
Thursday, February 19, 2026
- 2026 Legislative Reception
- Alternative date – Thursday, February 26, 2026

Thursday, April 16, 2026
Thursday, June 18, 2026

Motion to approve the proposed meeting dates for FY 2026 as presented by MCEC staff.