



Wednesday, August 20, 2025

3:30 PM

Virtual Access:

<https://us02web.zoom.us/j/81019471108?pwd=DZjXcmPHepKUvOvRgTaVnpqIR8UUwA.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 Ms. Powers |
| 3:35 PM – 3:40 PM | Minutes <ul style="list-style-type: none">Wednesday, June 18, 2025 (ATTACHMENT A) | |
| 3:40 PM – 3:45 PM | Financials <ul style="list-style-type: none">C3 Fund Financial Statements Year-to-Date (ATTACHMENT B) | Ms. Magruder |
| 3:45 PM – 4:00 PM | WSP Deliverables | Ms. Dixon |
| 4:00 PM – 4:45 PM | Closed Session <p><i>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.</i></p> | Chair Lierman |
| 4:45 PM – 4:50 PM | Re-Open Meeting Closed Session Report | Chair Lierman Ms. Magruder |
| 4:50 PM – 4:55 PM | New Business | Chair Lierman Ms. Magruder |
| 4:55 PM - 5:00 PM | Closing Remarks Adjourn Meeting | Chair Lierman Ms. Magruder |

NEXT MEETING: THURSDAY, OCTOBER 23, 2025, 3:30 PM – 5:00 PM



Wednesday, June 18, 2025

3:30 PM

Zoom Access: <https://us02web.zoom.us/j/86228636118?pwd=RmhKblhJUlrWE04LzZLcFBIM2VnQT09>

Meeting ID: 862 2863 6118

Passcode: 504361

Investment Oversight Committee Meeting Minutes

Present: Chair, Comptroller Brooke Lierman, Mr. Elorm Addae-Nuku, 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. Jen Dixon, and Mr. John Paul Moscarella.

Excused: Vice Chair, Mr. Jimmy Rhee, Ms. Yinka Bode-George, Mr. Al Delia, Ms. Marissa Ramirez, and Ms. Marsha Absher

Welcoming Remarks: Chair Lierman welcomed committee members to the meeting at 3:34 PM.

First Order of Business: The first order was to approve the C3 Fund Investment Oversight Committee Meeting Minutes for Thursday, April 17, 2025.

Chair Lierman requested a motion to approve the C3 Fund Investment Oversight Committee meeting minutes for Thursday, April 17, 2025, as presented. Ms. Bruce moved the motion. Mr. Peoples seconded the motion. The motion passed with no objections or abstentions.

Chair Lierman – AYE

Mr. Rhee - EX

Mr. Addae-Nuku – AYE

Ms. Bode-George – EX

Ms. Bruce – AYE

Mr. Delia - EX

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.

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.

Chair Lierman 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. Addae-Nuku moved the motion. Mr. Peoples seconded the motion. The motion passed with no objections or abstentions.

Chair Lierman – AYE

Mr. Rhee - EX

Mr. Addae-Nuku – AYE

Ms. Bode-George – EX

Ms. Bruce – AYE

Mr. Delia - EX

Ms. Kelly – AYE

Mr. McDonnell – AYE

Ms. Pelletier - AYE

Mr. Peoples – AYE

Ms. Ramirez – EX

Open Session:

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

Investment Oversight Committee Meeting Minutes

Chair Lierman – AYE

Mr. Rhee - EX

Mr. Addae-Nuku – AYE

Ms. Bode-George – EX

Ms. Bruce – AYE

Mr. Delia - EX

Ms. Kelly – AYE

Mr. McDonnell – AYE

Ms. Pelletier - AYE

Mr. Peoples – AYE

Ms. Ramirez – EX

Closed Session Report: Chair Lierman reported on actions taken during the closed session.

The action taken during the closed session was in accordance with the consideration of the investment of public funds and with specific statutory and judicially imposed requirements that prevent public disclosure of certain proceedings or matters.

Chair Lierman – AYE

Mr. Rhee - EX

Mr. Addae-Nuku – AYE

Ms. Bode-George – EX

Ms. Bruce – AYE

Mr. Delia - EX

Ms. Kelly – AYE

Mr. McDonnell – AYE

Ms. Pelletier - AYE

Mr. Peoples – AYE

Ms. Ramirez – EX

WSP Presentation: WSP representatives, Ms. Dixon, and Mr. Moscarella, presented strategy options for the C3 Fund. The presentation included a work plan with operations and tools update for members.

Ms. Pezza (Chair's Designee) called for a motion to adopt the Fund Strategy Framework recommendations as presented by WSP. Mr. Addae-Nuku moved the motion; Ms. Bruce seconded the motion. The motion passed unanimously with no objections or abstentions.

Chair Lierman – EX

Mr. Rhee - EX

Mr. Addae-Nuku – AYE

Ms. Bode-George – EX

Ms. Bruce – AYE

Mr. Delia - EX

Ms. Kelly – AYE

Mr. McDonnell – AYE

Ms. Pelletier - AYE

Mr. Peoples – AYE

Ms. Ramirez – EX

New Business: Ms. Magruder presented possible meeting dates for FY2026.

Wednesday, August 20, 2025

Thursday, October 23, 2025

Thursday, December 18, 2025

Thursday, February 26, 2026

Thursday, April 16, 2026

Thursday, June 18, 2026

Ms. Pezza (Chair's Designee) called for a motion to approve the proposed meeting dates for FY 2026 as presented by MCEC staff. Mr. Addae-Nuku moved the motion; Ms. Bruce seconded the motion. The motion passed unanimously with no objections or abstentions.



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Investment Oversight Committee Meeting Minutes

Chair Lierman – EX

Mr. Rhee - EX

Mr. Addae-Nuku – AYE

Ms. Bode-George – EX

Ms. Bruce – AYE

Mr. Delia - EX

Ms. Kelly – AYE

Mr. McDonnell – AYE

Ms. Pelletier - AYE

Mr. Peoples – AYE

Ms. Ramirez – EX

Adjournment:

Ms. Pezza (Chair's Designee) requested a motion to adjourn. Ms. Pelletier moved the motion. Ms. Bruce seconded the motion. The meeting adjourned at 5:10 PM with consensus.

Meeting Recording: https://bit.ly/C3IOC_2025_06.18

DRAFT



C3 Fund

Income Statement
For period ending May 31, 2025

Prepared on
August 13, 2025

Program Reporting:C3 Fund Direct P&L

September 2023 - July 2025

| | Sep 2023 - Jun 2024 | Jul 2024 - Jun 2025 | Jul 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 | 0.00 | 10,000,000.00 |
| GROSS PROFIT | 5,000,000.00 | 5,000,000.00 | 0.00 | 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 | 0.00 | 146,682.11 |
| NET OPERATING INCOME | 4,987,927.00 | 4,865,390.89 | 0.00 | 9,853,317.89 |
| OTHER INCOME | | | | |
| 4950 Restricted Interest Income | 149,634.36 | 292,158.81 | 27,791.64 | 469,584.81 |
| Total Other Income | 149,634.36 | 292,158.81 | 27,791.64 | 469,584.81 |
| NET OTHER INCOME | 149,634.36 | 292,158.81 | 27,791.64 | 469,584.81 |
| NET INCOME | \$5,137,561.36 | \$5,157,549.70 | \$27,791.64 | \$10,322,902.70 |

Investment Oversight Committee Meeting

Thursday, August 20, 2025

Katherine Magruder
Executive Director

Anmol Vanamali
Chief Investment Officer

Keith Wang
Finance Manager

Noah Wood
Senior Lending Analyst



Agenda



| Agenda Item | IOC Action |
|-------------------------------------|------------------------|
| 1. Meeting Minutes – June 18, 2025 | Requesting Approval |
| 2. Financials | No action; update only |
| 3. WSP Presentation | Requesting Approval |
| 4. Pipeline Update | Requesting Approval |
| 5. New Business and Closing Remarks | No action; update only |

1. Meeting Minutes

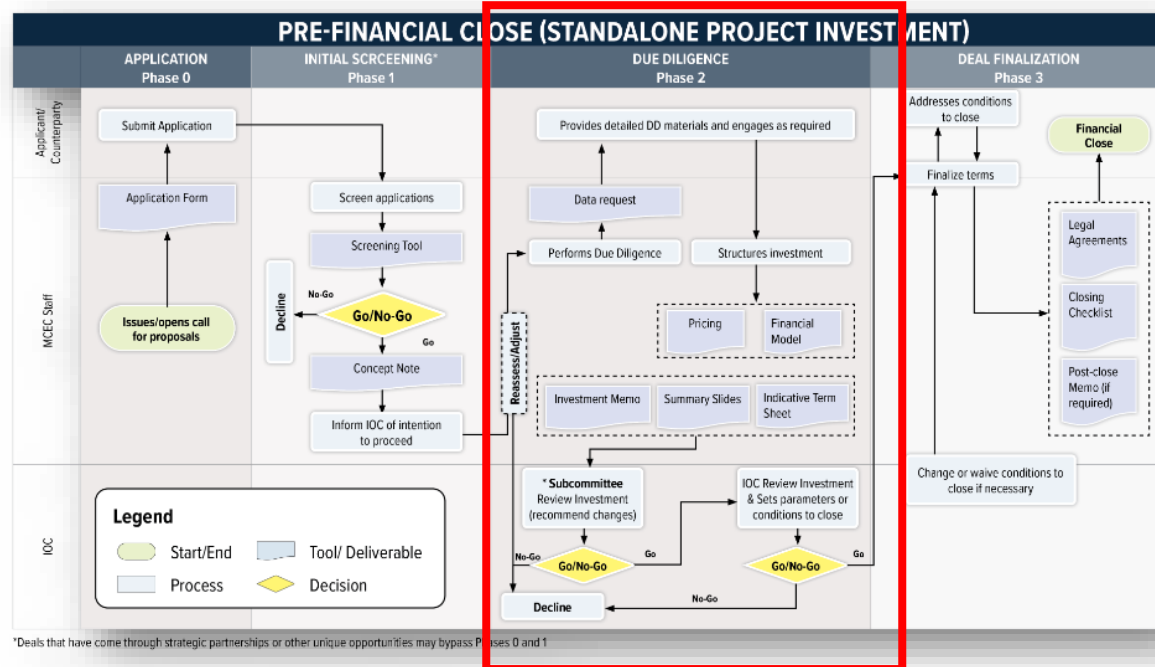
Motion to approve the meeting minutes from Wednesday, June 18, 2025.

2. Financials

3. WSP Deliverables

C3 Fund Underwriting Standards and Manual, v.1.0

Process



Description

- The Underwriting Standards document outlines the process and guidelines to assess transactions, including borrower creditworthiness, risk and impact.
- The standards and process aim to enable the fund to balance its dual mandate – achieving environmental, socio-economic and catalytic impact, and becoming financially self-sustaining.
- Aims to ensure and support a level of rigor and structure in underwriting, structuring and documentation, while allowing for to limited capacity of applicants and the Fund.
- The document should be reconsidered, reviewed and revised as necessary in ~6 months.

Due Diligence Process - Overview

| | | |
|----------------------|---|--|
| Objective(s) | <ul style="list-style-type: none"> · Diligence Borrower and verify project details · Assess risks and impacts · Structure and right-size investment based on repayment capacity · Devise Investment Case | |
| MCEC Team Tasks | <ul style="list-style-type: none"> · Data Collection · Verification of Basic · Risk Assessment · Impact Assessment · Structuring, Pricing and Negotiation · Financial Model · Finalize Terms · Draft Investment Memo and Summary Slides · Present to IOC Subcommittee · Present to IOC | |
| Tools | <ul style="list-style-type: none"> · Due Diligence Data Request Form · Project Assessment and Pricing Tool Template · Template Financial Model · [Term Sheet Template] · Investment Memo Template · Summary Slides Template | |
| Deliverables | <ul style="list-style-type: none"> · Completed Project Assessment and Pricing Tool · Finalized Financial Model · Indicative Term Sheet · Completed Investment Memo and Summary Slides | |
| Timeframe(s) | <ul style="list-style-type: none"> · In total, ~6 weeks from Screening Result · The IOC Subcommittee scheduled ~1 week in advance of the Investment Memo submission deadline (see below). <ul style="list-style-type: none"> · Draft Investment Memorandum should be circulated to the IOC Subcommittee no later than 2 days in advance of the subcommittee meeting · Investment Memorandum and Summary Slides completed and circulated to IOC 1 week in advance of the IOC the meeting date | |
| Decision Maker | Investment Oversight Committee – having been screened by the IOC Subcommittee | |
| Authorization sought | To execute LOI, finalize terms and to commit funds, subject to any conditions considered appropriate by the IOC | |
| Decision Criteria | <ul style="list-style-type: none"> · Investment Case is sound and financial structure is appropriate · Risk can be mitigated, managed or is accepted in the context of the fund mandate. · Impact metrics and assumptions have been assessed as reliable and reasonable · Overall, the investment aligns with the fund strategic objectives (impact and financial) · Each investment should be judged on its own merits and also in the context of the portfolio | |

Risk Assessment

- A full understanding of the counterparty, project and investment risks is critical to structuring, risk mitigation approaches, loan pricing and portfolio risk management during the asset management phase.
- The risk grading system assigns a numerical score of 1 to 5 to each risk sub element, with 5 being the highest risk and 1 the lowest.
- Risk categories are weighting in the Project Assessment and Pricing Tool depending on the type of lending considered
- The document sets out detailed guidance on documentation to look for, standards for each risk level and how to implement the risk assessment

Project Assessment Tool (Risk)

| Risk Categories | Risk Level | Rationale |
|------------------------------|------------|-----------|
| Counterparty | 2 | |
| Project | 4 | |
| Repayment Profile | 5 | |
| Operational | 4 | |
| Market | 1 | |
| Legal/Regulatory/Political | 2 | |
| Technology Risk | 3 | |
| | 4 | |
| Investment | 5 | |
| Size | N/A | |
| Investment Loan to Value | 4 | |
| Investment length | 3 | |
| Subordination and Collateral | 3 | |

Risk Assessment Summary Output

| Risk Categories | Risk Level |
|-------------------------------|------------|
| Counterparty | 4 |
| Project | 2 |
| Investment | 4 |
| | |
| Overall (weighted) risk score | 3.4 |

Impact Assessment

- The Impact Framework is organized around three impact areas: environmental, socio-economic, and catalytic/leverage.
- The proposed approach score investments for impact based on the yes/no responses for the impact areas given by applicants in the (new) application form.
- These responses and accompanying estimates are evaluated and verified during the DD process with additional data and assumptions provided by the applicant.
- To be counted the impact estimate must be quantified or observable and supported with assumptions and other supporting data.

Project Assessment Tool (Impact; extract)

| Impact Category | Impact Characterization | Response | Impact Metric | Level of Impact | Rationale |
|----------------------|--|---|---------------------------|------------------------------|--|
| Environmental | | | | | |
| | Will the project / enterprise create measurable GHG emission reductions through energy efficiency or load management measures, or other mitigation measures? | Yes | Tons of CO2e avoided p.a. | Enter estimate/data provided | Enter synthesis of data, documentation and justification provided by borrower and an assessment of the level of confidence in what has been provided |
| | | Enter these additional metrics if relevant to the project/provided by the applicant>> | Energy Saved (M/KWh) | Enter estimate/data provided | Enter synthesis of data, documentation and justification provided by borrower and an assessment of the level of confidence in what has been provided |
| | | Enter these additional metrics if relevant to the project/provided by the applicant>> | Energy Savings (\$) | Enter estimate/data provided | Enter synthesis of data, documentation and justification provided by borrower and an assessment of the level of confidence in what has been provided |
| | | Enter additional metrics if relevant to the project/provided by the applicant>> | Additional metric TBD | Enter estimate/data provided | Enter synthesis of data, documentation and justification provided by borrower and an assessment of the level of confidence in what has been provided |

Pricing

- The C3 Fund loan pricing approach is a modified cost build up, which contributes to balancing its impact mandate against other strategic or commercial imperatives such as the pursuit of financial sustainability, capital preservation and/or covering costs.

Pricing Model (Example)

| Cost Build Up Element | Interest Rate Build Up | Description/Guidance |
|---------------------------------|------------------------------|--|
| | | |
| Base Rate | 4.29% | Selected based on tenor of loan being offered, reflecting a cost of capital |
| Servicing Charge | 0.25% | A small percentage fee to cover the costs of servicing the loan |
| | | |
| Base Rate + Servicing | 4.54% | The sum of the Base Rate and Servicing Charge. This is the policy price floor below which the interest rate should not be reduced, to support financial sustainability |
| | | |
| Credit Risk Premium | 3.00% | Calculated based on the credit risk assessment, based on the guidance in the Underwriting Manual |
| | | |
| Risk-based interest rate | 7.54% | The sum of the Price Floor and the Credit Risk Premium |
| | | |
| Impact Deduction | 2.75% | A discretionary deduction to the risk-based interest rate based on the calculated Impact Premium generated by the Impact Assessment |
| | | |
| All in interest rate | 4.79% | The final loan price based on credit based pricing with any discretionary adjustments for impact |
| Check | OK: >= PRICE FLOOR | The check shows whether the All in interest is above the policy price floor |

- The Project Assessment and Pricing Tool includes as an output the loan pricing calculator which sums the build up elements generated in the tool to arrive at an interest rate for the loan.

Motion to adopt the C3 Fund Underwriting Policy

Motion to approve the C3 Fund underwriting standards and manual, including the impact metrics, pricing tool, and risk assessment and management framework as presented by WSP.

4. 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.

Re-Open Meeting

OPEN SESSION

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

5. New Business and Closing Remarks