



Coalition for  
Green Capital

# Financial intermediary investment vehicles

Guidance for prospective applicants

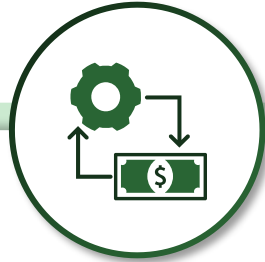
DECEMBER 5, 2024

# These materials provide additional guidance on four key elements of proposals for financial intermediary investment vehicles



## Transaction Overview & Structure<sup>1</sup>

- Projects
- Geographies
- GP commitment
- ...



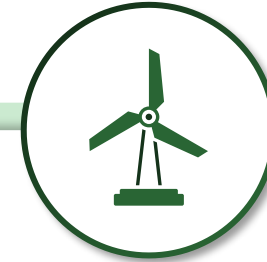
## Economic Terms<sup>1</sup>

- IRR
- Fees
- Interim revenue
- ...



## Governance Terms<sup>2</sup>

- Consent rights
- Co-origination rights
- Reporting requirements
- ...



## Impacts<sup>3</sup>

- GHG reduction
- LIDAC investment
- Private capital mobilization

1. Primarily assessed via "Investment Terms and Financial Criteria" RFP evaluation criteria; 2. Primarily assessed via "Compliance Readiness" RFP evaluation criteria 3. Primarily assessed via "Investment Impact" and "Portfolio Compatibility" RFP evaluation criteria

Note: Proposals to be evaluated pursuant to RFP No.1



# Illustrative proposal dimensions (I/IV)



Illustrative

Dimension	Sub-Dimension	Specification
Transaction overview and structure	1 Projects	All underlying projects meet the definition of "Qualified Projects" 
	2 Geographies	All underlying projects are exclusively in the United States, including territories (e.g., Puerto Rico)
		Some underlying projects are in EPA Region 6 and/or EPA Region 10 <sup>1</sup>
	3 Grant agreement	Compliant with terms and conditions of EPA award agreement
	4 CGC workplan	Compliant with CGC's EPA-approved workplan <sup>2</sup>
	5 CGC commitment size	~\$250M-\$1,000M
	6 CGC commitment scalability	Provide ability for CGC to scale capital commitment up or down near transaction closing date
7 Fund domicile	Fund and investment vehicle legally registered in the United States	

 Deep dive on "Qualified Project" criteria in appendix

1. EPA Region 6 (South Central) covers Arkansas, Louisiana, New Mexico, Oklahoma, Texas and 66 Tribal Nations; EPA Region 10 (Pacific Northwest) covers Alaska, Idaho, Oregon, Washington, and 271 Tribal Nations

2. Refer to [NCIF CGC Workplan](#) for additional details

Note: Proposals to be evaluated pursuant to RFP No.1



# Illustrative proposal dimensions (II/IV)

Illustrative

Dimension	Sub-Dimension	Specification
Investment period	8 Transaction close	Close transaction <i>before</i> June 30, 2025
	9 Capital deployment	Deploy CGC committed capital to underlying projects <i>before</i> June 30, 2027
Distributions	10 IRR	Internal Rate of Return in line with relevant market benchmarks
Management fees	11 Fees	Management and performance fees are in line with relevant market benchmarks and targeted IRR
Revenue sharing	12 Interim revenue	Provide interim revenue for CGC (e.g., via contractual service arrangement, minimum required distribution schedule, etc.)
Private capital mobilization	13 GP commitment	Commitment for GP to co-invest alongside CGC
	14 Mobilization	Use capital commitment to mobilize additional financing and private capital

CGC expects proposals to include various strategies to mobilize private capital, including fund-level leverage (e.g., additional fund commitments), deal-level leverage, and capital recycling (e.g., securitization)



# Illustrative proposal dimensions (III/IV)



Illustrative

Dimension	Sub-Dimension	Specification
Advisory Committee	15 Consent rights	CGC rights to approve or veto individual investment decisions based on pre-defined guidelines (e.g., for portfolio requirements)
Investment origination	16 Co-origination rights	CGC has rights to originate proprietary-sourced deals and invest through financial structure
Reporting	17 Reporting requirements	Reporting to CGC to support compliance with EPA reporting requirements, most notably transaction/project-level data
Operations	18 Community benefits	Subject to CGC's existing commitments for Project Labor Agreements and Community Benefits Agreements <sup>1</sup>
Capital Allocation	19 Co-investment rights	CGC has ability to allocate additional capital beyond original commitment at preferred fees

1. Refer to [NCIF CGC Workplan](#) for additional details  
Note: Proposals to be evaluated pursuant to RFP No.1



# Illustrative proposal dimensions (IV/IV)



Illustrative

Dimension	Sub-Dimension	Specification
Impacts	20 GHG (Mt CO2e)	Meet or exceed CGC workplan goals for emissions reductions/avoidances (seven-year portfolio-level target of ~24 Mt CO2e reduced/avoided per \$1B of capital)
	21 LIDAC (%)	Meet or exceed CGC workplan goal for investment in Low-Income and Disadvantaged Communities (LIDACs) (portfolio-level target of 50%+)
	22 Private capital (per \$1 of grant funds)	Meet or exceed CGC workplan goal for private capital mobilization (seven-year portfolio-level target of ~9-14x)

 Deep dive on portfolio-level impact targets included on next page



# Backup | Key portfolio-level impact targets

Type	Definition	By June 30, 2026	By June 30, 2028	By June 30, 2030	By June 30, 2031
<b>Financial Assistance to Qualified Projects (\$)</b>	Cumulative deployment and redeployment of grant funds as financial assistance to Qualified Projects	\$4.8B	\$6.2-7.4B	\$7.6-10B	\$8.3-11.3B
<b>GHGs Reduced/Avoided, (Mt CO2e)</b>	Cumulative GHG emissions reductions/avoidances attributable to CGC's portfolio of direct and indirect private capital investments	21.9 <i>(~5x per \$1B)<sup>1</sup></i>	47.1-51.9 <i>(~10-11 per \$1B)</i>	84.1-92.5 <i>(~18-19 per \$1B)</i>	106.8-117.2 <i>(~22-24 per \$1B)</i>
<b>Financial Assistance in LIDACs (\$)</b>	Cumulative capital deployed in and with LIDACs	>\$2.4B <i>(50%)<sup>2</sup></i>	>\$3.1-3.7B <i>(50%)</i>	>\$3.8-5B <i>(50%)</i>	>4.1-5.6B <i>(50%)</i>
<b>Private Capital Mobilized (\$)</b>	Cumulative direct and indirect private capital investment in Qualified Projects made possible by CGC's direct and indirect investments in qualified projects, driven by project-level private capital mobilization as well as capital recycling	~\$16.1B <i>(~3x   ~3x)<sup>3</sup></i>	\$26-35B <i>(~3-4x   5-7x)</i>	\$38-58B <i>(~4-5x   ~8-12x)</i>	~\$45-69B <i>(~5-6x   ~9-14x)</i>

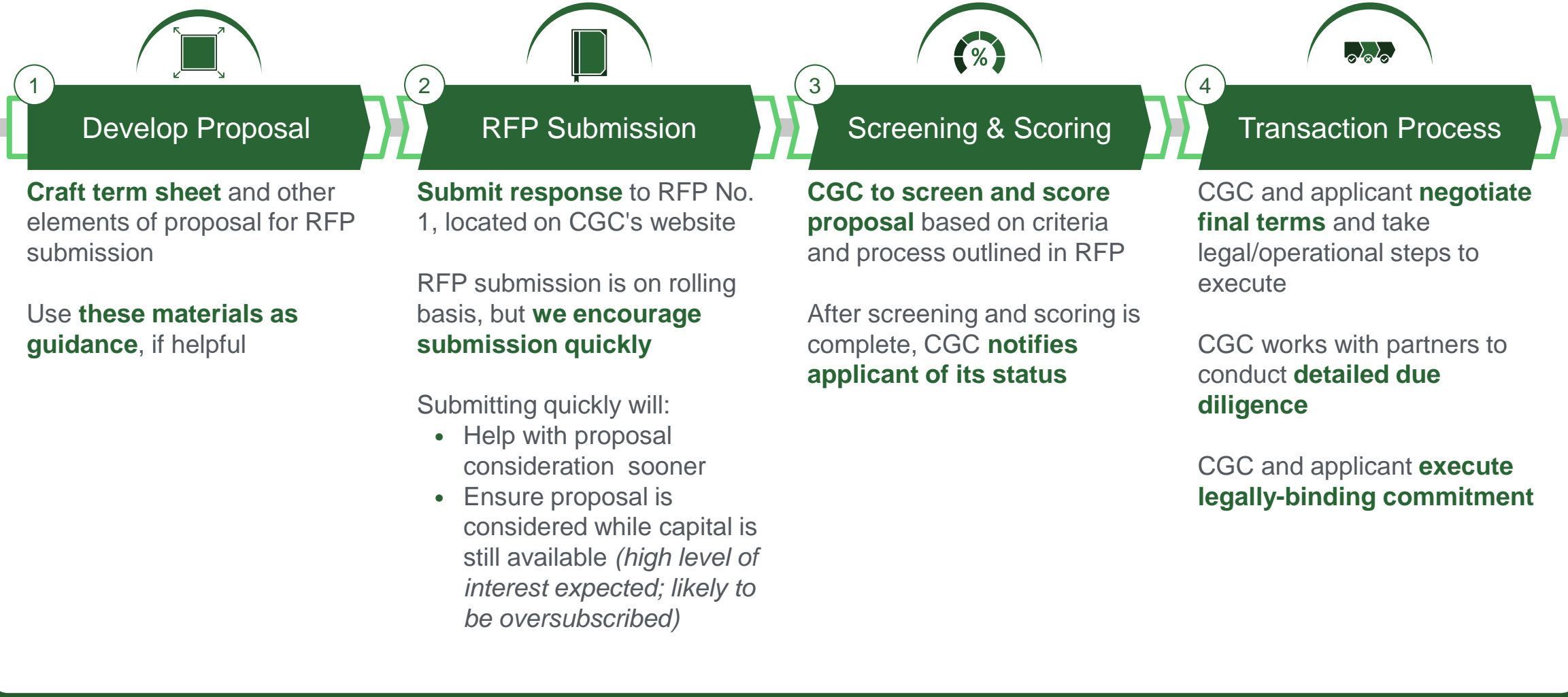
~5-6x project-level private capital mobilization to help drive ultimate goal of each initial dollar of grant funds yielding \$9-14 dollars of private capital investment by year 7

1. Indicates cumulative GHGs reduced/avoided per \$1 billion of initial capital invested 2. Indicates cumulative % of capital invested in and with LIDACs 3. Indicates project-level private capital mobilization and cumulative private capital mobilization (i.e., cumulative direct and indirect private capital investment over initial grant funding invested in Qualified Projects)  
 Note: Proposals to be evaluated pursuant to RFP No.1; refer to [NCIF CGC Workplan](#) for additional details  
 Source: NCIF CGC Workplan





# Next steps to move forward with investment vehicle proposal





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# Appendix

## Background on these materials

- On November 8, 2024, CGC published a *Request for Proposals for Financial Assistance for Qualified Projects or Portfolios of Qualified Projects* (RFP No.1)
- RFP No.1 has a broad scope, listing out the following seven financial products/transaction types that will be considered: senior debt instruments, junior debt instruments, credit enhancements, equity investments, loan purchases, financial intermediary investment vehicles, and other investment types
- Within the category of "financial intermediary investment vehicles," to the extent that proposals involve CGC acquiring Intangible Property,<sup>1</sup> they would be considered Acquisitions of Intangible Property that are subject to the 2 CFR 200 Procurement Standards
- CGC's transaction with each financial intermediary must meet the definition of Financial Assistance to Qualified Projects—and the financial intermediary's underlying investments must also meet the definition of Financial Assistance to Qualified Projects<sup>2</sup>
- The materials contained in this slide deck provide prospective RFP respondents who plan to propose financial intermediary investment vehicles with additional guidance on key elements of the RFP
  - The purpose is to give all prospective applicants access to information that will improve their understanding of RFP requirements and illustrative proposal dimensions to consider
  - The materials do not alter the terms of the RFP or the criteria against which proposals will be reviewed

1. *Intangible Property* is defined at 2 CFR 200.1 2. CGC is requiring that the financial intermediary's underlying investments meet the definition of Financial Assistance to Qualified Projects, even in cases where not strictly required by the grant regulations and the terms and conditions of the grant agreement

# Qualified Project

## Six requirements for the technology-neutral definition

Category	Requirement
<b>Greenhouse Gas Emissions</b>	The project, activity, or technology would reduce or avoid Greenhouse Gas Emissions, consistent with the climate goals of the United States to reduce Greenhouse Gas Emissions 50-52 percent below 2005 levels in 2030, reach 50 percent zero-emission vehicles share of all new passenger cars and light trucks sold in 2030, achieve a carbon pollution-free electricity sector by 2035, and achieve net-zero emissions by no later than 2050. The project, activity, or technology may reduce or avoid such emissions through its own performance or through assisting communities in their efforts to deploy projects, activities, or technologies that reduce or avoid such emissions.
<b>Air Pollutants</b>	The project, activity, or technology would reduce or avoid emissions of other Air Pollutants. The project, activity, or technology may reduce or avoid such emissions through its own performance or through assisting communities in their efforts to deploy projects, activities, or technologies that reduce or avoid such emissions.
<b>Co-Benefits</b>	The project, activity, or technology would deliver additional benefits (i.e., in addition to primarily reducing or avoiding emissions of Greenhouse Gases and other Air Pollutants) to communities within one or more of the following seven categories: climate change; clean energy and energy efficiency; clean transportation; affordable and sustainable housing; training and workforce development; remediation and reduction of legacy pollution; and development of critical clean water infrastructure.
<b>Additionality</b>	The project, activity, or technology may not have otherwise been financed.
<b>Mobilization</b>	The project, activity, or technology would mobilize private capital.
<b>Commercial Technology</b>	The project, activity, or technology would support only commercial technologies, defined as technologies that have been deployed for commercial purposes at least three times for a period of at least five years each in the United States for the same general purpose as the project, activity, or technology.

# Low-Income and Disadvantaged Communities (LIDAC)

## Five ways to qualify as a LIDAC

Category	Definition
<b>CEJST-Identified Disadvantaged Communities</b>	All communities identified as disadvantaged through version 1.0 of the Climate and Economic Justice Screening Tool (CEJST), released on November 22, 2022, which includes census tracts that meet the thresholds for at least one of the tool’s categories of burden and land within the boundaries of Federally Recognized Tribes.
<b>EJScreen-Identified Disadvantaged Communities</b>	All communities within version 2.2 of EJScreen that fall within either (a) the limited supplemental set of census block groups that are at or above the 90th percentile for any of EJScreen’s supplemental indexes when compared to the nation or state or (b) geographic areas within Tribal lands as included in EJScreen, which includes the following Tribal lands: Alaska Native Allotments, Alaska Native Villages, American Indian Reservations, American Indian Off-reservation Trust Lands, and Oklahoma Tribal Statistical Areas
<b>Geographically Dispersed Low-Income Households</b>	Low-income individuals and households living in Metropolitan Areas with incomes not more than 80% AMI or 200% FPL (whichever is higher), and low-income individuals and households living in Non-Metropolitan Areas with incomes not more than 80% AMI, 200% FPL, or 80% Statewide Non-Metropolitan Area AMI (whichever is highest). Federal Poverty Level (FPL) is defined using the latest publicly available figures from the U.S. Department of Health and Human Services. Area Median Income (AMI) is defined using the latest publicly available figures from the U.S. Department of Housing and Urban Development (HUD). Metropolitan Area and Non-Metropolitan Area are defined using the latest publicly available figures for county-level designations from the Office of Management and Budget. Statewide Non-Metropolitan Area AMI is defined using the latest publicly available figures from the U.S. Department of the Treasury’s CDFI Fund, with an adjustment for household size using HUD’s Family Size Adjustment factor.
<b>Properties Providing Affordable Housing</b>	Properties providing affordable housing that fall within either of the following two categories: (a) multifamily housing with rents not exceeding 30% of 80% AMI for at least half of residential units and with an active affordability covenant from one of the following housing assistance programs: (1) Low-Income Housing Tax Credit; (2) a housing assistance program administered by HUD, including Public Housing, Section 8 Project-Based Rental Assistance, Section 202 Housing for the Elderly, Section 811 Housing for Disabled, Housing Trust Fund, Home Investment Partnership Program Affordable Rental and Homeowner Units, Permanent Supportive Housing, and other programs focused on ending homelessness that are funded under HUD’s Continuum of Care Program; (3) a housing assistance program administered by USDA under Title V of the Housing Act of 1949, including under Sections 514 and 515; (4) a housing assistance program administered by a tribally designated housing entity, as defined in Section 4(22) of the Native American Housing Assistance and Self-Determination Act of 1996 (25 USC § 4103(22)); or (5) a housing assistance program administered by the Department of Hawaiian Homelands as defined in Title VIII of the Native American Housing Assistance and Self-Determination Act of 1996 (24 CFR 1006.10) or (b) naturally-occurring (unsubsidized) affordable housing with rents not exceeding 30% of 80% AMI for at least half of residential units
<b>Federally Recognized Tribal Entities</b>	All Federally Recognized Tribal entities, which are considered disadvantaged regardless of whether a Federally Recognized Tribe has land, consistent with M-23-09 and CEJST



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