Cover Page & Cover Letter

Program Title: Climate United

Selectee Name: Climate United Fund ("**CUF**")

Applicant Eligibility: Climate United Fund ("**CUF**") is a Delaware charitable nonstock corporation. It received 501(c)(3) certification as a public charity from the Internal Revenue Service (IRS) on June 28, 2023. CUF is designed to provide capital, leverage private capital, and provide other forms of financial assistance for the rapid deployment of low- and zero-emission products, technologies, and services as set forth in its Articles of Organization and Bylaws. CUF does not accept deposits, and it is funded by public and charitable contributions (as evidenced by a grant from Calvert Impact Capital, Inc., a 501(c)(3) public charity). CUF will invest in and finance projects both individually and in conjunction with other investors as further described in **Section 1.2.4**. The sole member of CUF is Calvert Impact, Inc. ("**Calvert Impact**" or "**CI**" and together with its subsidiaries and affiliates, the "**CI Group**"), a Delaware 501(c)(3) charitable nonstock corporation. CI also meets the qualifications for an eligible applicant as a nonprofit 501(c)(3) with a 100% independent board (not controlled by any non-eligible recipient) that is funded by public and charitable contributions and does not accept deposits. In accordance with the foregoing, each of CUF and Calvert Impact qualify as an "eligible recipient" under Section 134(c)(1). Documents evidencing eligibility are attached in Supporting Documents for Applicant Eligibility.

Program Summary: Climate United was purpose-built to leverage the Greenhouse Gas Reduction Fund (GGRF)'s National Clean Investment Fund (NCIF) with significant private capital to urgently increase access to low-cost, clean energy for all American families, businesses, and communities and restore American energy independence. The Climate United program plan will create quality American jobs, save people money, reduce air pollution, reinvigorate American manufacturing, make America less dependent on foreign countries, and provide broad and inclusive economic opportunity. To do this, Climate United will match our broad network of community and deployment partnerships across the country with effective financial products to attempt to leverage private capital in the mortgage, public finance, and green project finance markets.

Climate United is led by three national nonprofits who have successfully raised, invested, and managed more than $30B of private and institutional capital with a focus on economic opportunity and environmental sustainability in low-income communities, disadvantaged communities, rural communities, energy communities, and Tribal communities (collectively, the "**Priority Communities**"). We have a broad network of supporting financial, community, and ecosystem partners, as evidenced through our letters of support from Green Banks, community development financial institution (CDFIs), state and local governments, private capital providers, workforce and labor organizations, community engagement and accountability partners, technical experts, and other critical implementation partners. Climate United has a comprehensive and executable action plan to invest across the Environmental Protection Agency (EPA) priority project categories in all 50 states, the District of Columbia, Puerto Rico, and on Tribal lands. We intend to commit at least $580M of our awarded funds into Qualified Projects ("**QPs**") in the first year (the period from our award contract in August 2024 through June 30, 2025) and intend to draw the full $6.97B awarded over the first five years with a commitment to invest at least 60% of financial assistance in low-income and disadvantaged communities.

The lead nonprofits, CI, The Community Preservation Corporation ("**CPC**"), and Self-Help Ventures Fund ("**SHVF**"), have a combined 120 years of experience delivering financial products and services that leverage public resources with private capital to increase the availability of clean technologies, expand access to sustainable and affordable housing, and build income and wealth generating opportunities – all while transforming the private capital markets. Collectively, we employ over 1,000 community development and green finance professionals and have the proven financial, technological, credit, and risk infrastructure to support the scale of the NCIF program while striving to meet all three program objectives: (1) reduced emissions of GHG and other air pollutants, (2) improved quality of life for Americans – particularly those in Priority Communities, and (3) market transformation.

We do not need to build to execute; we stand ready to work with the EPA and other awardees of the GGRF to immediately deploy funds with the urgency that the climate crisis requires.

Funding Award: $6,970,000,000

Period of Performance: April 1 2024 – June 30 2029

Awardee Contact Information: Elizabeth Bafford, President and CEO of Climate United Fund,

Coalition Members: CUF is applying as a coalition. The two non-lead coalition members are CPC Climate Capital, LLC ("**CPC Climate Capital**" or "CPC Climate") and Self-Help Climate Capital, LLC ("**SHCC**"). Both are single-member limited liability companies with nonprofit parents.

CPC Climate Capital is a New York limited liability company whose sole member is CPC. Its Unique Entity ID is . CPC is a New York 501(c)(3) not-for-profit corporation and does not accept deposits. CPC is a public charity pursuant to IRS Code 509(a)(2) and is not controlled, directly or indirectly by any non-eligible recipient. CPC Climate Capital will manage $2.4B of the award as a subgrantee of CUF.

SHCC is a North Carolina limited liability company whose sole member is SHVF. Its Unique Entity ID is SHCC does not accept deposits. SHVF is a North Carolina 501(c)(3) nonprofit corporation funded by public or charitable contributions. SHVF is not controlled directly or indirectly by any non-eligible recipient. SHCC will manage $2.2B of the award as a subgrantee of CUF.

In accordance with the foregoing, each of CPC Climate Capital and SHCC qualify as an "eligible recipient". See Coalition Memorandum of Agreement and Supporting Documents for Coalition Member Subaward Eligibility for details.

Named Contractors: Not Applicable.

1. Program Plan

1.1. Program Vision

Climate United (defined as the coalition of CUF, CPC Climate Capital and SHCC, collectively, "**Climate United**") is an alliance of entities with extensive experience and proven track records of leveraging capital markets to make transformative impact in the communities we serve. Our coalition members (the CI Group, CPC, and its affiliates, the "**CPC Group**" and SHVF and its affiliates "**Self-Help**" and collectively, "**Coalition Partners**") have been at the forefront of mobilizing private capital to reduce emissions of greenhouse gases while delivering tangible benefits to low-income and disadvantaged communities ("**LIDAC**") for decades. Our national strategy to deploy funds under the NCIF strives to reduce or avoid 11 million MT CO2e,[1] bring the direct benefits of the clean energy transition to millions of Americans, of which at least 60% live in or are qualified as LIDAC, mobilize up to $21B in private capital, and create high skilled American jobs from investments made over the five-year performance period. We will endeavor to accomplish this by working with community groups, technical assistance providers, financial institutions, and workforce development entities to reduce the barriers and limit the inefficiencies that have prevented broad adoption and financing of clean technologies. To ensure clean energy acceleration and market transformation beyond the NCIF, Climate United intends to integrate this capital resource into existing lending products and processes so that all lenders, (i.e., beyond just the community, green and nonprofit sectors) learn to address decarbonization in their routine lending practices. Greening *existing* lending with NCIF support will have the broadest transformative impact on the capital markets nationwide. Climate United stands ready to spark this transformation. Climate United is uniquely positioned because of our demonstrated ability to build partnerships. This is showcased through the letters of support we gathered during the application process, including 80 letters from community partners, 262 letters from Transaction Pipeline and Partners, and 16 letters from Labor and workforce partners.

Program Outcomes. Climate United will leverage this program to mobilize and engage the private sector to address the climate crisis. Our strategy drives capital to demonstrate the benefits and the ability to finance a carbon free economy that will deliver significant, tangible benefits to American communities through lower energy bills, stable and reliable energy sources, and cleaner air; will reinvigorate American manufacturing and develop new supply chains that strengthen our national security; and will support the development of a workforce made of high-quality jobs that expand and deepen the American middle-class.

Climate United will measure its success by how effectively we achieve the following outcomes:

[11] Based on the assumptions used in Climate United's application to the National Clean Investment Fund program in October 2023 and calculations revised based on the final award amount and the draft Terms and Conditions as of June 2024.

Table 1. Climate United Outcomes

A healthier planet and population	• Reduction of GHG emissions and other energy-related pollutants • Improved indoor and outdoor air quality, particularly in communities with the highest levels of air pollution • Increase in affordable and sustainable housing
An American-built green economy	• Creation of quality jobs (with a priority for union jobs) from those who make and distribute clean technologies • Demand for clean technologies manufactured and distributed in America • Growth for small businesses, particularly those owned by Socially and Economically Disadvantaged Individuals
Expanded economic opportunity	• Savings for American households, small businesses, and nonprofits, including the significant reduction of energy costs as a volatile budget expense • Green homeownership and wealth creation for American families
More inclusive capital markets	• Direct and indirect mobilization of private capital • Adoption of net-zero and net-zero ready building standards in the commercial, multifamily and single-family markets • Community-informed policy recommendations based on successful investments that can further animate the market and drive significant future investment

We are cognizant of how deeply interwoven environmental and economic justice are in our country, and how essential centering the voices and experiences of those most impacted by injustice are in our collective pursuit of progress. Across each outcome, we are focused on ***who benefits***. We are committed to ensuring that at least 60% of the financial assistance provided through Climate United benefit LIDAC – exceeding the 40% requirement. We have crafted our governance, engagement, outreach, and transaction partnership strategy to ensure we meet the above stated goals.

Achieving our vision will require that we eliminate the barriers currently holding us back.

Table 2. Barriers and Climate United's Financial Solutions & Strategy to Address Them

Barrier	Climate United's Financial Solutions & Strategy
High Energy Costs. Families and businesses are not aware of the financial benefits of shifting their energy sources or electrifying their buildings and cars. The math has not been clear, the process is clunky, and trusted information has been hard to come by.	Work with a network of trusted advisors, technical assistance providers and national networks of local community groups to educate consumers, aggregate demand to drive down prices, and navigate incentives to reduce cost.
Providers. Most businesses involved in the design, construction and renovation of the built environment and the	Expand our network of qualified service providers who know how to build better living and working environments with low-GHG solutions, in

installation of energy-consuming mechanical and electrical systems have not yet transformed their businesses to deliver low-GHG solutions.	partnership with contractors, labor unions, apprenticeship and workforce training programs, small business networks and clean technology manufacturers. Develop strategies and partnerships to support Davis Bacon compliance for small contractors; lift up helpful case studies
Credit. Credit markets mis-price technology transitions because they do not have the expertise or capacity to assess and understand the risk or benefits of replacing carbon emitting technologies with clean alternatives. This causes the market to assess credit of the borrower, which does not reflect the true risk of the transaction.	Work with the existing mortgage, public finance and project finance markets to highlight the risk and liability of existing technologies, quantify the benefits of new technologies, and act as a market clearinghouse to offset both real and perceived risk associated with the adoption of clean alternative technologies, particularly for lower-credit consumers, businesses, and buildings, until better longitudinal data exists to quantify and effectively price actual risk.
Financing. Current financial products do not accommodate the upfront cost and long-term benefits of carbon free technologies. Existing tax credits and other incentive programs are often complex, do not cover full costs, and have not historically been redeemable for people, businesses, or nonprofits without a large tax liability. Some existing financial products lack transparency.	Work with financing entities familiar with federal government program requirements (e.g., mortgage lenders, community lenders, green banks) to offer product enhancements that work with the existing capital markets infrastructure and are paired with available subsidies to offset upfront cost and limit increases in overall debt service. Offer NCIF capital to existing private capital originations and work to teach lenders how to address the risks and liabilities of climate change in their everyday lending practice. Promote fair and transparent financial practices.
Deployment. The absence of financial or climate regulation, consistent high performance building codes, a price on carbon, or a prescriptive supply chain depresses demand and limits product awareness and adoption.	Develop clear, common standards, assessments, measurement and reporting for eligible financing that can be adopted across jurisdictions to facilitate expansion and ease of transactions. Broadly promote these standards to capital providers not currently addressing decarbonization in their lending practice.

Workforce. Slow adoption of clean alternative technologies limits training and workforce readiness to implement clean technologies, resulting in increased costs and extended timelines for projects.	Aggregate demand and maintain active engagement between our Transaction Partners and our workforce and training partners to create sustainable workflows, augment existing training and apprenticeship programs, and coordinate with local communities to source local workers. Learn from and partner with organizations who have successfully paired workforce and apprenticeship programs with project financing for decades. Support contractors in navigating federal compliance with DBRA and BABA.

Our contribution to overcoming barriers and filling gaps in the current financing ecosystem

We are uniquely positioned to bring these solutions to market given our history, track-record, private and public sector partnerships, and position within the current financing ecosystem.

- ***We are trusted organizations in the capital markets.*** Climate United is in the unique position in having demonstrated experience in raising and deploying billions of dollars from both federal and non-federal sources across all 50 states, territories, and the District of Columbia which includes managing large scale public-private partnerships that specifically target Priority Communities. We have been issuing debt and securities in the private capital markets – similar to those contemplated in our strategy – for decades and have the track record, distribution channels, and trust to bring financial products to market quickly and at the scale required for execution. We are unique in our relationships with the Government-Sponsored Enterprises (GSEs) and are positioned to broadly influence and animate the first mortgage markets with deep green capital and technical know-how and support.
- ***We design and deploy financial products that work for communities.*** We have the proven ability to structure and operationalize origination and underwriting approaches to achieve emissions abatement and social impact outcomes. We have the relationships, tools, processes, and know-how to operationalize an NCIF program as we have been doing this work for decades with real, tangible, system- and life-changing results.
- ***We build sustainable institutions that will reduce risk for the EPA.*** We will achieve the NCIF's goal of creating national, long-term, and durable clean financing institution capable of integrating federal requirements and partnering with the private sector to provide accessible, affordable financing for tens of thousands of clean technology projects nationwide and we will leverage our existing infrastructure to maximize operational efficiency. Our coalition is market tested and proven to drive results – and will provide the EPA, the market, and our partners with confidence that we will be operating and investing for decades to come.
- ***We have executable strategies at scale, and the track record to prove it.*** We are not proposing a theorized or aspirational approach; we have demonstrated that we can take big ideas and successfully implement them to completion. We have a strategy and plan based on real, tangible data; bottom-up pipeline analysis; deep clean energy market knowledge, decades of experience; and concrete relationships and partnerships. <u>We do not need to build to execute</u>, we have deals in the pipeline and have created products and partnerships with a wide variety of lenders who are ready to incorporate federal requirements and put funds to work immediately.

The Coalition Partners each began as community organizations and organizers with mighty missions. Together, we now bring the financial strength, risk infrastructure, product design capacity, and community relationships necessary to bring the vision of the National Clean Investment Fund to reality.

1.2. Investment Strategy

Our investment strategy delivers quality Qualified Projects ("**QPs**") across the NCIF's priority areas, targeting seven market segments: Consumers, Multifamily Housing, Community Infrastructure, Small Business and Farms, Schools and Universities, Community Solar, and other Electric Vehicle Infrastructure. Each segment focuses on where we see opportunity to drive significant GHG reduction, directly benefit the lives of families and communities, lower energy costs, build a stronger American economy, and fill financing gaps that will unlock private capital at scale.

1.2.1. Community Engagement and Accountability Strategy

1.2.1.1. Community Engagement Plan

Climate United's community engagement plan has three tenets: centering beneficiaries in program and product design; leveraging trusted community infrastructure for capital deployment; and listening and iterating based on direct feedback. Our strategy is focused on reaching and delivering value to geographically diverse communities, Tribal communities, and LIDAC.

Past Community Engagement

In line with our decades of experience, we center beneficiaries in the design and deployment of loans and investments to ensure that our products and programs reach our intended audience. Examples are included in the table below.

Table 3. Past Community Engagement

Community	Examples of centering beneficiaries in program design
Geographically Diverse Communities	Our small business lending programs during COVID-19 recognized the challenge of rural communities accessing broadband to apply for financial assistance. We created outreach/education strategies that deployed community partnerships, phone calls, and mailers in lieu of digital marketing.
Tribal Communities	We engaged with Tribal communities, alongside partners, on past investments including the financing of a sustainable forestry and conservation organization that provides ecosystem services such as watershed protection and a biodiversity habitat to preserve Native American tribal culture and tradition.
Low-Income and Disadvantaged Communities	We worked with a broad coalition of over 100 civil rights organizations and community lenders to successfully advocate for changes to Paycheck Protection Program (PPP) rules that significantly increased access for small businesses and sole proprietorships; created accessible small business FAQs and resources; and partnered with technical assistance providers across the country to directly deliver $253M in PPP loans, 65% to businesses owned or led by people of color, at a median loan size of under $21,000.

Community	Examples of centering beneficiaries in program design
All Communities	We created a Green Financing Initiative in 2009, integrating energy efficiency into the 1st mortgage process and leveraging private capital, which produced guides and tools to support current standards for decarbonization. We distributed these materials in partnership with organizations like the Building Energy Exchange and American Council for an Energy-Efficient Economy (ACEEE). Through the initiative, more than 10,000 units of energy efficient, high performance affordable housing have been financed.

Present Community Engagement

Climate United has conducted significant community outreach and engagement to craft a strategy that includes and works alongside trusted partners, including affordable housing organizations, Community Lenders, community-based nonprofit organizations, labor and workforce organizations, environmental justice advocates, and technical assistance providers. In addition to the hundreds of individual and small group conversations, we held four information and outreach sessions that were posted and marketed publicly which had 431 different registrants and were attended by over 200 organizations. The result is a strategy that leverages trusted local networks and relationships to better reach and support people with our investment products and technical services. Examples are included in the table below.

Table 4. Pre-award Community Engagement

Community	Examples of working with trusted partners and networks
Geographically Diverse Communities	Engagement with Partners for Rural Transformation and Environmental Justice Thriving Communities Technical Assistance Centers (EJ TCTACs), to gain insight on barriers and opportunities in the green finance ecosystem and how we could potentially work together on implementation.
Tribal Communities	Strong relationships with the Native CDFI Network to design and originate QPs and the Alliance for Tribal Clean Energy to conduct outreach and work alongside tribal governments, as well as targeted outreach to individual community groups, such as the South Dakota Native Homeownership Coalition, Mountain Plains CDC, and Akiptan.
Low-Income and Disadvantaged Communities	Engagement with the National Community Organizing Network (environmental justice and bringing benefits to Priority Communities), Interfaith Power and Light (national coalition focused on decarbonizing and clean energy generation of faith institutions), National Council of State Housing Agencies, and the National Baptist Convention.
All Communities	Across all aspects of our strategy, we have focused on where there is existing capacity and capability and how we can support, grow, and engage those organizations in implementation.

Future Community Engagement Plan

Climate United is energized to build upon our long-standing and new relationships to test products, learn from partners, and iterate as we implement to ensure our strategies and products have maximum impact within Priority Communities. Climate United will center impartiality and access in our community engagement practices by providing stipends for local community members that participate in outreach events and making materials accessible in multiple languages where appropriate, as noted in our budget as participant support costs. In our budget, Climate United has also included funds to host at least four regional or community listening sessions or forums to effectively perform this important community outreach. These events will be held in various EPA regions spread throughout the course of the year. Participants will include community-based organizations, community lenders, and other Climate United stakeholders.

Climate United will hire a team of community engagement professionals with experience working in and alongside Priority Communities to develop a community engagement plan with feedback from our Impact & Equity Committee and Advisory Council. Initial drafts of this plan will be developed following the execution of the award, and we will periodically review and refine thereafter. We anticipate conducting regular reviews during the performance period, although such review time periods may be modified pursuant to input from the Impact & Equity Committee. On-staff community engagement professionals will conduct culturally tailored outreach, develop feedback channels, and support project development in Geographically Diverse Communities, Tribal Communities, and LIDAC.

1.2.1.2. Community Accountability Plan

Climate United's Community Accountability Plan centers transparency in process and results, external verification of methodology and practices, and participatory governance and oversight.

Transparency mechanisms that promote meaningful accountability to communities
We build transparency and accountability into each stage of the investment process (depicted above in **Section 1.2.1.1**) to ensure the highest level of community accountability and impact, which is further described in the table below.

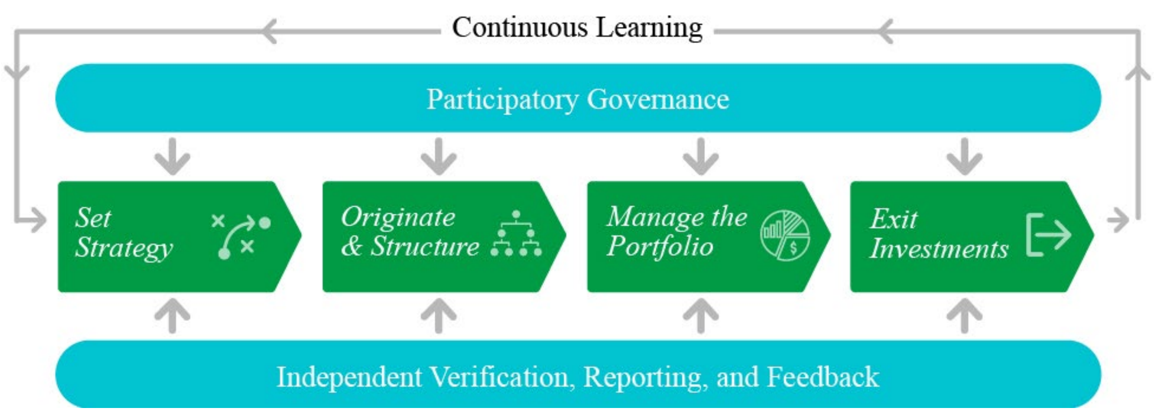

Table 5. Community Accountability Practices

Activity	Community Accountability Practices
Set Strategy	

Set portfolio goals	• Develop and implement investment policies with at least 60% deployment of our total financial assistance in LIDAC *and* additional targets for equitable inclusion (**Section 1.2.2.2**). • Implement a reporting platform to track portfolio goals; report on progress towards target metrics to community stakeholders.

Activity	Community Accountability Practices
Solicit feedback and input	• Utilize the Community Engagement Plan (**Section 1.2.1.1**) to obtain input on product design from a diverse range of community voices. • Review feedback sent to Climate United from Priority Community representatives, Community Lenders, and the public to inform product design, community engagement and accountability plans.
Originate & Structure	
Screening & due diligence	• Perform due diligence and underwriting on QPs and/or Transaction Partners, which may include the following as appropriate: in-depth review of organizational history, financial products and project development processes, governance and management to discern the level of representation and commitment to Priority Communities, and the level of community engagement conducted for certain projects (e.g., community solar projects).
Portfolio prioritization	• Incorporate community engagement and accountability metrics in our impact scorecard.
Manage the Portfolio	
On-going community engagement	• Implement a robust Community Engagement Plan, as described in **Section 1.2.1.1**, to incorporate a robust feedback loop with local partners. • Perform frequent check-ins with Transaction Partners and Community Lenders to ensure projects are on track; provide support or assistance to get back on track when needed. • Maintain an accessible and easy-to-use grievance procedure for consumer complaints as further described in **Section 2.3.1**.
Reporting & release of data	• Report key impacts and outcomes, including progress towards portfolio goals, in accordance with EPA requirements. • Share public annual reports with community groups and other market participants in accordance with EPA requirements. • Utilize scorecards to assess projects, partners, and products consistently.
Evaluate and Adjust Strategy	
Incorporating community voice	• Factor in the ongoing sustainability of the impact on the community and community-based impact evaluations when deciding to renew, extend, or modify a loan or investment.
Sharing best practices	• Collect and share best practices and successful case studies to support shared learning and accelerated adoption across Transaction Partners. • Perform research, inform studies, and educate the market on actual impact and financial performance to reduce gaps between real and perceived risk.
Independently Verify	

External verification	• Procure independent third-party evaluators in accordance with federal procurement requirements to provide periodic independent verification of impact practices and reported results, ensuring accurate and transparent disclosures around impact management, as we do today. This will begin after we have sufficient portfolio growth, expected in year two or three. Share impact results with community stakeholders and incorporate feedback into the future strategy setting.

Participatory Governance Structures and other commitments

CUF has several participatory governance structures designed to inform strategy, review reporting and results, ensure broad engagement and awareness, and promote overall accountability to Priority Communities.

Advisory Council: CUF has established an Advisory Council that provides a range of expertise relevant to program management and implementation which will ensure impact and equity across the entire program. This Advisory Council will consist of subcommittees, which will initially include: (1) Product Development for Community Lenders to provide feedback and input on product design and deployment, and (2) Outreach Development for community organizers and rooted representatives to provide feedback and input on community engagement and community accountability strategies. We may refine and amend these subcommittees, which may include additional subcommittees. We currently have over 20 committed leaders on the Council that represent workforce organizations, Community Lenders, community organizers, advocates, and industry representatives, among many others. The chair of the Advisory Council may have the ability to attend CUF Board's Impact & Equity Committee meetings as an observer. To avoid potential conflicts of interest, the Advisory Council will not participate in subaward or investment decisions.

Impact & Equity Committee: CUF's Board governing structure includes the Impact & Equity Committee which oversees community engagement and accountability strategies and reviews and approves Impact Management policies. They will also review and approve the impact thesis embedded in the CUF Investment Policy, ensuring that our investment approach is grounded with an equitable lens. The Committee will ensure accountability in impact and review and approve the form and scope of any impact reporting to the EPA or other stakeholders. The Committee will work in partnership with the Advisory Council to ensure we reach all portfolio targets and policy objectives, do not create unintended harm to communities, and listen to diverse stakeholder voices.

Community Benefit Agreements: For projects of larger scale and complexity, CUF will recommend and encourage partners to create a Community Benefits Agreement (CBA) that outlines compliance and reporting requirements for Davis-Bacon, BABA, as applicable, and other tailored targets related to permanent job accessibility and quality, as applicable. CBAs help incorporate community voices in larger projects, while reinforcing key compliance requirements and policy priorities. An example of some tailored targets which may be included are (actual additional targets will be bespoke to each CBA):

- A required percentage of permanent accessible jobs available to targeted job seekers, e.g., low-income individuals, residents of LIDACs, individuals without formal education beyond a high school diploma or General Educational Development Program (GED), or individuals facing other employment barriers.

- A required percentage of permanent quality jobs that pay a living wage and provide training and benefits, which may include medical, dental, and vision insurance, as well as paid holidays, vacation, and sick time, 401(k), profit sharing, and life insurance.

1.2.2. Investment Objectives

1.2.2.1. Climate and Air Pollution Benefits

With the deployment of our award and an ambitious plan to activate capital markets and demand, Climate United intends to reduce or avoid 11 million metric tons of greenhouse gases (CO_2e) as a result of investments made over a 5-year period and demonstrate what is possible for capital markets replication. We will strategically target emissions reductions in geographies and market segments that have historically been the hardest to address with the highest baseline emissions.

Climate United's approach is designed around impact and speed, and a focus on ensuring that investments in LIDAC are prioritized.

Table 6. Climate and Air Pollution Objectives and Outcomes

GGRF Program Objective	Climate United Target Outcome
Reduce emissions of greenhouse gases and other air pollutants.	1. Reduce or avoid greenhouse gas emissions by cutting energy waste, electrifying end-uses, and expanding carbon pollution-free electricity. **This results in 11 million metric tons avoided over the 5-year performance period** 2. Reduce or avoid the combustion of fossil fuels from buildings, vehicles, and electricity production annually, resulting in cleaner air in communities across America.

Alignment with GGRF Emission Reduction Program Objective 1*

- Approximately 45% of Climate United investments will focus on decarbonizing buildings, which will be approximately $2.8B of the initial award amount.
- Approximately 20% of Climate United investments will focus on electric transportation, which will be approximately $1.2B of the initial award amount.
- Approximately 25% of Climate United investments will focus on producing carbon-free electricity, which will be approximately $1.5B of the initial award amount. These investments will support the production of renewable energy generation and storage, primarily solar.
- Approximately 10% of Climate United investments may focus on other sectors that meet the qualified project tests but fall outside of the three priority sectors (for example, water infrastructure, agriculture), which will be approximately $615M of the initial award amount

Impactful, Measurable and Achievable Targets to Assess Progress on Emission Reduction

Climate United has a robust plan to track progress against its climate and air pollution goals throughout the period of performance and beyond. We will collect data on each QP as needed to track the climate and air pollution outputs and outcomes and provide the necessary performance management reports. We will do so leveraging technology-enabled tracking systems where available, using engineering-based assumptions and modeling where needed, and relying on existing market data to minimize the burden on customers. This will ensure that we have both a rigorous performance management system and a positive customer experience – both of which are critical to the success of the NCIF and GGRF.

All metrics collected and benefits measured will follow guidelines and requirements from the EPA's reporting processes and procedures that are forthcoming.

Climate United is targeting the following outputs and outcomes resulting from the award and its investment strategy. Performance against these outputs is dependent on market conditions, market demand, availability of other tax credits, incentives, and government programs, and ultimate cost of Qualified Projects across various market segments. It is expected that some of these outputs may be hard to achieve over the five-year performance period. After three years, if we are not on track to meet the target outputs, we will shift strategy and adjust the table below to reflect the realities of the market once we are actively in it. This could include shifts in financial products or approaches within a market segment to better support projects in that segment.

For all target ranges listed below, we expect that at least 60 percent of the beneficiaries of financial assistance will either be located in LIDAC communities or serving LIDAC beneficiaries (for example, if we reach 20,000 single family homes, at least 12,000 of those homes will be in LIDAC communities).

Outcome	Sample Outputs	Target Ranges for Initial Award (5-year performance period)
Reduce GHG emissions by increasing efficiency and electrifying systems in buildings, which improves indoor air quality and health of beneficiaries	• Single family housing units that meet our low carbon and/or zero emissions standard • Multi-family housing units that meet our low carbon and/or zero emissions standard • Small commercial and community facilities that meet our low carbon and/or zero emissions standard • School buildings and other municipal facilities that meet our low carbon and/or zero emissions standard	• 10,000 – 25,000 single family homes decarbonized • 30,000 – 60,000 units of multifamily housing decarbonized • 100-300 small commercial and community facilities (including school buildings and other municipal facilities) decarbonized • NOTE: These targets are based on the continuation of the energy efficiency and decarbonization tax credits in place at the time of this Workplan.

Reduce GHG emissions by electrifying vehicles, which improves outdoor air quality and the health of effected communities	• Electric and/or plug-in hybrid electric passenger vehicles replacing existing ICE cars • Electric buses replacing diesel buses • Electric heavy-duty trucks replacing diesel trucks • Electric medium duty vans and trucks replacing existing ICE fleets	• 10,000 – 35,000 passenger vehicles electrified • 500 – 2,000 heavy duty vehicles electrified • 500 – 750 other vehicles electrified • NOTE: These targets are based on the continuation of the electric vehicle tax credits in place at the time of this Workplan.
Increase renewable generation to expand clean generation of energy and reduce emissions, which reduces the carbon intensity of our electricity sector and lowers energy bills	• Residential solar installed • Community and commercial solar installed • Rooftop solar installed	• 10,000 – 35,000 residential solar installations and/or access to community solar and/or storage for single family homes • 250 – 300 small commercial and community facilities with access to solar and/or storage • 100 – 150 school and/or university buildings with access to solar and/or storage • NOTE: These targets are based on the continuation of the renewable energy tax credits in place at the time of this Workplan.

1.2.2.2 Community Benefits

Climate United's pipeline prioritization approach is built to maximize holistic impact on Priority Communities and allows us to track our progress on outcomes over time. This will ensure we do not default to the most expedient QPs where additionality and impact are diminished.

Table 7. Community Benefits Objective and Outcome

GGRF Program Objective	Climate United Target Outcome
Deliver benefits of greenhouse gas- and air pollution-reducing projects to American communities, particularly low-income and disadvantaged communities.	Deliver direct benefits of a clean energy transition to millions[2] of Americans in the form of lower energy costs, cleaner air, homeownership, and good jobs

Impactful, Measurable and Achievable Targets

CUF's impact framework will prioritize, allocate, and manage a portfolio of activities, incorporating multiple variables across social and environmental impacts. CUF will use a Community Impact Scorecard anchored in our three targeted outcome categories: a healthier planet and population, an American-built green economy, and expanded economic opportunity. Our Community Impact Scorecard will enable us to develop a composite impact score to understand the relative community impact and GHG reduction for each project or investment during pipeline decision making and underwriting. Each projected outcome will be evaluated by key questions and metrics. This impact score ties our Community Impact Scorecard to our portfolio goals and can be tracked throughout the lifecycle of the investment, allowing us to track outputs like quality job creation, homeownership, and cost savings for Americans among other critical outcomes of our financing.

To complement our screening and prioritization, we have set percent-based portfolio goals to make sure that our portfolio reaches our Priority Communities and supports America's small businesses. These targets increase over time to ensure that the extensive community engagement and capacity building described in our Market Development Plan (**Section 1.2.5)** is leading to greater market penetration in Priority Communities. Dollars invested outside of Priority Communities will have a high priority for capital market transformation.

[2] Beneficiaries include both direct and indirect beneficiaries from our financial assistance and predevelopment programs. Direct beneficiaries include those who are directly impacted by the qualified project, e.g., the family living in the upgraded home or the students in the school building that is now powered by solar energy, as well as the jobs created and/or retained. Indirect beneficiaries include those who are indirectly impacted by the qualified project, e.g., people living in port communities that will see cleaner air when diesel trucks are taken off the road. Together, we project that we will impact more than a million people through direct and indirect means, which will be tracked as we execute this program plan.

Table 8. Climate United Portfolio Goals[3]

Priority Community	3 years	7 years
% LIDAC	60%	60%
% Rural[4]	12%	20%
% Tribal[5]	6%	10%

Investments and QPs may be included across categories, as applicable

We will aggregate and report progress against our portfolio and community benefits goals at least annually, allowing us to course correct as needed to meet our overall program objectives. If initial deployment is not yielding the reach and impact that we project, Climate United will

[3] The NOFO did not provide guidance on how to calculate this percentage, accordingly, Climate United calculated each of the below targets calculated as a percentage of our financial assistance portfolio and not a percentage of the total award amount.

[4] Rural as used in this document means:

- Benefit rural areas or towns outside of urban areas. Per the 2020 Census, an urban area is densely settled core of census blocks that encompasses at least 2,000 housing units or has a population of at least 5,000, or
- Are outside of a metro service area including all non-metro counties per the 2020 Office of Management and Budget (OMB),
- Are outside of a metro service area including all metro census tracts with Rural-Urban Commuting Area (RUCA) codes 4-10 per the USDA's 2010* RUCA dataset, or
- Are outside of a metro service area including large area Metro census tracts of at least 400 sq. miles in area with population density of 35 or less per sq. mile with Rural-Urban Commuting Area (RUCA) codes 2-3 per the USDA's 2010 RUCA dataset

Because these definitions are based on current federal datasets, whether a project qualifies as rural may be subject to update as new datasets, such as new RUCA codes, are released. For a project to be reported as rural in our public reports, it only must meet one of these criteria at the initial time that a project is financed. This usage was developed following deep and extensive engagement with rural partners and reflects the results of our ongoing community engagement. Any data reported to the US EPA or other federal agencies will follow prescribed definitions as required in the reporting instrument.

[5] Tribal as used in this document means:

- A for profit business that is at least 51% owned and controlled by any of the following, or a non-profit business that is 51% controlled by any of the following:
  - Members of a federally- or state- recognized tribal nation or tribal government entity
  - HHCA Beneficiary Association or Homestead Association as defined in 43 CFR Part 48.6 or enrolled members and/or lessees and successors as defined in the federal Hawaiian Homes Commission Act of 1920
  - Alaska Native Corporation" as defined in 43 USC Section 1602
- A project located in Native Lands Area (NLA) according to the new CRA guidance or located on Hawaiian Home Lands as designated under the federal Hawaiian Homes Commission ACT of 1920.
- Individuals that are members of a state or federally-recognized tribe, members of a HHCA Beneficiary Association as defined in 43 CFR Part 48.6 or shareholders of an Alaska Native Corporation" as defined in 43 USC Section 1602 **or** identify as Alaska Native, Native Hawaiian, or Native American through demographic selection
- Project that at least 51% of the direct benefits are provided to individuals that are members of federally- or state- recognized tribal nation, members of a HHCA Beneficiary Association and Homestead Association as defined in 43 CFR Part 48.6, or shareholders of an Alaska Native Corporation" as defined in 43 USC Section 1602.

This usage was developed following deep and extensive engagement with tribal partners and reflects the results of our ongoing community engagement. Any data reported to the US EPA or other federal agencies will follow prescribed definitions as required in the reporting instrument.

reevaluate annually starting after two years of program performance and adjust our anticipated portfolio allocation and pipeline development process.

1.2.2.3 Market Transformation Benefits

Climate United's investment strategy will leverage the private markets as traditional investors learn about and become practiced at incorporating climate risk diligence and decarbonization into their investment decisions.

Table 9. Market Transformation Objectives and Outcomes

GGRF Program Objective	Climate United Outcome
Mobilize financing and private capital to stimulate additional deployment of greenhouse gas- and air pollution-reducing projects.	Mobilize up to $21B of private capital[6] over the initial five-year performance period to stimulate additional deployment of QPs.

We will track private capital leverage and total capital mobilization during the 5-year performance period by collecting total cost data at the QP and Transaction Partner/Community Lender levels and tracking future project capital mobilized. We will evaluate progress to accomplish our broader goals for market transformation by tracking our private capital leverage, which we anticipate will increase over time as new asset types mature.

Impactful, Measurable and Achievable Targets

In addition to leverage, we will track and measure additional markers of market transformation to understand the total impact of our strategy.

Table 10. Markers of Market Transformation and Metrics

Outcome	How we're moving the market	Metric(s) Measured
Reduce costs of core technologies to drive economic benefits	• Aggregating demand to negotiate preferred pricing directly or through intermediaries	• Installed costs of core technologies across project categories over time
Viable secondary markets that incorporate decarbonization	• Creation of standardized financial products • National energy efficiency and clean technology performance database that we contribute to or develop after initial portfolios are seasoned	• Number of standardized loan products created, and number of loans closed • Number of issuances for emission and air-pollution-reducing projects

[6] Private capital mobilization includes (a) direct project capital mobilized (i.e., other sources of capital in the direct project), (b) capital mobilized at the fund and/or intermediary level (i.e., other sources of capital in a pool of loans or investments or on a lender balance sheet), and (c) future capital mobilized (i.e., follow-on financing that is enabled by our initial investment, recycling by relending funds that have been paid back and/or future sales of originated assets to private investors). These estimates were included in our workplan before any private capital mobilization definitions were finalized by the EPA and therefore are subject to change if such definitions do not include similar activities.

	(not until at least 4 years into the period of performance)	
Aligned private market incentives with regulations or policies	• Informing local, state, and federal policies that can further drive change and adoption that we contribute to or develop after initial portfolios are seasoned (not until at least 4 years into the period of performance)	• New policies implemented as a result of sharing data, case studies, and experiences with research organizations and government policy makers
Strong Community Lender participation in the low-carbon transition	• Partnering with CCIA grantees to build a continuum of support for Community Lenders	• Growth in clean energy capital deployment for our Community Lender partners

1.2.3. Portfolio Allocation

1.2.3.1. Project Categories

Climate United will invest across all three Priority Project Categories. The dollar figures below represent our estimated allocation of financial assistance from the award and do not include any leveraged private capital. If after the first three years (or sooner if we have sufficient information at that time) of the program period, we see different demand in the market than expected, we may allocate up to $750 million between project categories to meet market demand. For example, if we see challenges deploying funds in building decarbonization because of the cost and complexity of the program, we may shift up to $750 million from building decarbonization to distributed generation and storage or electric transportation. Or, if federal electric vehicle tax credits are reduced, we may shift $750 million from electric transportation to distributed generation and storage or building decarbonization.

	Percentage of Financial Assistance	Dollar Amount of Financial Assistance
Other	10%	Approximately $0.615B
Distributed generation and storage	25%	Approximately $1.5B
Electric transportation	20%	Approximately $1.2B
Building decarbonization	45%	Approximately $2.8B

Each category addresses different sectors of energy consumption and production, contributing to Program Objective 1, by reducing the emission of greenhouse gases and other air pollutants associated with the combustion of fossil fuels. Overall, we expect approximately 65% of our investments will be in Priority Project Categories. The remaining 35% will be investments in QPs that contribute to the three program objectives but may fall outside of the priority areas, for example, investing in small farms to reduce their overall carbon emissions or investing in significant building emissions reductions that don't quite meet the zero emissions standard.

Distributed Energy Generation and Storage

Approximately 25% of our investments will focus on producing carbon-free electricity. Most QPs in our pipeline are concentrated in small scale rooftop solar and ground mounted community solar. This project category tends to have higher GHG reduction per federal dollar, but lower leverage as there is not an active private market for small scale solar and storage on smaller buildings or in low-income communities, and there is a limited appetite among developers and lenders for small projects. All QPs in this portfolio are expected to meet the EPA Priority Project Category criteria.

Should there be major disruptions to or changes in the tax credit legislation, regulations, or markets for distributed energy generation and/or storage, this strategy could shift significantly. Any shifts away from this sector would go towards other sectors that are not as reliant on the tax credit market, such as but not limited to, building decarbonization, electric transportation, or other qualified sectors.

Strategy to Scale: We have identified potential trusted "platform" Transaction Partners that have existing deployment capacity and reach across like-asset types (e.g., residential solar, Federally Qualified Health Clinics, Universities, or K-12 schools) to deploy a standardized model for solar plus storage efficiently, enabling reach into LIDAC communities and ensuring subscription access for community generation. Aggregating these asset pools for secondary market purchase (within co-mingled or new vehicles) and standardizing impact and financial reporting will support the development of more robust data on asset performance for a part of the market that is not deemed credit worthy today, allowing the market to more effectively price risk going forward.

We expect to use a variety of financial instruments to accelerate distributed generation and storage capacity. Instruments may include bridging direct pay or other incentives, senior secured and unsecured debt, subordinated and other junior debt structures, leases, funded and non-funded guarantees as well as equities, bonds and other securities. We expect to explore securitization markets for asset portfolios as they develop.

All direct lending and credit enhancement products are classified as Participant Support Costs in the Climate United Budget and are a part of the Financial Assistance budget category for our coalition partner subawardees. All loan purchases and participations are classified as Acquisition of Intangible Property in the Climate United Budget and are a part of the Financial Assistance budget category for our coalition partner subawardees. All loans to or investments in community lenders (e.g., CDFIs, green banks and/or credit unions) are classified as Subaward loans in the Climate United Budget and are a part of the Financial Assistance budget category for our coalition partner subawardees.

Building Decarbonization

Approximately 45% of Climate United investments will focus on building decarbonization. Every year for the last 20 years, $1.2 - $4.5 trillion in mortgages (the primary financing mechanism for buildings) are originated. Until we integrate building decarbonization into the first mortgage originations process, we will not decarbonize buildings at scale. Leveraging our mortgage products, we will focus on retrofits and upgrades that transition the built environment to net-zero emissions and new construction of net-zero emissions buildings. It is our intent that every commercial retrofit or new construction project will be evaluated for on-site solar photovoltaics (PV), storage, and electric vehicle charging infrastructure to comprehensively address all of the EPA's Priority Project Categories.

Net-zero buildings tend to have higher leverage and greater potential for market transformation, but lower near-term GHG reduction efficiency per dollar. This category also has the potential to generate clean energy jobs and revenue for local small businesses, as well as demand for U.S. made clean technologies. While the priority will be to help these buildings achieve net-zero emissions, projects that cannot fully achieve this target will still be able to reduce their carbon footprint and develop a plan to achieve net-zero over time.

Strategy to Scale: We will leverage our standardized residential first and second mortgage products (see **Section 1.2.4.1**) to influence the mortgage markets for both single and multi-family housing, through a potential partnership with the GSEs. Educating and working alongside mortgage lenders and enabling them to provide more attractive products to incent their customers to decarbonize will educate lenders on how to routinely remediate carbon through the mortgage origination process, just as they do with radon or other pollutants today.

Approach to deployment and potential barriers

- Our primary tool for engaging the private markets in decarbonizing multifamily housing will be providing subordinate debt behind first mortgage loans for completed projects that meet our low carbon and/or zero emissions building standards
- We will also leverage direct lending for renovation and new construction which will engage projects from design to construction completion, involving public and private lenders throughout
- Our building decarbonization strategy and approach is dependent on final guidance on many of the federal cross-cutting requirements. Changes in this guidance could shift our approach within the building decarbonization sector.

We expect to use a variety of financial instruments to accelerate building decarbonization. Instruments may include bridging tax credits and other tax incentives, senior secured and unsecured debt, subordinated and other junior debt structures, funded and non-funded guarantees as well as equities, bonds and other securities. We expect to explore securitization markets for asset portfolios as they develop. We will also develop bridge lending facilities to drive efficiency for smaller projects.

All direct lending and credit enhancement products are classified as Participant Support Costs in the Climate United Budget and are a part of the Financial Assistance budget category for our coalition partner subawardees. All loan purchases and participations are classified as Acquisition of Intangible Property in the Climate United Budget and are a part of the Financial Assistance budget category for our coalition partner subawardees. All loans to or investments in community lenders (e.g., CDFIs, green banks and/or credit unions) are classified as Subaward loans in the Climate United Budget and are a part of the Financial Assistance budget category for our coalition partner subawardees.

Electric Transportation

Approximately 20% of Climate United investments will focus on electric transportation. Climate United will initially prioritize financing electric passenger vehicles for families and heavy-duty vehicles. These vehicle types were chosen because of the current availability of battery electric models, the immediate and tangible benefits to families and small businesses, and the impact on air quality and health, particularly for children and families. Our projected portfolio includes, subject to the ongoing availability of electric vehicle tax credits, the financing of more than 30,000 electric vehicles in support of EPA's zero-emission vehicle goal. In the absence, or reduced availability of tax credits for electric vehicles, then Climate United will seek to deploy capital to support vehicle electrification by financing charging infrastructure and/or infrastructure pre-development, as well as corporate fleet electrification where tax incentives may play less of a role in the decision to electrify. Climate United will also consider financing alternative transportation systems like rail and maritime if tax incentive changes make EV cars, trucks and buses unfinanceable. In addition to supporting vehicle transition, we will look for opportunities to include EV charging onsite for residential and commercial building renovation projects, so residents and tenants have access to charging. While we will be prioritizing battery electric vehicles, we recognize that plug-in hybrid electric vehicles (PHEVs) may have a more accessible price point for many households and can be a steppingstone in transitioning to full battery electric.

Strategy to Scale: For passenger EVs, Climate United has developed relationships with major original equipment manufacturers (OEMs), Community Lender networks, leading ride share companies, nonprofits providing consumer education on EVs, and large aggregation platforms. We aim to pair move-the-market financing with processes that reduce friction and help buyers navigate EV incentives. Offering our low-cost Electrify loans through these platforms will make it compelling and easier to make the electric choice where it is not cost-effective to do so today.

For heavy-duty vehicles, we will mitigate risk for existing auto financing markets that are not able to take EV buses and trucks as collateral because of uncertainty in future residual value and will help bridge available tax credits and incentives. This will allow these markets to shift more quickly into financing EVs, and once the values are known over time and a secondary market is developed, the market can take over without the need for subsidy.

Climate United's strategy will be dependent on the availability of BABA compliant vehicles and supporting equipment. In the absence of BABA compliant equipment, or BABA waivers in response to product non-availability, Climate United will seek to identify new financing strategies for this sector.

Approach to deployment and potential barriers

- We will look for ways to leverage and maximize other available incentives and credits on the market to support the ability to make EVs cost competitive, or cost advantaged versus ICE alternatives.
- We will seek to identify vehicle models made in the US and work with OEMs to make EVs more economically attractive and available, including for small businesses and in low-income communities.
- We will seek to coordinate EV purchases with direct access to charging infrastructure to address the chicken and egg challenges in EV adoption.

We expect to use a variety of financial instruments to accelerate EV penetration. Instruments may include bridging direct pay and other incentives, senior secured and unsecured debt, subordinated and other junior debt structures, leases, funded, and non-funded, guarantees as well as equities, bonds and other securities. Climate United may own vehicles through its subsidiaries lease them to users. We expect to explore securitization markets for asset portfolios as they develop.

All direct lending and credit enhancement products are classified as Participant Support Costs in the Climate United Budget and are a part of the Financial Assistance budget category for our coalition partner subawardees. All loan purchases and participations are classified as Acquisition of Intangible Property in the Climate United Budget and are a part of the Financial Assistance budget category for our coalition partner subawardees. All loans to or investments in community lenders (e.g., CDFIs, green banks and/or credit unions) are classified as Subaward loans in the Climate United Budget and are a part of the Financial Assistance budget category for our coalition partner subawardees.

<u>We believe there are significant benefits in a cross-sector investment strategy that will drive better overall results and enable us to meet the program's objectives more efficiently.</u> For example, we will be able to target our Electrify consumer auto lending products to residents living in buildings that have received a Clean Air mortgage and installed significant charging infrastructure on site, so the charging meets its utilization requirements (reducing risk for the installers) and the residents gain access to EV charging stations (reducing risk for the residents).

1.2.3.2. Market Segments

Climate United has chosen to focus on market segments that offer a significant contribution to reductions in GHG emissions, tangible benefits to people's lives, and potential for market transformation. Taken together, they chart a path for people and communities to fully decarbonize where they live, the car they drive, and the places they work, learn, and play. We have placed an emphasis on the two residential segments – consumer and multifamily housing – because of the outsized role healthy and green housing plays in driving program outcomes and addressing the dual climate and housing affordability crises.

Market Segment 1: Consumers

Why this segment delivers benefits to American Communities. There are 97 million single family households in the U.S. Access to clean technologies like solar panels, energy efficiency upgrades, electric appliances, and EVs will bring economic, health, and environmental benefits to families across America. When more people – from all walks of life – experience the financial and health benefits of the clean energy transition, demand will begin to drive market transformation.

Our consumer plan includes building wealth for more than 50,000 families through green home purchase, residential solar, renovation and energy efficiency upgrades, and supporting over 30,000 car buyers (NOTE: projected numbers are based on current tax credit incentives in place at the time of this Workplan). Our strategy intends to build on existing financial infrastructure to drive outcomes. For example, GSEs purchase hundreds of thousands of single-family home loans to low-income homebuyers each year. They also deliver green single-family home mortgages, but the overlap of green mortgages to low-income homebuyers has been less than a thousand per year. Climate United intends to offer a strategy to bring these two products in line, so that eligible, low-income homebuyers can also access the benefits of a green home and LIDAC families can benefit from the projected savings to consumers of scaling up green mortgages. The potential for this market is supported by developed partnerships with builders, high volume home mortgage lenders, and the GSEs.

Approach to deployment and potential barriers:

- Most of our consumer lending will be through loan purchase programs (classified as Acquisition of Intangible Property in our budget) that will be done in partnership with loan originators (banks, credit unions, CDFIs, finance companies), loan aggregators, and other types of entities working directly with consumers (e.g. utility companies, home improvement stores, home builders, ride share companies). In addition, we intend to provide financial support to community lenders to serve consumers in their local markets.

- We are pending further guidance on key issues related to this strategy that have not been resolved as of the writing of this workplan. Depending on the resolution of those issues, we may adjust our product approach and mix; however, each of these products will continue to serve single family households and consumers.

Market Segment 2: Multifamily Housing

Why this segment delivers benefits to American communities. There are 44 million households living in multifamily buildings and at least 57% of those households are LIDAC. Multifamily properties are responsible for 5% of building emissions in the U.S., yet a very small percentage of this housing stock meets high-performance or net zero emissions standards. High upfront costs, lack of consistent code or capital requirements, complex regulations, and lack of awareness have contributed to slow adoption and kept costs high. As we face both a climate and an affordable housing crisis, there is enormous opportunity to decarbonize multifamily housing to create safer, healthier, more resilient, and more affordable homes for millions of Americans.

Climate United has the unique ability to lower the costs and barriers inhibiting building decarbonization by creating a secondary market for loans that fund the reduction of carbon emissions from buildings. We will work with the existing ecosystem of first mortgage lenders that routinely finance buildings powered by inefficient fossil fuel-based technologies to enable them to permit lower cost, higher leverage debt products to install highly efficient, all electric technologies and renewable energy. Our funding is structured to offset the incremental costs of improving buildings through carbon-reducing measures. We will bring standard terms, requirements, legal documents and underwriting methodologies that lenders need to integrate decarbonization into the existing mortgage underwriting processes. Getting first mortgage lenders to bring decarbonization to their customers and "green" their existing processes is truly market transformative and offers the only pathway for comprehensive, scaled decarbonization of the built environment.

We will facilitate the market by working with lenders through the routine mortgage process. We intend to provide subordinate debt behind first mortgage loans to fund new construction projects built to zero emissions standards and for existing buildings designed to complete extensive green renovations and high efficiency system replacements (which may include co-lending with affiliates of Climate United Fund or its Coalition Partners subject to agreed upon conflict-of-interest mitigation plans). We may also refinance or purchase loans on already completed projects that meet our Clean Air, Clean Air Boost, or Save A Ton Standards (which may include loan purchases from affiliates of Climate United Fund or its Coalition Partners subject to agreed upon conflict of interest mitigation plans). Our projections estimate that we will decarbonize over 77,000 units of multifamily housing across the affordability spectrum. These estimates assume existing federal guidance that private homes (including rental homes) are not subject to certain federal requirements. Changes to that guidance will increase the cost per unit, reduce the number of households served and change our strategy.

Approach to deployment and potential barriers:

Our approach to deploy NCIF capital through or alongside existing mortgage lenders intends to focus on four deployment verticals across all 10 EPA regions:

- Community Development Financial Institutions and other Community Lenders
- Housing Finance Agencies (HFAs),
- Mortgage banks, and
- Commercial lenders

Working across all four verticals allows for decarbonization for large conventional properties (i.e., GSEs), federally and state subsidized affordable housing (i.e., HFAs), small properties in Rural and Tribal communities (i.e., CDFIs), and workforce housing (i.e., commercial lenders). Climate United intends to provide lenders with the regionally appropriate tools they need to navigate the technical process and requirements to decarbonize buildings and permit subordinate mortgage capital to support the added cost to get the buildings they finance to significantly reduce GHG emissions through energy efficiency improvements, electrification, and renewable energy where feasible.

Market Segment 3: Community Infrastructure

Why this segment delivers benefits to American communities. Community infrastructure has a large impact on our quality of life and is a visible centerpiece in most American communities. There are more than 400,000 houses of worship, 11,000 Federally Qualified Health Centers, 25,000 childcare facilities, and countless other community buildings across the country where energy usage is a large budget item. Improving the energy sources and efficiency of these buildings directly improves the health of those who visit, creates more resiliency to climate or other natural disasters, and saves money for organizations that will benefit from additional monthly cash flow.

Climate United intends to work with Transaction Partners that have existing networks of community facilities to leverage existing relationships to reach, support, and finance building upgrades and solar and storage for QPs wholesale across the network. These investments will have the added benefit of turning these community buildings into resiliency centers in the event of community-wide power outages.

Approach to deployment and potential barriers:

- Most of our community infrastructure lending will be through or alongside community banks or specialized lenders with an existing presence in their local community or existing relationships with these organizations. We will also provide financing directly to community infrastructure Qualified Projects.

- We are pending further guidance on key issues related to this strategy that have not been resolved as of the writing of this workplan. Depending on the resolution of those issues, we may adjust our product approach and/or the size of facilities we are able to effectively serve and may be limited to projects that are already complying with federal grant financial assistance requirements. Any shifts in strategy will remain within the community infrastructure segment.

Market Segment 4: Small Businesses and Farms

Why this segment delivers benefits to American communities. Small businesses and farms are the backbone of the economy but are also a disaggregated source of emissions through their buildings, land, and vehicles. Relative to large corporations, each small business or farm may have a limited emissions footprint, but collectively, their impact on the environment is significant. Small to mid-sized companies make up roughly 99% of businesses in the U.S. and are responsible for the majority of emissions from commercial buildings. These small businesses will need financial and technical assistance in the transition. Supporting a small business's ability to adopt clean technologies will save them money on energy bills, enabling them to grow employment and build wealth while maintaining their competitiveness with their larger peers. Climate United may work with networks of small businesses and farms to support widespread distribution of loans across QPs.

Approach to deployment and potential barriers:

- Most of our small business and small farm lending will be through or alongside community banks or specialized lenders with a presence in their local community or existing relationships with businesses and/or farms.
- We will provide capital to or alongside these lenders to enable them to offer attractive lending products to Qualified Projects that meet emissions reduction goals.
- We will also support small businesses in our EV truck conversion strategy, as it is often the smaller operators and independent drivers who have the greatest barriers to accessing credit for newer and more expensive vehicle models.
- We are pending further guidance on key issues related to this strategy that have not been resolved as of the writing of this workplan. Depending on the resolution of those issues, we may adjust our product approach and/or the size of buildings and farms we are able to effectively serve, but any shifts in strategy will remain within the small business and small farm segment.

Market Segment 5: Schools & Universities

Why this segment delivers benefits to American communities. Our focus within this segment is K-12 school buildings, University campuses, and school bus conversion. Schools are the third largest sector of commercial building energy usage in the U.S., and energy bills are the second biggest budget item for most districts, after personnel. Students, teachers, and school staff spend 1,000+ hours per year inside a school building – places that are highly visible buildings in a community and can demonstrate the benefits of clean technologies to a broad range of stakeholders. Lastly, there are 500,000 school buses in the country that move 26 million children each day and account for over 5 million tons of annual GHG emissions. These buses create the unhealthiest air that a child will breathe all day because 95% of them run on diesel fuel. Electrifying buses will create immediate improvements in air quality and children's health.

Transaction partnerships with state and local governments and other partners and aggregators, will allow Climate United to develop a standardized approach to deploy NCIF funds to support building decarbonization and solar/storage installation on campuses. These state and local partnerships will also be leveraged to work with school districts on bus conversion.

Approach to deployment and potential barriers:

- For a standardized approach to decarbonizing K-12 school buildings (including an assessment of efficiency, electrification, and solar generation), we will be seeking to create 1-3 standardized models that work in different municipal and state contexts so we can invest alongside existing lenders or service providers (e.g., municipal and/or state bond authorities) for school renovation projects.
- For school buses, we will work with school districts, private school bus operators, and private capital providers to bring a combination of tax equity and subordinate financing or credit enhancement to bring down the cost of new electric buses so they are more cost competitive with their diesel alternatives. This may include the purchase and leasing of school buses through a wholly owned SPV of Climate United Fund; the wholly owned SPV may borrow funds from Climate United Fund to purchase and own the electric buses. If there are changes to the commercial vehicle tax credits, these models could be less feasible in the near-term until the price of electric buses comes down.
- For university campuses, we will seek to work with campuses directly or intermediaries aggregating demand across campuses to reduce emissions of these campuses through building decarbonization, access to solar, and/or fleet or bus conversion.
- We are pending further guidance on key issues related to this strategy that have not been resolved as of the writing of this workplan. Depending on the resolution of those issues, we may adjust our product approach and/or structures, but any shifts in strategy will remain within the school segment.

Market Segment 6: Community and Community-based Solar

Why this segment delivers benefits to American communities. Many areas within the U.S. lack access to traditional electricity infrastructure. Stand-alone renewable generation, with a focus on community solar and storage can provide communities with a reliable source of clean energy. Investments in community solar can stimulate local economies, create quality jobs in installation, operation, and maintenance, and improve air quality. The initial investment in the renewable infrastructure will be paid off through lower operational costs and protection against volatile fossil fuel prices. We will work with platforms, originators, and developers of community and community based solar, with a preference for organizations who prioritize education, outreach, technology enablement, and access for LIDAC subscribers and small businesses who, with access to NCIF funds, can increase the availability of community solar for lower-credit consumers.

Approach to deployment and potential barriers:

- We will seek to create customized financing solutions with platforms, originators, and developers of community and community-based solar that support Qualified Projects with a focus on access to LIDAC consumers and small businesses. Customized financing solutions may include financial assistance at the pre-development, construction, and permanent financing stages. The types of financial assistance will largely come in the form of direct loans, loan purchases (which may include loan purchases from affiliates of Climate United Fund subject to agree upon conflict-of-interest mitigation plans), loans funded through transaction partners/ community lenders, and credit enhancements. This financial assistance will often be subordinate to other lenders (which may include co-lending with affiliates of Climate United Fund or its Coalition Partners subject to agreed upon conflict-of-interest mitigation plans) to attract and mobilize private capital.

- Federal and program requirements may limit the ability of our community solar partners to develop compliant solar projects until the market adapts. If this takes longer than expected, we will shift our near-term focus to commercial solar projects that are better positioned to meet federal and program requirements.
- If there are significant changes to existing renewable energy tax credits or the tax credit markets, this strategy could be delayed until project economics are feasible.

Market Segment 7: Other EV and Charging Infrastructure
Why this segment delivers benefits to American communities. The transportation sector is the single largest contributor to GHG emissions in the US and impacts the health of our planet and the health of our people. In addition, a reliance on gas as a fuel source creates a volatile and uncertain impact on the budgets of families and small businesses, which will only worsen as we electrify end uses and demand for gas goes down. Transitioning small businesses and families – particularly those low-income and disadvantaged communities – is a priority so that these communities are among the first to benefit from clean transportation and are not the last.

Approach to deployment and potential barriers:

- We will primarily look to partner with companies driving the EV transition and charging infrastructure by providing project financing for the purchase of vehicles or installation of charging.
- We may test models to mitigate residual value or utilization risks to accelerate market adoption and address chronic chicken or egg challenges in this market. These would be structured as credit enhancement and categorized as participant support costs.
- We may form one or more wholly owned SPVs of Climate United Fund to purchase and lease EV trucks and/or charging infrastructure; the wholly owned SPVs may borrow funds from Climate United Fund to purchase and own the EV trucks or charging assets. This structure would be a direct loan to the SPV and categorized as participant support costs.

Why these segments currently lack and/or have historically lacked capital access
Our overall approach across segments is to address the historic barriers to capital access within each segment based on the nuanced gaps that exist across the private markets. We know that private capital moves for three reasons: profitability, regulation, or liability. In each segment, the upfront costs of clean technologies often impede near-term profits and there is no federal regulation like the Community Reinvestment Act requiring banks and lenders to address carbon in their lending and investment. Liability is emerging and creates an opportunity until costs come down. <u>Investments in cross-segment decarbonization will not happen without an intervention that changes these dynamics, which is why in every segment we are focused on why credit access has been constrained and how to structure the right financial solution to make the math work.</u>

1.2.3.3. Geographies

Due to our extensive community and Transaction Partner outreach, Climate United has a geographically diverse pipeline of projects and partnerships that span all 50 states, many Tribal nations, DC, and Puerto Rico. Our targeted market-building activities as described in **Section 1.2.5**, paired with the geographic reach of our potential implementation partners will support local capacity and infrastructure to generate projects. Additionally, our community engagement staff will coordinate with our Advisory Council and work alongside our investment officers to identify and prioritize pipeline opportunities that meet our portfolio and community benefits targets.

Deployment in geographically diverse communities

<u>We are targeting 20%, or approximately $1.2 billion of the financial assistance portion of our initial award, in Rural communities</u>. Rural communities often have a harder time attracting private capital, which means that NCIF funds may be larger portions of the capital stack to ensure that their projects are financed. Beyond our Transaction Partnerships, we have held listening sessions with rural stakeholders, such as Partners for Rural Transformation and the Environmental Defense Fund-led Climate-Smart Agriculture Finance Coalition, to learn more about how products may need to be adapted and deployed to serve these geographies.

Deployment in Tribal communities

<u>We are targeting 10%, or approximately $615 million of the financial assistance portion of our initial award, in Tribal communities</u>. Climate United has Indigenous-led and Indigenous-serving transaction partners and is developing relationships with nonprofit regional inter-Tribal organizations to ensure that tribes have capital solutions for their clean energy needs.

Deployment in low-income and disadvantaged communities

<u>We are targeting 60%, or approximately $3.7 billion of the financial assistance portion of our initial award, in low-income and disadvantaged communities</u>. This will be driven by our partnership approach with entities whose mission it is to serve LIDAC, including the five recipients of the Clean Communities Investment Accelerator (CCIA) grant and the sixty Solar for All (SFA) awardees. For example, Inclusiv has worked with Community Lenders serving 47 states, D.C., and Puerto Rico to develop green lending products and provide training through Inclusiv's Center for Resiliency and Clean Energy. Their membership of 481 community development credit unions (CDCUs) has strong national representation across the South, Northeast, Midwest, and West Coast, all serving or located in LIDAC. These CDCUs will serve as originating partners for our consumer loans and single-family mortgages. The federal requirements that come with the NCIF will require us to work hard to enable labor markets to comply with DBRA so impact in small, rural and tribal communities may be further out in the deployment period when those markets have built capacity for compliance.

1.2.4 Financial Products and Transactions

1.2.4.1 Financial Products

Climate United has developed a suite of financial products for all three project categories and seven market segments based on collective experience and feedback from borrowers, lenders, and community engagement partners. Climate United intends to use its 75+ lending offices and 220+ lending partnerships across the country as our innovation sandbox to continuously test, measure, and adjust these products. In addition to Climate United's deep lending infrastructure, we intend to utilize our well-developed financing vehicles, structures, and partnerships to deliver at scale. This enables local solutions that benefit from national partnerships that bring efficiency, low-cost capital, and spur private sector leverage.

Climate United intends to develop a sustainable fund that can be revolved while offering products that meet borrowers and markets where they are. Specifically, we intend to leverage EPA funds with private capital to provide adequate levels of subsidy to spur the adoption of green alternatives. As costs come down and markets mature, we plan to slowly decrease the amount of subsidy per transaction to ensure our products are additive and to maximize sustainability of the fund.

Climate United will use three primary product approaches, detailed in this section:

1. **Standardized products** originated locally and aggregated to leverage secondary markets (primarily in the Participant Support Cost and Acquisition of Intangible Property budget categories). Across the full award, we project approximately 60% will be deployed through these products across market segments;
2. **Investing in and with Transaction Partners** to facilitate standardized and tailored loans into QPs that may stay on the balance sheets of the Community Lenders (primarily as Financial Intermediary Subawards and Participant Support Costs). We project approximately 12% will be deployed to support Transaction Partners in their origination;
3. **Direct investments from Climate United** into QPs that require a customized financing solution and will stay on the balance sheet of Climate United (primarily in the form of Participant Support Costs), which is projected to be approximately 28% of awarded funds. Climate United will also purchase non-standardized loans, loan participations and loan portfolios from Transaction Partners (as Acquisition of Intangible Property).

The product summaries and tables below provide details on our financial products, along with how they will support NCIF project categories, market segments and geographies. All product terms included in this workplan are indicative and subject to change as we enter the market, gather feedback from partners and priority beneficiaries, and adjust as needed to meet the evolving program requirements and market demand. Availability of these products at any given time will be governed by portfolio construction and diversification considerations, funding availability, and team capacity. All products will not be available in the market immediately, as it may take time for some products or programs to be designed and deployed.

Approach 1: Standardized Loan Products

1A. Clean Air (existing and new buildings) and Clean Air Boost (new construction) will finance or refinance highly energy efficient, all-electric whole-home or building retrofits or new construction that meet either Zero Emissions Buildings or Zero Emissions "Ready" standards. This product is intended to be offered in all 10 EPA regions with an initial focus on areas with supportive policy and favorable project economics (i.e., buildings currently heating with oil, propane or electric resistance where conversion to high-efficiency heat pumps offer the largest energy and operating cost savings) and prevailing wage rates consistent with DBRA when financing construction. Additionally, regions that have a density of good candidate buildings and a workforce familiar with DBRA compliance (when financing construction) will likely offer the best opportunity for catalyzing market transformation.

Table 11. Clean Air Indicative Product Terms

Market Segment	Consumer	Multifamily
Geographies	All	All geographies*
Max Combined LTV	97%	95% or higher
Max Term (yrs)	30	30-40
Max Amort (yrs)	30	30-40
Lien Position	1st	Subordinate

*We will prioritize new construction in LIDAC communities

**Interest rates can vary by credit profile and have lower rates for LIDAC borrowers, greater efficiency, and level of housing affordability

1B. Save a Ton will finance or refinance substantial reduction of GHG in existing buildings to make significant progress towards net-zero (i.e., model at least a 1-ton reduction per unit, 20% energy reduction, or similar metric) and will be focused initially on regions in cold climates and those with a dirtier than average grid. The goal will be to drive uptake in regions that can deliver large carbon savings per retrofit to ensure economic efficiency with limited GGRF funds. Borrowers may make a plan (e.g., an energy audit paired with a zero-over-time plan) to achieve net-zero.

Table 12. Save a Ton Indicative Product Terms

Market Segment	Consumer		Multifamily
Sub-segment	1st Mortgage	Unsecured	Subordinate 2nd Mortgage
Geographies	All	All	All
Max Combined LTV	97%	N/A	95% or higher
Max Term (yrs)	30	15	30-40
Max Amort (yrs)	30	15	30-40
Lien Position	1st	Unsecured	Subordinate

1C. Simply Save is designed for borrowers who need flexible, timely financing to address more immediate energy efficiency and electrification upgrades. To qualify, consumers must finance items on an approved list of upgrades such as weatherization, Energy Star appliances, and charging equipment for EVs. Commercial borrowers will finance energy efficient equipment that either meets Energy Star or provides 20% modeled energy use reduction based on an energy audit. The consumer product will layer well with the Department of Energy (DOE) Home Electrification & Appliance Rebates program to help borrowers bridge rebates and/or tax credits.

Table 13. Simply Save Indicative Product Terms

Market Segment	Consumer
Geographies	All geographies
Max Combined LTV	100%; As low as $500 minimum loan
Max Term (yrs)	15
Max Amort (yrs)	15
Lien Position	Unsecured

1D. Sun Savings will finance solar or solar/storage on buildings across market segments to support distributed generation of renewable energy and drive cost savings.

Table 14. Sun Savings Indicative Product Terms

Market Segment	Consumer
Geographies	All geographies
Max Combined LTV	100%
Max Term (yrs)	25
Max Amort (yrs)	25
Amortization Note	Borrower can prepay portion and re-amortize the balance after receiving tax credits
Lien Position	UCC on Panels

1E. Electrify will make EVs affordable via low-cost, long-term financing that keeps monthly vehicle payments low. To qualify, the vehicle must meet the zero-emissions transportation standards. The purchase/installation of level 2 chargers can be included in the loan amount.

Table 15. Electrify Indicative Product Terms

Market Segment	Consumer
Geographies	All geographies
Max Combined LTV	120% (to include Level 2 charger)
Max Term (yrs)	7
Max Amort (yrs)	7
Lien Position	Lien on car

Financing Structures for Standardized Loan Products

The financing vehicles vary slightly by market segment and are based on Climate United's extensive experience working within private capital markets. In the single-family market, lenders intend to originate high loan-to-value (LTV) mortgages without costly mortgage insurance. Climate United intends to purchase them using NCIF grant funds at a slight premium to cover the ordinary cost of origination that is normally passed on to the borrower in the form of a higher interest rate. We then intend to exchange the whole mortgages for GSE Mortgage-Backed Securities (MBS) with a top loss guaranty from Climate United. Climate United may hold some MBS to generate program income to support fund operations and future lending. Climate United will also borrow against the MBS to fund additional loan purchases with private capital. This additional liquidity created through income or borrowing will be considered program income.

For all other standardized products, Climate United intends to purchase the products at a premium directly from lenders or via loan aggregators using NCIF grant dollars to compensate originators, as is standard practice, and limit fees and costs for borrowers. We then intend to use two liquidity strategies: (1) blend private and NCIF capital to warehouse loans on its balance sheet and (2) sell whole loans and Asset-Backed Securities to the traditional private capital markets at a discount to generate an appropriate risk adjusted yield for investors while raising additional liquidity to make more green loans. This additional liquidity created through borrowing or sale of loans will be considered program income and will be deployed as loan capital after the Performance Period. Climate United anticipates that these loan sale discounts will decrease over time as the green lending and investing markets mature.

For our standardized loan products, we are planning to host an open RFP process for lenders who are interested in selling loans, with or without retaining servicing. This may include purchases of loans from lenders affiliated with Climate United and its Coalition Partners, consistent with an approved Conflict of Interest Mitigation Plan for Transfers of Funds to Affiliated Entities, which will support Climate United's efforts to reach borrowers in low-income communities through our 75+ lending offices across the country. If the open RFP process does not result in a sufficient volume of interested lenders, Climate United may execute loan purchases (and to the extent servicing is retained by the originating lender, loan servicing) in accordance with 2 CFR § 200.320(c)(5). Purchases of these loans (and the option for the originating lender to retain servicing) will be marketed broadly and offered to all lenders meeting transparent eligibility requirements. Additionally, we are planning to make direct subordinate loans to Qualified Projects which may include co-lending with an affiliate of Climate United and its Coalition Partners, consistent with an approved Conflict of Interest Mitigation Plan.

In our standardized products and in certain product structures and approaches, the private leverage to meet the Qualified Project test may occur after loan origination when loans are warehoused or aggregated and then sold or used as collateral for the issuance of a security.

Approach 2: Direct Investments in Community Lenders or Other Transaction Partners

Origination of certain QPs will require specialized financial products that do not fit neatly into our standardized offerings. In addition, some Community Lenders will prefer to hold loans on their own balance sheet versus financing through standardized secondary markets. For these reasons, Climate United also intends to invest directly in Community Lenders that will use capital to invest across project categories and all seven market segments nationally, in close coordination with the recipients of funds through the Clean Communities Investment Accelerator. This may include investments in lenders affiliated with Climate United and its Coalition Partners, consistent with an approved Conflict of Interest Mitigation Plan for Transfers of Funds to Affiliated Entities, which will support Climate United's efforts to test and provide innovative solutions in low-income communities through our 75+ lending offices across the country.

Direct Investments in Community Lenders or Other Transaction Partners may take many forms as the needs of our partners evolves and may include, but not be limited to direct loans, loan loss reserves, loan purchases, loan participations, guaranties, or other allowable forms of financial assistance.

2A. Balance Sheet Lending and Advances Backed by Standardized Loans: Climate United intends to make loans to Community Lenders (and other Transaction Partners) to provide liquidity to originate QPs in their markets. This may include loans to Community Lenders affiliated with Climate United and its Coalition Partners, consistent with an approved Conflict of Interest Mitigation Plan for Transfers of Funds to Affiliated Entities, which will support Climate United's efforts to test and provide innovative solutions in low-income communities through our 75+ lending offices across the country. We expect to offer recourse, partial recourse, and non-recourse debt, which would allow Community Lenders to borrow beyond their capitalization constraints to quickly increase volume. This product will be offered interest-only for up to 20-year terms at interest rates between 0.5%-8% depending on the security, QP types supported, interest rate environment, and the beneficiaries of the projects. Lower rates will go to Community Lenders originating loans in Priority Communities and in states or regions where there is not a high concentration of Community Lenders. These loans can be used in various positions within the QP capital stack (e.g., equity, subordinate debt, senior debt) to ensure they meet the "may not have otherwise been financed" and "private leverage" tests.

2B. Asset-Level Credit Enhancement: Climate United intends to offer credit enhancement for Community Lenders and other Transaction Partners who have access to the liquidity to originate QPs but cannot take on certain risks that limit the private capital from flowing, particularly in Priority Communities. This may include credit enhancements for lenders affiliated with Climate United and its Coalition Partners, consistent with an approved Conflict of Interest Mitigation Plan for Transfers of Funds to Affiliated Entities, which will support Climate United's efforts to test and provide innovative solutions in low-income communities through our 75+ lending offices across the country. The enhancement can be structured as a loan loss reserve, a full or partial guaranty, and/or subordinate debt that will be sized based on what is needed for the transaction.

Approach 3: Customized Financing Solutions from Climate United to QPs

Lastly, Climate United may structure customized financing solutions for QPs across all seven market segments nationally. Climate United may extend these financings directly into QPs or in partnership with Community Lenders or other Transaction Partners. Different projects will require different pricing and risk structures as well as various forms of investment (equity, senior debt, subordinate debt, guaranties). Examples of these customized solutions include, but are not limited to:

3A. Residual value guaranty for EV car, bus and truck financing: Most capital providers cannot currently finance EV fleets at scale because of the uncertainty of future residual values.

Until the volume of data exists, Climate United may structure a residual value guaranty product that creates a floor for the future value of the car, bus or truck.

3B. Minimum utilization guaranty for EV charging: A barrier for EV charging infrastructure, particularly in LIDAC, is uncertainty around usage as EV adoption increases. To address this problem until there is steadier usage, Climate United may structure a minimum utilization guaranty which would provide a floor for usage that allows private capital to finance the upfront charging installation with more certainty in future cash flow.

3C. Loan participations with Community Lenders or other Transaction Partners: Climate United may offer loan participation facilities to create streamlined access to capital for the origination of certain QP types. This may include participations with lenders affiliated with Climate United and its Coalition Partners, consistent with an approved Conflict of Interest Mitigation Plan for Transfers of Funds to Affiliated Entities, which will support Climate United's efforts to test and provide innovative solutions in low-income communities through our 75+ lending offices across the country. The participations can either come alongside or be subordinate to the originating lender and provide subsidized liquidity, credit enhancement, or both. The terms will vary depending on the profile of the QPs.

The following are additional transaction structures currently contemplated.

Sector	Purpose	Potential Forms of Financing	Potential Financial Instrument
Distributed generation	• Pre-development • Development • Construction • Asset Operation	• Direct pay (tax equity) or other incentive bridge loan • Senior secured/unsecured debt • Subordinated Debt • Equity • Leases	• Direct loan (bilateral or syndicated) • Loan participation facility • Loan purchase facility • Separately managed account or other SPV arrangements • Warehouse facility • Funded or non-funded guarantee • Bonds or other securities • Securitization
Building decarbonization	• Bridge to Incentives • Project Predevelopment • Project Development • Construction • Asset Operation	• Direct pay (tax equity) or other incentive bridge loan • Senior secured/unsecured debt • Subordinated Debt • Leases	• Direct loan (both bilateral or syndicated) • Loan participation facility • Loan purchase facility • Separately managed account or other SPV arrangements • Warehouse facility

			• Guarantees (both funded and unfunded) • Bonds or other securities • Securitization
Transportation	• Bridge to Incentives • Asset Acquisition • Asset Operation	• Direct pay (tax equity) or other incentive bridge loan • Senior secured/unsecured debt • Subordinated Debt • Leases	• Direct loan (bilateral or syndicated) • Loan participation facility • Loan purchase facility • Separately managed account or other SPV arrangements • Warehouse facility • Guarantees (both funded and unfunded) • Direct asset ownership

Should there be significant changes to interest rates, or major disruptions to or changes in the tax credit legislation, regulations, or markets for any of these sectors, other transaction structures may become more feasible or financing to certain sectors may need to shift.

Financial Products Projected Volume Summary

The following table is an estimate of our financial products by financial assistance budget category, per the definitions in the Terms and Conditions. This includes our best estimate as of the writing of the workplan but is subject to change as we understand market demand and/or any significant changes to interest rates, or major disruptions to or changes in the tax credit legislation, regulations, or markets for any of these sectors.

Participant support costs include senior and subordinate loans and forms of credit enhancement or guarantees. Acquisitions of Intangible Property include loan purchases, loan participations, and equity investments. Subaward loans include loans to the balance sheets of Community Lenders who use the funds combined with private funds to provide financial assistance to Qualified Projects.

Table 16. Financial Products Volume Summary by Financial Assistance Type

	$ Financial Assistance (approximate)	**% of Financial Assistance (approximate)**
Participant Support Costs	$3,170,000,000	51%
Acquisition of Intangible Property	$2,450,000,000	40%
Subaward Loans	$570,000,000	9%
TOTAL	**$6,190,000,000**	**100%**

1.2.4.2 Current Transaction Pipeline

Climate United has a significant pipeline that supports our ability to commit up to $580M in the first year (the period between the start of our contract in August and June 30, 2025) and commit the full award within five years. We have Transaction Partners across the country standing ready to support this deployment.

Climate United's pipeline provides tangible evidence of the opportunity to realize equitable and deep national decarbonization. It reflects a pragmatic, achievable blueprint to manifest the goals set forth by the Inflation Reduction Act and is designed to ensure a fair and equitable national energy transition. Our pipeline is the product of a months-long collaborative effort by the Coalition Partners and includes meaningful contributions from a further constellation of dozens of Transaction Partners covering the entire breadth and depth of the capital markets and the green and community investment landscape. This pipeline reflects our deep commitment to a 50 State Strategy: simultaneously national in scale and purpose, but intimately local in engagement, execution, and outcome.

1.2.4.3 Transaction Partnerships Plan

The CUF Coalition Partners have a long history of working with and through Community Lenders and other Transaction Partners to support the origination of loans and projects and will bring our same approaches to the NCIF. Through our pre-award diligence, we have identified and initiated discussions with 230 total potential Transaction Partners, of which 172 are active locally across all 10 EPA regions and 58 that work nationally.

In addition, we have strong and aligned partnerships with national clean technology lenders and investors who can adopt standardized products and co-invest with Climate United at scale to reach into markets where private capital is not flowing today. We also have core partnerships with critical market-makers to drive adoption of new emission reduction standards across a number of the transactions they do annually, in all EPA regions.

Transaction Partnership Operating Model

Climate United's Transaction Partnerships operating model builds upon the proven models and processes used by the Coalition Partners. Most Transaction Partnership relationships are longstanding with organizations active in the community and in the green finance field who are ready and willing to expand their work with the support of NCIF funds. Some are newer to clean energy and are beginning to work GHG reduction into their lending operations. With attention to developing a broad and deep resource infrastructure, we will facilitate connections between Transaction Partners and Market Development partners, including workforce, technical assistance, predevelopment and community engagement partners. We will use the following process to identify, onboard, and develop a financing relationship.

1) **Open call for Transaction Partners**. We will maintain an open and transparent process for interested Transaction Partners to submit information about their organization and qualified pipeline through our website. We will review submissions against our Investment Strategy to select and prioritize potential Transaction Partners and Qualified Projects. Selected Transaction Partners will be assigned to a Climate United investment officer to help guide them through a more in-depth counterparty assessment. We will also have an open RFP for lenders to come through to access our loan purchase products for projects completed meeting our various standards (e.g., Clean Air and Save A Ton standards).
2) **Counterparty Assessment.** Based upon the Transaction Partner type and their relevant market segments, we will conduct a Counterparty Assessment that reviews their operational

and lending or investment history, current financial position, pipeline, community impact, and operational ability to execute QPs in accordance with our Investment and Fair & Responsible Lending Policies. Climate United and its Coalition Partners may provide subawards and/or procurement contracts, as appropriate, for the purpose of assisting with Counterparty Assessments.

3) **Review of Capital Needs.** We will work with counterparties to determine which financial product(s) best support their pipeline and organizational needs, including if they are best suited to originate standardized products, take on direct debt, or need a customized solution.
4) **Capital Deployment.** We will work with our Transaction Partners to either facilitate the origination of our standardized products or structure the right on or off-balance sheet solution, using standardized legal documentation where possible. For all use of funds, we will require a verification step to ensure the NCIF funds are used to support QPs.
5) **Ongoing Monitoring and Reporting.** Once capital is deployed, we will collect ongoing financial and impact data on the QPs to support our portfolio monitoring, reporting requirements, and market development efforts per our Investment Policy.

Climate United may prioritize and evaluate potential Transaction Partners based upon the potential Transaction Partners ability to quickly deploy funds, Climate United's priority markets and activities, ability to comply with program requirements including compliance and reporting requirements, geographical and community focus in accordance with Climate United's stated LIDAC, Tribal, Rural and other targets. Due to these factors as well as capacity constraints, meeting minimum evaluation criteria does not guaranty that Climate United will be able to partner with such potential Transaction Partner.

The types of activities and range of funding that CU will support through Financial Assistance to Transaction Partners as Participant Support Costs are described in this section and throughout the workplan. When Financial Assistance includes the acquisition of equipment, title to the equipment will remain with the Transaction Partner (Program Beneficiary). The requirements for source documentation will be established for each type of transaction, including disbursement requests. The amount of Financial Assistance will be assessed to determine reasonableness. This may include assessment during the underwriting process or through a competitive procurement process for loan purchases.

1.2.5 Market Development Plan

Climate United's program plan relies on a coordinated partner-driven approach to market development focused on trusted local organizations with existing relationships and capacity to execute. Our plan is to build a supportive ecosystem for the financing of QPs that leverages national networks of local implementation partners and coordination with labor and workforce organizations to ensure financed projects are (i) generating high-quality jobs with a diverse, skilled workforce trained in DBRA compliance and reporting where applicable, (ii) delivering high-performing buildings for owners and occupants or access to clean energy or transportation for American families, businesses, and organizations, and (iii) eliminating the barriers that have historically prevented the scaling of clean energy technologies across segments. This is an all-hands-on-deck opportunity to coordinate across other GGRF programs, local, state and other federal programs, and available tax incentives to change the calculus for the adoption of clean technologies.

Climate United's Market Development Plan has three (3) core components:

1) **Capital demand side market building**. Activities focused on increasing access, generating awareness and driving demand for clean technologies across market segments.
2) **Predevelopment**. Activities required to take an interested customer and convert to a financed project within each market segment.
3) **Capital supply side market building**. Activities focused on aggregating data and educating the capital markets and the surrounding infrastructure (e.g., ratings agencies, market analysts) on the opportunity to invest in individual QPs or in aggregated pools of QPs.

This work exists on a spectrum and requires alignment, supportive technologies, a targeted workforce strategy and significant coordination to execute. Climate United partners have done this in other sectors and geographies and will look to leverage that experience and relevant relationships for implementation.

1.2.5.1 Predevelopment Plan

Barriers to Developing a Pipeline of Financeable Projects Across Sectors. Effectively using NCIF capital to create awareness, drive demand, and overcome the financial and technical obstacles to getting started is at the heart of Climate United's predevelopment strategy. We intend to ease the financial burden of up-front feasibility studies with predevelopment grants and loans tailored to each segment and we intend to partner broadly with technical assistance providers so that projects can be developed efficiently and with integrity. By financially supporting comprehensive upfront technical work and partnering with industry leaders, we will bring NCIF capital to existing pipelines across all sectors, allowing work that is happening every day to reach cleaner solutions.

CUF's predevelopment program will fund predevelopment activities through subgrants and contracts, as applicable. We anticipate making at least $30,000,000 of awards over the five-year performance period with an average size of $200K per award. This program could increase in size based on market demand and effectiveness at identifying qualified pipeline. The subgrants will focus on providing financial support for organizations to conduct feasibility studies, community engagement, environmental impact studies and assessment, to hire external consultants for project planning, to allow for coalition planning time, and other uses as seem appropriate. This program will follow all EPA procurement processes and subaward policies (as applicable), and it will only be available for organizations physically located in or focused on funding projects in LIDAC communities, with a focus on reaching our priority communities.

Applicants must show that their intended predevelopment project is expected to reasonably need investment capital within 18 to 24 months upon approval. CUF will review applications based upon set criteria outlined in the RFP, including geographic diversity. Certain rounds of the predevelopment program may be focused on targeted outcomes or areas of focus to ensure we meet our overall portfolio objectives. The RFP will be open on a rolling basis, until allocated funds to this grant program have been exhausted. CUF may adjust the average grant size in its discretion to achieve its predevelopment objectives and may reallocate funds allocated to pre-development subgrants to other predevelopment activities if it determines that the program is not effective at supporting the completion of qualified projects (e.g., a low number of program participants going onto financing, etc.).

Project Feasibility and Scoping. Current markets support “business as usual” consumer choices. Fossil fuel heating and cooling systems, internal combustion cars, and gas appliances are sold every day at prices well below their green counterparts. When a consumer or property owner needs to make the choice for a system, vehicle, or appliance replacement or upgrade, the easy choice is often not the greenest one. Transitioning to green choices requires significant education, intervention, and support.

After the IRA was passed, Climate United undertook a national survey of energy services firms performing technical feasibility work and determined that there is a pressing need for capacity building at the local level, so we developed partnerships with national networks of local technical organizations. Climate United intends to work with this known network and more broadly to competitively procure a list of pre-approved technical providers early in the performance period that can provide much needed predevelopment support on qualified projects.

These technical advisers will help us fill critical market gaps, such as:

- Identify QP requirements, assessment standards, and financial and technical underwriting criteria;
- Identify the appropriate assessment and underwriting criteria for projects according to “Clean Air”, “Save a Ton”, “Simply Save”, “Sun Savings” and “Electrify” product standards;
- Develop contractor standards and qualifications that align with IRA rebate structures and prevailing wage reporting and compliance when financing construction;
- Develop uniform tools for building assessments and estimating costs and climate impact, sample solutions based on size and age of building, sample RFPs, and sample contracts; and
- Partner with other awardees to create region-specific decarbonization playbooks that will be customized by the local technical service providers to align with state and local utility incentive programs and regulatory environments, with updates annually.

Project Financing

Both before and after a qualified project has been successfully financed, Climate United may work with our borrowers to maintain Davis-Bacon compliance (when financing construction), helping them understand requirements, advising on procuring contractors that can maintain the associated payroll records, and maintain necessary reporting. Climate United will engage with workforce and labor partners to understand and lift up any successful and scalable models for successfully integrating small contractors into GGRF projects given the requirements. In addition, Climate United intends to work with partners to track local impact metrics in alignment with EPA requirements, providing technical assistance through its Community Department to help community lenders meet the requirements.

Market building and predevelopment work is critical to begin now and should be coordinated across GGRF awardees. Resources for consumers, toolkits for lenders, feasibility roadmaps for building owners and contractors, and workforce training and retraining are all critical ecosystem infrastructure and will drive integrity, success, and scale. As the market matures and transforms to low carbon as the norm, the costs of these necessary predevelopment support and market building efforts will decrease. Climate United is committed to doing this work alongside the EPA and all awardees.

1.2.5.2 Market-Building Plan

Climate United has a plan for both non-financial and financial market-building activities that will generate broad demand for QPs and connect interested organizations with the technical skills, tools, and financial products they need to execute.

Non-Financial Market-Building Plan. Our capital demand side market-building plan focuses on broad awareness building, targeted outreach and education, and straightforward conversion to address the historic barriers noted in the Program Vision. The foundation of our strategy will be potential partnerships with national networks of local organizations that will engage, educate, and equip local partners with the tools to facilitate QP development. Climate United intends to develop or partner to deliver ongoing training to lenders, contractors, owners, community organizations, building operators, and other priority segments, in conjunction with established, on the ground community organizations. We intend to work with CCIA partners creating training programs to provide the most up-to-date information on our products and processes to build the continuation of support for community lenders and build training for Community Based Organizations around how to access Climate United financial assistance.

In addition, we will work to develop or contribute to the development of an online platform and awareness campaigns that will be broadly accessible to stakeholders across market segments. This will likely begin at or after year three of our performance period when we have a better understanding of where market awareness gaps exist. We anticipate integrating navigational tools to help users understand their eligibility for tax credits and rebates by leveraging a national database of clean energy incentives. This platform will aim to include multiple customer journeys depending on the user, for example:

- A family looking for a vetted HVAC contractor for a new heating and cooling system can insert their address and connect directly with our local contractor network who can package the green option with our standardized financing products;
- A childcare center operator can search their location and receive an estimate of potential savings through efficiency measures, electrification of core systems, or solar panels and then connect with a qualified provider and lender within the Climate United network.

This will allow all partners – elected officials, community leaders, employers, etc. – to drive attention and awareness to centralized resources to understand options and access funds. We know that access, and ease of access, is fundamental to changing hearts and minds. Coalition Partners have experience building out these platforms in other programs to optimize user experience and drive towards action.

For our standardized direct to consumer products, we will work with local institutions, nonprofits and organizing groups to connect to community members. We will equip them to disseminate consumer education, technical assistance information, and access to consumer loan products, helping to move millions of families toward electric transportation, residential solar installations, and decarbonizing their homes.

To complement the demand generating activities, we intend to develop or contribute to the development of an inventory of contractors housed on a common platform and intend to partner with workforce development and labor union-sponsored apprenticeship programs in LIDAC communities to make sure there are locally available qualified contractors prepared for DBRA compliance and reporting, where applicable, where there is project demand.

To enhance consumer protections and address the negative impact that abusive financial practices would have on demand for QPs, Climate United intends to work with nonpartisan research and policy organizations to monitor and analyze abusive financial practices, prepare research reports and conduct other activities to educate policymakers and the public with information to make informed decisions, promote financial fairness and standards of excellence, and develop and advocate for needed consumer protections. This may include subawards and/or contracts with organizations affiliated with Climate United and its Coalition Partners, consistent with an approved Conflict of Interest Mitigation Plan for Transfers of Funds to Affiliated Entities.

Lastly, Climate United intends to facilitate network knowledge sharing based on real-time challenges and solutions in the field. Subject to EPA approval and guidance, we will do this in partnership with GGRF partners, webinars, and other in-person learning opportunities. Specifically, this includes a convening of Climate United partners every other year at another standing industry event, such as the Opportunity Finance Network's annual conference focused on climate finance, where our transaction partners and other stakeholders can exchange best practices. The location and timing of these events will move in accordance with other industry events. All Climate United transaction partners will be invited to this event, in addition to other relevant stakeholders.

Financial Market-Building Plan. Our capital supply side market-building plan focuses on asset and data standardization, financial product development, portfolio analysis, and market education. Through a cooperative design process with our Transaction Partners, we will create and refine our standardized products so we can more quickly scale and support the development of viable secondary markets. This may include the development of the following tools:

- Clear eligibility and underwriting standards and delineation of best-practice technical assistance/predevelopment processes and carbon measurement protocols;
- Standardized and simplified loan documents, where appropriate and needed;
- Standardized quality assurance underwriting protocols across consumer-facing products, such as community and residential solar, through sponsoring and sharing research on best practices;
- Scorecards to measure all projects on common metrics;
- Standardized project data collection and reporting protocol;
- Operations manuals and process maps for participating originating lenders; and
- Training for staff of our Transaction Partners on specific financial products, eligibility, and general green building issues and solutions.

This work will likely begin after year three of the performance period when we have deployed sufficient capital in these strategies to warrant aggregation and sale of pools of Qualified Projects or other financial products, but may begin sooner where we are leveraging existing secondary markets (i.e., mortgages).

The Coalition Partners are aware of existing technology platforms and/or organizations who can tailor technologies to facilitate data aggregation, tracking, and analysis by adding additional reporting fields tailored to this program for loan portfolio sales, reporting, and performance tracking. The use or development of a software system, potentially developed in coordination with other GGRF awardees, will simplify the purchase and/or tracking of loans or investments in QPs, creating a systematized, secure process for evaluating whether a QP meets all criteria for loan purchase, and centralize all loan reporting – with common definitions – in one place. Climate United Coalition Partners have supported the development of a similar software program to assist in the purchase and securitization of CDFI small business loans; developed a reliable tracking system for its Building Decarbonization programs in multifamily housing; and a platform that on boards and tracks performance for standardized mortgage programs. The knowledge gained from these software platforms will enable quicker implementation and facilitate best practices.

Access to this standardized and comprehensive dataset will enable the development of financial products that create liquidity and mobilize private capital for QPs. It is particularly important for asset-backed and/or mortgage-backed securities and other financial products that will be resold in the secondary markets as the ratings agencies, investment banks, market analysts, and others can access and leverage this information to inform broader market activities.

1.2.3.4. Labor and Equitable Workforce Development Plan

Climate United is committed to generating high-quality jobs and spurring economic mobility for American families while reducing GHG emissions. We believe that a clean energy transformation requires a trained, engaged workforce paid living wages in a sustainable market model and we are committed to partnering with labor unions and workforce development organizations to drive a strong, green American workforce of the future. CUF's Workforce Plan will include these core pillars: (1) prioritizing investments in projects with high labor standards, (2) Longer-term commitments to place-based investments, partnerships, and workforce development, (3) building national workforce partnerships that can be leveraged for investment and workforce planning across the country, and (4) tracking labor and market trends to inform and predict workforce needs, and communicating the about the clean energy jobs created. We will also take advantage of consultants, existing resources, and programs – including those provided by the Department of Labor's Wage and Hour Division – that have deep experience with Davis-Bacon compliance and learn from them over time so that we do not delay immediate deployment.

Prioritizing investments in projects with high labor standards. As part of our Impact Measurement and Management practices, Climate United Fund will use standard criteria for evaluating labor practices on projects, and, for certain market segments, projects that track contractor wage information and/or have affiliations with, or commitments to, union labor or workforce programs will receive financing priority. We will track and report granular labor and workforce data over time for financed projects and ensure flow-down to subawardees and lender network Where BABA and Davis-Bacon regulations apply, we will incorporate required BABA and Davis-Bacon compliance into our loan agreements with our borrowers and develop a compliance monitoring regime.

Make longer-term commitments to place-based investments, partnerships, and workforce development. Workforce training programs that begin and end with one or two clean energy projects can leave workers and families struggling when the project is completed. Climate United will use data, mapping and relationship-building to select a number of focus states, regions, and/or metro areas that can benefit the most from clean energy development. We will strategically sequence and layer community engagement, pre-development funds and technical assistance to raise the bar and signal commitment. We will encourage community benefit plans and/or project labor agreements for projects >$25MM to ensure long-term employment opportunity, and invest in community engagement, union and non-union apprenticeship programs, partnerships with community colleges and universities, to build workforce pipeline. Climate United will continue to meet with national, regional, and local leadership of labor unions, workforce organizations and employers to ensure that our projects are ultimately supporting high quality, family-sustaining jobs that match thresholds set with BABA and Davis-Bacon.

We will work with relevant training assets, workforce outreach programs, local hire programs, manufacturers programs, and other paid training initiatives associated with the project and potential pipeline opportunities. In addition, Climate United will seek out long-term partnerships with colleges and universities, including MSI's (Historically Black Colleges and Universities, Hispanic-Serving Institutions, Tribal Colleges and Universities, and Asian American and Pacific Islander Serving Institutions) to support workforce development.

In communities where workforce is an acute constraint, we will conduct targeted outreach to training and workforce development programs and platforms to achieve our deployment objectives. We will leverage partnerships with national workforce agencies, labor unions, state workforce agencies, and local agencies. For example, we will look to establish training partnerships with organizations that are training building operators and facility managers so that they have the skills to operate the modern high-performing energy systems that will be financed under this initiative.

We envision partnering with unions and other workforce and community organizations to create awareness and drive demand for decarbonization in the places where union members live and work, including to drive support for K-12 building decarbonization and to drive support for hospital, health center, and multifamily decarbonization.

The Coalition Partners also have broad experience working in small communities, in rural locations and with small or affordable housing properties where union labor may not be available. Supporting local contractors and businesses, small multifamily properties, and small commercial and community spaces will be critically important to drive an equitable transition, although their ability to manage complex federal requirements is uncertain.

We will encourage the creation of national data platforms to help local-level partners identify skilled-laborers seeking higher compensation that can transition to clean energy jobs. There are many successful workforce programs throughout the country which can scale to meet our climate challenges, and Climate United is especially supportive of models using paid training programs to build a qualified workforce in LIDAC.

Complying with the requirements of BABA, Davis-Bacon and Related Acts

The Coalition Partners have limited experience managing compliance with BABA and Davis-Bacon, particularly for small projects and contractors, but will ramp up to meet the requirements of the program. For example, Coalition Partner Self-Help has experience in managing Davis-Bacon requirements as a direct recipient of Neighborhood Stabilization Program (NSP) funds through United States Department of Housing and Urban Development (HUD). Similarly, CPC has experience administering Community Development Block Grant – Disaster Relief funds after hurricanes Sandy, Irene and Lee. To ensure compliance and oversight going forward, CUF's Compliance Team members with BABA and Davis-Bacon experience will help ensure that our projects remain in compliance with these associated Acts.

Climate United will follow all compliance procedures which include Davis-Bacon and BABA compliance requirements in loan agreements. and Climate United staff will monitor Davis-Bacon requirements and will be responsible for collecting or working with our transaction partners to collect documentation and complete a pre-funding compliance checklist, working with the borrower and/or developer to ensure loan document compliance, reviewing payroll reports for discrepancies or violations during the construction period, signing off on compliance prior to each funding draw, and prompting intervention if labor standards are willfully violated. We will also use outside consultants with expertise in DBRA compliance to support and educate us as we ramp up our own ability to take this on. Climate United will ensure—as we develop training materials for Community Lenders—that we provide technical assistance resources around these federal requirements. While some technical assistance will be delivered through our Community team to our borrowers, we intend to also work in partnership with CCIA awardees to help community lenders networks become compliant with these federal compliance requirements.

For asset classes subject to Build America, Buy America, we intend to explore purchase agreements or partnerships with American-made manufacturers to ensure that our Transaction Partners have the commercial technologies needed at competitive pricing to complete QPs, allowing Climate United to support American-made products where available and use American-made construction materials. For example, for our consumer and multifamily strategies, Climate United has begun conversations with American-made car and heat pump manufacturers to make sure there is supply available for the additional demand our products will generate.

1.2.5.3 Coordination Plan

Across our program plan and investment strategy, Climate United will identify and incorporate other funding sources at the federal, state, and local level that may be blended with NCIF funding to carry out QPs and minimize the financial burden on households and individuals.

The Coalition Partners have extensive experience working with government agencies and programs over many years and continue to engage to coordinate and prioritize our areas of focus to fill gaps across the landscape. The Climate United team has spoken to dozens of state, local, and Tribal governments in the development of our strategy and more recently held an outreach call with various governmental agencies, informing them of the unique opportunity presented by the NCIF and ways to work on coordinated strategies. For example, Climate United has actively pushed to ensure clean technology incentives in the IRA are broadly accessible.

CUF will have a Strategy and Partnerships team to support and coordinate with EPA Regional Offices regarding existing federal programs and policies, and to help lead local and national policy initiatives to create a supportive ecosystem for green financing, e.g., helping adapt codes and standards that support cost-effective project development and make policy recommendations to enhance or modify existing federal programs so they incorporate decarbonization as a requirement going forward.

In addition, Climate United's investments would leverage standard housing finance programs such as the HOME Investment Partnerships Program, LIHTC, and National Housing Trust Fund

(NHTF), and general economic development funds such as the American Rescue Plan Act of 2021 (ARPA) State and Local Fiscal Recovery Funds and the US Treasury's CDFI Fund New Markets Tax Credit program, Bond Guaranty Program, and Financial Assistance and Technical Assistance programs providing support to CDFIs. Across the board, our objective is to leverage existing local, state, or federal incentives and grant programs to their fullest extent to decrease the amount of required NCIF financing for QPs, keep the economics attractive, and the debt burden low. Once we have success decarbonizing projects in these programs, we will explore how these sources can independently incorporate decarbonization into their program parameters.

Table 20. Potential Program Linkages by Sector and Resource

	Priority Project Sector			Resource Linkage	
Program	**Building Decarbonization**	**Distributed Energy Generation and Storage**	**Zero-Emission Transportation**	**Financial (Grant / Loan / Tax Credit)**	**Policy / Technical Assistance**
Charging and Fueling Infrastructure Discretionary Grant Program			✓	✓	
DOE Home Energy Rebate Programs	✓			✓	✓
DOE Loan Program Office		✓		✓	
DOE National Community Solar Partnership		✓			✓
DOE National Electric Vehicle Infrastructure Formula Program			✓	✓	
DOE State and Local Solution Center	✓	✓			✓
DOE State-Based Home Energy Efficiency Contractor Training Grants	✓			✓	
DOE Weatherization Assistance Program	✓				
EPA Climate Pollution Reduction Grants	✓	✓		✓	✓
HUD Office of Native American Programs	✓	✓		✓	✓
IRA Clean Energy Tax Credits & Incentives	✓	✓	✓	✓	
Joint Office of Energy and Transportation Technical Assistance Program			✓		✓
State Renewable Portfolio Standard		✓			✓
State-Funded Energy Efficiency and Electrification Programs	✓			✓	
State Low-Emission Vehicle/Zero Emission Vehicle Credit Programs			✓	✓	

Coordinating with other GGRF grantees

Climate United is a partnership-oriented organization and intends to work with all NCIF grantees where there is shared interest from partners to avoid program duplication and create operating efficiencies around all areas of program administration, such as the development of shared and standardized data reporting platforms. To do this well, this includes meeting with fellow grantees to better understand their strategy in their market building and workforce plans, their national partnership networks, and their product offerings. Using these insights, Climate United can adapt our market building and workforce plans to make sure that there is adequate coverage of all market segments and geographies.

Climate United intends to work with all interested CCIA grantees to (1) create a pathway to growth for CCIA grantees where they can "graduate" into Climate United's standardized financial products (e.g., commercial loans, solar loans, and/or green mortgages) or balance sheet liquidity and (2) align on all aspects of administration, such as reporting, to ensure that Community Lenders have a process as they grow their green lending. To begin this work, the Climate United Community Team will begin holding meetings with interested CCIA grantees to better understand their capacity building programs to understand where there are either financial or content gaps where Climate United can assist, rather than duplicate, existing efforts. With a focus on creating standards and best practice toolkits—such as with Davis-Bacon compliance—Climate United will work to create much needed resources to support community lenders which can be embedded into the training and capacity building programs of the CCIA grantees.

Climate United currently has coordination plans in place with four CCIA awardees – the Opportunity Finance Network, Inclusiv, Appalachian Community Capital (ACC), and the Native CDFI Network and plans to work with all five awardees, including the **Justice Climate Fund**.

Climate United plans to coordinate with the **Opportunity Finance Network** (OFN) to create a program that will allow Community Lenders to access grant funds from CCIA and loans from our NCIF strategy, so the Community Lenders are able to develop capacity, generate a pipeline of projects, test the market, and access loan capital to support growing programs. This partnership will focus on mission-driven Community Lenders – particularly nonprofit CDFI loan funds and similar mission-driven lenders – and could also include support for the more nascent Green Banks and CDFIs that need this grant/loan mix to expand their lending platforms.

Similarly, Climate United plans to coordinate with **Inclusiv** to allow Community Lenders to seamlessly access grant funds from CCIA and liquidity from the NCIF. This partnership will focus on Inclusiv's national network of 481 community development credit unions (CDCUs), providing a continuum of support to stand up, stabilize and scale CDCU green lending programs across the country.

Climate United also plans to coordinate with the **Appalachian Community Capital (ACC) Green Bank for Rural America.** The Green Bank for Rural America will focus on Appalachian, Coal, and Energy Communities, underserved rural communities that have been disproportionately impacted by the closure of fossil fuel producing mines and power plants. We intend to work together with ACC to coordinate strategies, support a network of shared Community Lender partners, create common platforms or definitions to ease reporting burdens, and otherwise support each other in implementation. Our organizations have a shared mission and robust history of working together to address economic opportunity in Appalachia.

Lastly, Climate United has plans to coordinate with the **Native CDFI Network (NCN).** NCN is a coalition of Native CDFIs that will drive CCIA resources into Tribal communities. Climate United will provide predevelopment support – on a competitive basis – to projects that need additional support, and we will provide financing on projects that are beyond the size of what CCIA grantees can support.

In addition, Climate United has met with some of the selectees of the Solar for All (SFA) program ensuring that these states will have access to the additional capital necessary to successfully expand solar programs nationwide. Recognizing that SFA is singularly focused on closing the equity gap in access to solar energy, we anticipate complementing SFA deployment by providing additional low-cost residential solar and energy efficiency financing for LIDAC where needed, as well as serving non-LIDAC households that will not be eligible for SFA subsidy. Depending on market conditions and SFA awardee program design across states, we will fill gaps, complement state programs, provide "Clean Air" (net-zero ready) LIDAC projects with SFA information, support lenders in providing debt financing to residential-serving community solar projects like the DOE Community Power Accelerator, and ensure that once deeper subsidy levels of SFA grant funds have been exhausted, LIDAC families can continue to access affordable financing for solar long into the future.

1.2.6 Investment, Procurement and Conflict Policies

Investment, Procurement and Conflict Policies
CUF's Policies-will ensure compliance with all program and EPA guidance while providing sufficient flexibility to catalyze private sector capital by taking risks and/or providing subsidies that the private markets are not currently taking and/or providing to accelerate adoption and market transformation and meet the qualified project tests. Investments are primarily made in the form of loans or the purchase of intangible assets (loan purchases and/or equity investments) but may also include credit enhancements and other products listed in "Market Segments and Products." Each of CPC Climate Capital and SHCC will execute NCIF policies built on their decades of experience balancing fiduciary and mission impact goals. In certain situations, CPC Climate Capital and SHCC intend to procure services from related entities. Specifically, related entities of CPC Climate Capital and SHCC intend to respond to requests for proposals to originate and sell loans to CPC Climate and SHCC. In such cases, CUF will ensure that such procurements meet EPA's requirements to address, mitigate and neutralize any actual or perceived conflicts of interest.

Note: Coalition Partners (CPC Climate Capital and SHCC) will maintain their own Investment Policies containing specific criteria for their financial products. CUF's Investment Committee and Chief Investment Officer will ensure that Subgranteee investment policies are in alignment with the overall CUF Investment Policies.

Traditional Financial Factors
<u>Segment Appropriate Underwriting Analysis:</u> CUF investment staff will utilize its investing expertise and that of its Transaction Partners to integrate appropriate underwriting criteria and financial analyses into its investment process, which will be more inclusive and flexible than traditional lending institutions on aspects of credit risk (for example, higher loan-to-value, higher risk positions in the capital stack, below-market pricing) to ensure additionality, but will remain

rigorous on counterparty and partner assessments to ensure that funds are invested in quality projects that can meet their stated impact goals, limit impact risk, and repay invested capital under a base case scenario. CUF will implement a risk scoring framework as the portfolio ramps up and there is sufficient data for the model to help evaluate and compare the risk level of each investment. Based on the risk score, we will hold an appropriate loan loss reserve for each investment. CUF will also evaluate the climate risk of each investment utilizing a climate risk assessment scorecard (described in section 4.4 of the Investment Policy).

We will deliver financial products using three primary approaches: 1) standardized products, 2) direct loans to or through Transaction Partners and other customized financial solutions, and 3) direct investments or loans into QPs. Underwriting criteria for each are detailed in our Investment Policies. These financial products will evolve based on regular input and feedback from the Climate United Advisory Council Product Development subcommittee and learnings from direct deployment and portfolio performance.

Transaction Partner screening and analysis: CUF will leverage its underwriting expertise to evaluate potential Transaction Partners by:

- Sourcing Transaction Partners following all EPA Procurement Guidance and Regulations including Request-for-Proposals where applicable and through our existing network of Transaction Partners engaged throughout this process;
- Conducting due diligence on potential Transaction Partners to evaluate their ability to source and manage impact-aligned QPs. Areas of due diligence will include: mission alignment, community and workforce engagement, commitment to strong labor standards, QP pipeline, capacity and systems, management capacity and track record, enterprise risk, reference checks, and CAMEL analysis (Capital Adequacy, Asset Quality, Management, Earnings, Liquidity).

Qualified Project Screening

CUF and its coalition subgrantees and Transaction Partners will use the EPA-provided QP framework to determine if a project is a QP and eligible for financial assistance. The Compliance lead of each subgrantee, will verify that each investment funded only supports QPs. As shown in the Investment Process Approval Authority Matrix in section 11.2 of the Investment Policies, CUF will not disburse funds to an investment without approval from the Compliance Team regarding compliance with the QP requirements.

Housing Affordability

Climate United will conduct due diligence on any housing-related investment to address overall utility expenses, improve housing quality, and make homes more affordable. As part of this due diligence, Climate United will prioritize housing investments that support affordable housing properties and their residents. For example, properties that have existing or proposed restrictions regarding the long-term affordability of the property will be prioritized over properties without restrictions. Climate United will also work with key stakeholders (developers, property managers, etc.) to minimize the displacement of existing residents while financing energy-related improvements to the property.

LIDAC Portfolio Targets and Minimum

Climate United's investment policies will require that at least 40% of grant funds be used for the purposes of providing financial assistance in low-income and disadvantaged communities but will target 60% of financial assistance in LIDAC. These policies outline the following:

- Percent-based portfolio goals (see section 3.0 of the Investment Policies) that cover initial portfolio deployment a 3-year and 7-year markers to ensure that Climate United's extensive community engagement and capacity building achieves targeted market penetration in Priority Communities over time. As noted, section 3.0 of the Investment Policies formalizes the minimum 40% commitment while detailing Climate United's 60% LIDAC target.
- Priority Community targets that focus Climate United's market building and pre-development funds on projects that will need higher levels of subsidy to build local capacity and an effective workforce.

Portfolio-Level Diversification and Risk Management

CUF's portfolio diversification and concentration limits are detailed in section 7.1 of the Investment Policies. Portfolio risk management will include concentration limit policies that cover: Single Project Exposure, Single Counterparty Exposure, Geography (EPA Region and state), and Risk Rating and will apply to the full portfolio (including subgrantee investments). The CUF Board Investment Committee will review these portfolio concentrations quarterly. Due diligence of each investment will analyze how the potential investment would impact the portfolio concentration. The concentration limits will take effect once 30% of the financial assistance portfolio is outstanding.

Governance Framework and Approval Processes

As detailed in section 11.0 of the Investment Policy, CUF's investment strategy and process will be managed by two key entities: the Investment Committees (Board and Staff levels) and the Investment Approval Authority Matrix. The Board Investment Committee will be responsible for the review, oversight, and updates to the investment strategy as well as the review of portfolio and impacting reporting. The Staff Investment Committee will oversee investment approvals and Watchlist/Troubled Assets. The Investment Approval Authority Matrix (detailed in section 11.2 of Investment Policies) will govern the day-to-day investment process review and approvals (disbursements, waivers, etc.).

1.3 Program Reporting

1.3.1 Reporting Plan

Climate United will be tracking impact and financial performance at the project level and analyzing impact and financial performance at the portfolio level to make necessary adjustments in products, partnerships, and market building support, in each case in accordance with final EPA guidance. Our impact management practices will be assessed by a third-party periodically starting at or after year three of the period of performance to ensure all policies, processes, and procedures match our intended plan.

We will be tracking performance against the metrics included in EPA's reporting guidance across three categories: Climate and Air Pollution, Equity and Community Benefits, and Market Transformation. This will provide us with performance indicators to track and assess progress against topline outcomes:

- Reduce or avoid 11 million MT CO_2e over the five-year performance period;

- Bring the benefits of the clean energy transition to millions of Americans – of which at least 60% live in or are qualified as low-income and disadvantaged communities;
- Mobilize up to $21B in private capital over the initial 5-year performance period.

For each prospective deal, we will create a transaction profile based on the final reporting tools from the EPA which will outline the type of financing, counterparties, NCIF capital, leveraged capital, projected environmental outcomes and performance indicators, and location (LIDAC, Rural, Tribal, other). This will serve as the basis for performance tracking and reporting of the transaction.

As a part of Climate United's reporting and data review process, we will employ standardized sampling of the documentation underlying transaction partner provided data. Sampling protocol will require a review of a minimum percentage of third-party loans, which will be based upon a risk-informed analysis. These processes will allow Climate United to maintain sufficient control, effective compliance procedures, and accurate reporting.

We will provide the EPA with all required reporting with the detail and cadence outlined in the Terms and Conditions and resulting reporting guidance. In addition to the reports required, Climate United will provide the necessary organizational financial statements and disclosures as required by EPA.

1.3.2 Reporting Capacity

CUF has the staffing infrastructure, experience, and technology to ensure effective data and outcomes tracking and program compliance.

- **Staffing**: We will have approximately 85 staff solely dedicated to CUF, most of which all will be directly or indirectly engaged in data collection, aggregation, quality assurance, and reporting, and ~9 will be dedicated to accounting and reporting specifically, in addition to support from staff at Calvert Impact and Coalition Partners who will work in coordination to share definitions, templates, and best practices.
- **Experience**: We are ready for the robust reporting and compliance aspects of this program because of our experience tracking and managing other complex public-private partnerships. For example, CI Group conducts on-site building energy monitoring on every C-PACE asset financed; CPC Group is managing program reporting for the $250M Climate Friendly Homes program in NY State; Self-Help manages large grants from U.S. Treasury, including the Emergency Capital Investment Program, New Markets Tax Credit program, Bond Guarantee Program, as well as HUD programs like Neighborhood Stabilization Program, among many others and provides more than 500 reports annually across programs.
- **Technology**: We will leverage our existing, flexible system infrastructure in coordination with new market tools to build the appropriate systems and data architecture for the NCIF. We have experience doing this for the programs listed in the previous bullet, as well as other programs, that we can leverage to increase our speed to market.

Compliance track record and learning culture: Across Coalition Partners, data has been used not just to track and report required metrics to funding partners (where we are all fully compliant), but also to ensure programs and products achieve intended outcomes and create necessary feedback loops for program and product improvement. For example, Self-Help designed a new First Generation Home Loan product to serve targeted borrowers more effectively and used data from a financial capability pilot to design branch staffing and training infrastructure that bolstered their ability to support members on their path to credit readiness. CUF will design data collection and analysis to ensure effective reporting to EPA and ensure we reach our stated outcome and coordination goals. We expect to contract with a third-party evaluator, competitively procured, that can independently assess data collection processes, measurement, and outcomes in line with CUF's NCIF program plan, and that will provide case studies and lessons learned that can more broadly benefit players across the ecosystem.

1.3.3 Past Performance and Reporting History

Over our combined 120-year history, Coalition Partners managed and administered hundreds of assistance agreements, producing timely and compliant reports across 9 federal agencies. Over the last 5 years, Coalition Partners received and managed hundreds of millions in federal and/or state grants. CUF is a new entity purpose-built for the execution of our program plan and does not have a robust reporting history. However, the Coalition Partners have experience acting as the fiscal steward of both federal and non-federal funds. We have demonstrated our ability to meet required compliance and reporting standards through delivery of acceptable technical reports under multiple financial assistance agreements. Our reporting experience includes the ability to provide high-quality and timely reports consisting of financial data, impact performance, progress towards program achievements, and expected outputs and outcomes. Our operational models, program documents (including policies and processes), and supporting systems are designed to be timely, accurate, and compliant with all reporting requirements.

1.4 Program Budget

1.4.1 Expenditure and Disbursement of Awarded Funds

Upon start of the award period, CUF will ensure that internal control procedures are in place to comply with regulations and award terms. CUF will ensure separation of duties and adequate oversight and controls over the entire Climate United program. All grant expenses will be reviewed to ensure allowability, allocability, necessity, reasonableness, and where appropriate, conformity with GAAP. A Single audit will be required annually from the subgrantees, and other applicable subawardees in addition to CUF, performed by a certified, external, independent audit firm. CUF will take prompt action to correct any instances of noncompliance, including those identified in audit findings by establishing appropriate corrective action plans. CUF will maintain all accounting records for payments and program income and prepare grant budgets to actual analysis quarterly, along with other required reports, and perform quarterly account reconciliations. This financial data will be reviewed quarterly by our finance team to ensure that we spend our grant funds in line with the expected budget and financial projections.

Ultimately, Climate United consists of three experienced lenders, all of whom are used to adapting to programmatic challenges to reach desired outcomes. Our deeply shared values and mission alignment has fostered deep connections between coalition members, committed to quality performance and the responsible, timely use of our funds. Should a coalition member struggle with disbursing funds in a timely manner, CUF will work in collaboration with our subgrantees and/or internally to adapt our strategy for success, such as adding additional staff or adjusting terms of financial products. We will also work transparently with the EPA to make any strategy and supporting budget adjustments or justifications as necessary.

Our revised budget is attached to this agreement, including all relevant assumptions.