

**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (IBank)  
CLIMATE CATALYST FUND**

**STAFF REPORT**

**AMENDED AND RESTATED RESOLUTION NO.23-16 TO EXTEND EXPIRATION DATE**

EXECUTIVE SUMMARY	
<b>Applicant:</b>	Blue Forest Finance Inc. (“Blue Forest”)
<b>Project name:</b>	California Wildfire Innovation Fund I General Partner, LLC (“General Partner” or “Borrower”)
<b>Financing amount:</b>	Up to \$25,000,000
<b>Project eligibility category:</b>	IBank Climate Catalyst Fund Forest Biomass Management and Utilization Financing Plan
<b>Financing term:</b>	Up to 14 years
<b>Type of Financing:</b>	Financing to the Borrower to capitalize the Fund and its eligible projects and companies across the State of California, subject to the execution of a participation loan agreement between IBank and the Borrower and associated financing documentation, including the associated note (collectively, the “Financing Agreement”).

FINANCING TEAM	
<b>Date of board meeting:</b>	June 26, 2024
<b>Resolution number:</b>	Amended and Restated Resolution 23-16
<b>Prepared by:</b>	Dan Adler, Deputy Director for Climate Finance Taylor Carnevale, Climate Finance Associate
<b>Date prepared:</b>	June 20 2024
<b>Staff recommendation and revised plan of finance:</b>	<p>Staff recommends approval of Amended and Restated Resolution No. 23-16 authorizing the extension of time to negotiate, execute, and deliver the Financing Agreement. The authority granted pursuant to original Resolution No. 23-16 expired on May 13, 2024.</p> <p>Staff is requesting the extension of the expiration date to 90 days after the IBank Board’s approval of Amended and Restated Resolution No. 23-16.</p>

	<p>Due to the Fund's unique mandate and structure, as well as California's legal requirements, IBank, CSAA and the Borrower have adjusted the Fund governance structure to ensure appropriate decision-making and accountability for both the General Partner and the Fund's existing Limited Partner, while providing appropriate protection of IBank's interests. In addition, the post-investment period management fee has been modified.</p> <p>Outstanding issues include addressing certain potentially egregious legal fees in structuring the transaction, which must be resolved to IBank's satisfaction, and additional minor business points that staff does not believe present material challenges.</p> <p>The requested extension is necessary to address these issues and complete and finalize all closing documents.</p>
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## SUMMARY

The California Wildfire Innovation Fund (“CWIF”, “Fund”) is a first-of-its-kind climate solutions strategy with a mandate to invest in the forest restoration and biomass utilization sectors in California, targeting both market-rate financial returns, and a meaningful reduction in the severity and frequency of catastrophic wildfire. The Fund is managed by Blue Forest Finance Inc. (“Blue Forest”), a conservation finance non-profit focused on forest restoration, and combines private credit and private equity strategies into a single vehicle supported by value-added portfolio management.

The Fund will invest in operating businesses, projects, or standalone project assets, and, in limited circumstances, into investment funds, offering flexible capital across the debt and equity spectrum to best serve the diverse needs observed across the forest restoration industry.

**The CA Infrastructure and Economic Development Bank’s (“IBank”) Climate Catalyst Fund (“Catalyst Fund”) is recommending approval of Catalyst Fund financing in an amount not to exceed \$25,000,000 in the CWIF through the Catalyst Fund’s Forest Biomass Management and Utilization program.** The CWIF’s mandate, investment strategy, and investment pipeline align with the program’s legislative direction to support projects that relate to “sustainable vegetation management, forestry practices, and timber harvesting products” including clean energy production, advanced construction materials, forestry equipment, and the development of industries and related supply chains needed to achieve the state’s goals for forest and vegetation management treatments, reduce greenhouse gas emissions and strengthen communities’ resilience to wildfires, and support the scaling of emerging technologies and climate entrepreneurs in key regions of the state.<sup>1</sup>

### SUMMARY OF THE CALIFORNIA WILDFIRE INNOVATION FUND’S TERMS

TERM	DETAIL
Target Fund Size	\$50M, with a hard cap of \$60M.
GP Commitment	1% of total commitments excluding management fees, payable via cash or reduction in management fees.
Expected Final Close	August 1, 2024.
Investment Period	4 years after the Fund’s final closing date.
Fund Term	The Fund will have an initial 10-year term, provided that the term may be extended for up to two additional two-year periods with the consent of the LPAC.
Management Fees	Investment Period: 2% of total LP commitments per annum, payable quarterly and in advance.

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<sup>1</sup> CA IBank Climate Catalyst Fund, [Forest Biomass Management and Utilization Financing Plan](#) (Attachment D)

	Post-Investment Period Management Fee: 0.5% on the aggregate value (measured on a cost basis) of all portfolio investments as of the first day of each fiscal quarter, payable quarterly.
Carried Interest	20% after full return of capital and 7% preferred return to LPs.

## BACKGROUND

### **IBank Climate Catalyst Fund’s Forest Biomass Management and Utilization Program**

The IBank Climate Catalyst Revolving Loan Fund is open to both private and public sector applicants, and is designed to:

- Jumpstart critical climate solutions through flexible, affordable credit and credit support.
- Mobilize public and private finance for shovel-ready projects that are stuck in the deployment phase.
- Accelerate the speed and scale at which technologically proven, critical climate solutions are deployed.

The State of California’s capitalization of the Climate Catalyst Fund in September 2021 triggered the development of program guidelines, resulting in IBank Board approval of both the overall Climate Catalyst Fund program and the Financing Plan for the forest biomass management and utilization sector in January 2022.<sup>2</sup> Execution of the program was put on hold from December 2022 to July 2023 due to state budget uncertainty.

Catalyst’s Forest Biomass Management and Utilization Financing Plan outlines investment eligibility for projects related to sustainable vegetation management, forestry practices, and timber harvesting products. Eligible categories include, but are not limited to, the following:

- Clean energy production, except combustion biomass conversion.
- Advanced construction materials.
- Forestry equipment needed to achieve the state’s goals for forest and vegetation management treatments.
- Projects that would revitalize California’s timber industries in ways that support our goals for forest stewardship, including the beneficial use of forest fire salvage, forest thinning for wildfire threat reduction, and the development of industries and related supply chains that utilize forest biomass derived from these processes.

An overview of capital needs and market size related to the Forest Biomass Management and Utilization Financing Plan is included in [Attachment C](#).

### **Blue Forest Finance Inc. and Blue Forest Asset Management, LLC.**

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<sup>2</sup> CA IBank Climate Catalyst Fund, [Criteria, Priorities and Guidelines for the Selection of Projects for IBank Financing Under the Climate Catalyst Revolving Loan Fund Program](#) ; [Forest Biomass Management and Utilization Financing Plan \(Attachment D\)](#)

The CWIF is managed by Blue Forest Asset Management, LLC. (“BFAM”), a subsidiary of Blue Forest.

### **Blue Forest**

Blue Forest is a California nonprofit with 501(c)(3) tax-exempt status, describing itself as a “mission-driven, non-profit organization dedicated to creating financial innovation for sustainable solutions and a world where financial collaboration sustains resilient landscapes, ecosystems, and communities.” Blue Forest was founded in 2015 to address a lack of financing for forest restoration in California and across the U.S. The organization’s first financial product, the Forest Resilience Bond (FRB), won the 2015 Morgan Stanley Sustainable Investing Challenge and became the framework for launching Blue Forest.<sup>3</sup>

### **Blue Forest Asset Management, LLC.**

In 2022, Blue Forest established the wholly owned subsidiary Blue Forest Asset Management, LLC, an investment management platform connecting investors to mission-aligned opportunities in a broad set of asset classes, such as private equity and private credit investments. Their newest fund is a mixed private credit and equity fund called the California Wildfire Innovation Fund, which is the vehicle IBank seeks to support via this investment.

### **Blue Forest California Wildfire Innovation Fund**

Launched in 2023, the California Wildfire Innovation Fund I, LP is the first strategy developed and managed under BFAM. It is a 10-year extendible, closed-end, Delaware limited partnership targeting \$50-60M in commitments. The partnership is managed by California Wildfire Innovation Fund I General Partner LLC as General Partner (“GP”), which is itself a wholly owned subsidiary of BFAM.

The CWIF, by combining private credit and private equity strategies into a single vehicle, aims to invest in the forest restoration and biomass utilization sectors in California, targeting both market-rate financial returns, and a meaningful reduction in the severity and frequency of catastrophic wildfire. The Fund is supported by value-added portfolio management, and targets investments in emerging opportunities across the forest restoration, wood utilization, and wildfire mitigation sectors. The Fund will place particular emphasis on industries and projects that add system capacity, create value for non-merchantable timber and woody debris (biomass), and achieve long-term carbon storage and sequestration outcomes. IBank staff has reviewed the near-term pipeline of potential transactions, consisting of a range of projects in biomass extraction, processing infrastructure, energy production, and others, and found these opportunities both economically compelling and consistent with the state’s goals for the forestry sector.

### **Fund Size**

Blue Forest is targeting a fund size of \$50-60M with portfolio investment sizes ranging from \$500,000 to \$7.5M. At this level, the CWIF will consist of approximately 20-30 investments. This range is also informed by Blue Forest’s efforts to achieve portfolio risk diversification while balancing transaction costs and

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<sup>3</sup> The FRB finances a planned and permitted restoration project that is designed to maximize its positive impact on the surrounding landscape. Blue Forest provides financing to implement these projects, which are entirely planned by the land manager and implementation partner.

effectively allocating staff time. As of October 2023, the CWIF is anchored by one \$25M investment by the CSAA Insurance Group.

## Loan Structure and Plan of Finance

The Catalyst Fund is statutorily eligible to provide a spectrum of credit or credit support instruments. The proposed investment entails a loan issued to the General Partner of CWIF for the sole purpose of financing portfolio investments originated by the Fund. This loan is structured as a hybrid debt instrument, similar to those provided through the IBank Venture Capital Access Program.<sup>4</sup> The loan will be senior or pari passu to other private capital and will include a cap on participation interest returns to IBank. Loan term duration will be up to 14 years. Any funds returned to IBank, which may come at multiple points during the Fund's life as portfolio investments mature, will be revolved to further support the Catalyst Fund's Forest Biomass Management and Utilization program.

## STRENGTHS AND OPPORTUNITIES, CONSIDERATIONS, AND ALIGNMENT OF INTERESTS

### Strengths and Opportunities

- **Sector Knowledge and Expertise.** The CWIF is positioned to leverage Blue Forest's established forest restoration project pipeline, in-house science team, and industry and government relationships to identify projects, reduce risk, and add value to investments. Blue Forest's history of activity and involvement in the sector, including its relationships with forest management contractors through the Forest Resilience Bond and recent grant award to perform technical assistance and market development activities, should position the CWIF to develop a pipeline of projects, work with project principals to prepare the projects for private investment, and accurately assess and mitigate risks based on the Blue Forest team's knowledge of the unique challenges and opportunities in the sector.
- **Focus on California, in particular rural areas of the state.** The CWIF's mandate is to make investments that reduce the risk of catastrophic wildfire specifically in the State of California. While 20% of the Fund may technically be non-California investments, Blue Forest has indicated that all its current opportunities have substantial operations in California. As a condition of financial closing, IBank will require that all IBank's committed capital be allocated to California-focused projects. Many investments are expected to be made in companies and projects located in rural areas across the state, which have suffered historically from under-investment. In select instances, investments may be made in companies domiciled outside of California, but capital allocated to these companies will ultimately finance substantial operations in California.
- **Portfolio Diversification.** Support for the CWIF, which is equipped to serve a breadth of projects at various scales, enables the Catalyst Fund to support a greater quantity of projects and businesses in the sector and leverage a higher degree of federal, local, and private investment.
- **Portfolio Approach Enables Exposure to Smaller Transactions.** The Catalyst Fund team has been aware of the need for small-scale investments in projects that advance the program's forestry mandate, but the Catalyst Fund is not well positioned to engage directly at the smaller end of the transaction spectrum the CWIF will consider, particularly where close, ongoing engagement will be

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<sup>4</sup> CA IBank Venture Capital Access Program, [Criteria, Programs, and Guidelines for Financing Under the Expanding Venture Capital Access Program III\(A\)](#)

required for project success. Support for the CWIF, which can serve the market in this way, enables the Catalyst Fund to address this important element of its mission.

## Considerations and Risk Factors

- **Substantial Change to Prior Blue Forest Business Model.** While the FRB model is relatively well established, its underlying economic structure is very different from what is proposed under the CWIF. FRBs are essentially a straightforward bridge financing in advance of a grant award, an award whose timing and volume is readily understood. The complexity and risk profile associated with CWIF investments, as a blend of debt and equity at both the asset and project levels, seem certain to be significantly greater. The Blue Forest team's ability to effectively manage this strategic shift, and to return capital to investors as projected, is the central challenge to the investment thesis.
- **Challenges Inherent in the Forest Biomass Management and Utilization Sector.** Forest-related industries in California have been under-invested in for several decades, resulting in a relatively small base of successful operators, relative absence of aligned capital with which CWIF can partner, fractured supply chains, workforce issues, and other risks. Addressing each of these considerations across a portfolio of investments will be an ongoing challenge.
- **Ability to Retain Team Under Certain Blue Forest Revenue Scenarios.** While the CWIF management team is largely compensated through fund management fees, certain members of the team are cross purposed to other Blue Forest activities that are funded through grant income. These grant revenues appear to quite reliable, but if they fail to materialize in the future, CWIF management may need to consolidate accordingly.
- **Operations Infrastructure Untested.** As is common among emerging managers, Blue Forest's back-office infrastructure is new and untested. This risk is offset by the small fund size, an experienced CFO with venture capital experience, and the retention of a third-party fund administrator.
- **Macroeconomic Headwinds.** Rising interest rates, borrowing costs, regional bank volatility, and risk of recession have all impacted venture capital markets in terms of follow-on financing and exit opportunities. While the macroeconomic headwinds can be beneficial to the fund's credit allocation strategy, the fund will need to continue its intense focus on exit strategies and finding multiple exit pathways for equity investments.

## Alignment of Interests

The CWIF shares the central goals of Catalyst's Forest Biomass Management and Utilization program, as the Fund targets investments in growth-stage forest restoration and wildfire management companies, with particular emphasis on industries and projects that add capacity to the system to work at a faster pace, create value for underutilized byproducts of forest restoration activities such as non-merchantable timber and woody debris (biomass) and unlock carbon offset revenue through improved carbon outcomes. In addition, the CWIF aims to achieve market-rate returns on these investments, which if accomplished would provide a powerful signal to motivate additional private capital.

By investing in the CWIF, the Catalyst Fund will not only support the program's aims to extend accessible financing to projects and solutions along the forest biomass value chain and attract private capital to the sector, but also maximize the reach of the program's funding to projects whose financing needs fall below the Catalyst Fund's minimum threshold, as the CWIF is able to provide a variety of debt and equity

instruments to meet equipment financing or other needs. Forest biomass projects are challenging, and the presence of an engaged, “roll up your sleeves” investor with a promising initial track record adds additional leverage beyond the state’s capital contribution.

## RECOMMENDATION

Staff recommends the IBank Board approve the organization providing a loan of up to \$25M to the California Wildfire Innovation Fund managed by Blue Forest Asset Management, LLC.

## ATTACHMENTS

- **Attachment A.** Firm and Team History
- **Attachment B.** The CWIF Investment Strategy
- **Attachment C.** Capital Needs and Market Size
- **Attachment D.** The Catalyst Fund Forest Biomass Management and Utilization Financing Plan

## ATTACHMENT A. FIRM AND TEAM HISTORY

Over the eight years since its establishment, Blue Forest has remained dedicated to its founding mission to accelerate forest restoration in California and across the US by creating innovative financial models that utilize sources of financing from private and philanthropic investors to fund required restoration activities. According to Blue Forest, taking the model from a competition to reality has proven to be a continual learning process. Blue Forest reports that “selling a diverse stakeholder set on new ideas posed a particular challenge, and a willingness to build relationships and listen to community partners and stakeholders has been key to the organization’s initial and ongoing success.” In 2015, Blue Forest received an early-stage grant from the Rockefeller Foundation’s newly launched Zero Gap Portfolio and another from the Gordon & Betty Moore Foundation. Investments from CSAA Insurance Group and Calvert Impact Capital were also crucial to Blue Forest as the organization continued to build out the FRB model and build a track record as an asset manager.

### TIMELINE OF FIRM HISTORY

2015	<ul style="list-style-type: none"> <li>• Blue Forest is founded.</li> <li>• The FRB concept design wins the 2015 Morgan Stanley Sustainable Investing Challenge.</li> <li>• Initial grant received from the Rockefeller Foundation to build out the model and identify investors.</li> <li>• Early-stage grants received from the Rockefeller Foundation’s newly launched Zero Gap Portfolio and the Betty Moore Foundation.</li> </ul>
2017	<ul style="list-style-type: none"> <li>• Memorandum of Understanding signed with the US Forest Service.</li> </ul>
2018	<ul style="list-style-type: none"> <li>• Yuba I Project, Blue Forest’s first FRB, launches – providing \$4M in private capital to finance critical restoration treatments across 15,000 acres of the Tahoe National Forest, in partnership with the World Resources Institute and the USDA Forest Service.</li> </ul>



2019	<ul style="list-style-type: none"> <li>• First successful work season is completed on the Yuba I Project.</li> </ul>
2020	<ul style="list-style-type: none"> <li>• Blue Forest officially becomes a 501(c)3 non-profit organization.</li> <li>• Blue Forest elects its first Board of Directors.</li> </ul>
2021	<ul style="list-style-type: none"> <li>• A follow-on FRB, the Yuba II Project, is launched to finance \$25M of additional forest restoration work on the same watershed in California.</li> <li>• Blue Forest awarded \$500k Challenge Cost-Share Agreement (CSSA) with the USFS to support FRB project development on National Forest System lands.</li> </ul>
2022	<ul style="list-style-type: none"> <li>• Blue Forest Asset Management established as an investment management platform to connect investors to compelling, mission-aligned opportunities in a broader set of asset classes beyond FRB projects, such as private equity and private credit investments.</li> <li>• Team expanded from 13 to 30 members to support scaled FRB project development and financing across geographies, project types, and investment vehicles.</li> <li>• FRB project pipeline significantly expanded across geographies and project types, totaling more than \$200 million of potential project financing.</li> <li>• Launch of the FRB Catalyst Facility, Blue Forest's first pooled FRB financing vehicle to expand FRB model across the Western U.S.</li> </ul>
2023	<ul style="list-style-type: none"> <li>• Launch of the California Wildfire Innovation Fund (CWIF) in partnership and with a \$25 million anchor investment from CSAA insurance group.</li> <li>• New 5-year, \$10 million Challenge Cost-Share Agreement with the USFS to expand the FRB across National Forest System lands.</li> <li>• FRB Catalyst Facility is oversubscribed with initial \$12.5 million capitalization.</li> </ul>

**Note(s):** Information provided by Blue Forest. Up to date as of August 2023. The Challenge Cost-Share Agreement (CSSA) is an agreement signed between the US Forest Service and independent organizations to fund programmatic activities that achieve agency goals.

## Co-Founder and Team History

Blue Forest was founded in 2015 by four MBA candidates at U.C. Berkeley Haas School of Business. Two of the founders, Zach Knight and Nick Wobbrock, have remained in key leadership roles as the organization and work has grown over the last 8 years. Another founder is a Member of Blue Forest's Board of Directors.

In the years since its establishment, Blue Forest has grown to an interdisciplinary team of 30+ finance experts, scientists, and engineering professionals with extensive Wall Street, infrastructure, and public sector experience.

## ATTACHMENT B. CWIF INVESTMENT STRATEGY

As a first-time fund manager, Blue Forest has developed the CWIF Investment Strategy to leverage its track record and existing core competencies, including the ongoing FRB activity and in-house science team.

The fund targets investments across the "forest restoration system," which refers to the broad supply chain that influences the pace and scale of forest health restoration in California, including workforce, technology, equipment, infrastructure, operations, monitoring, and financing across:

- Land management planning.
- Hazardous fuel removal and timber harvesting.
- Prescribed burning.
- Biomass and timber transportation.
- Biomass and timber processing.
- End-market sales and development for wood products, bioenergy, biofuels, etc.

## **Pillars of Investment Strategy**

The CWIF's Investment Strategy is articulated through five pillars: (1) Specialized Capital, (2) Wood Supply Certainty, (3) Government Partnership, (4) Industry Network, and (5) Scientific Expertise.

### **Specialized Capital**

- Blue Forest's partnership-based investment management approach includes high-touch engagements and tailored terms, as well as vehicles and timelines to support companies and projects.
- The organization's specialization on the forestry management sector since 2015 provides strong sector expertise, business advisory, and synergistic networking.
- In the forestry community, Blue Forest is a respected brand known for innovation in the forest financing space, with experience working with investors to launch investment products specifically targeting fire risk reduction outcomes.

### **Woody Supply Certainty**

- Blue Forest's strong relationships with federal and state agencies and policymakers that control forest restoration and provide grant funding for forest management and biomass utilization activities provide insight into local project funding, timing, and expected implementation treatments.
- Direct project visibility through strong partnerships and potential access to multi-year woody biomass flows through FRBs enable Blue Forest to overcome the most significant challenge facing the biomass industry: supply certainty.
- Forest Resilience Bond projects provide direct access to large volumes of predictable, multi-year wood supply. Together, the first 2 Yuba FRBs are expected to produce 300,000 bone dry tons (BDT) of biomass. Follow-on FRBs financed by Blue Forest in the area are estimated to produce an additional 500,000 BDT in total. Conversely, local biomass utilization capacity and demand are key to scaling FRB projects, which creates strong synergies for Blue Forest to develop FRBs in parallel to investing in the supporting forest products value chain.

### **Government Partnership**

- Blue Forest is the first investment partner to sign a Memorandum of Understanding with the US Forest Service and has fostered a 7+ year collaborative relationship with the agency.
- The organization has cultivated knowledge of funding programs along the forest product value chain via long-term relationships with California State Agency funders and state-led working groups focused on biomass utilization.
- The organization has, in its words, "high-level advocacy and policy visibility" at the state and federal levels. In 2023, Blue Forest was a contributor to the Wildfire Emergency Act (Feinstein, 2023), which aims to allow the USFS to leverage private financing to accelerate forest restoration projects.

### **Industry Network**

- Recognizing the breadth of forest products markets requires additional expertise beyond the BFAM investment team. As a result, Blue Forest proactively maintains a network of technical and market experts that are leveraged for sourcing, diligence, and market research. In addition, Blue Forest has strong cross-sector relationships with local collaboratives, forestry supply chain businesses, environmental non-profits, Tribes, communities, and other stakeholders. The organization's years of discussion of capital needs with underbanked Northern California allows for local access and trust – fostering an extensive network and pipeline of biomass utilization businesses that share learnings and best practices.
- Blue Forest plans to hire third-party consultants to review technical and commercial feasibility for potential investments as needed.

### **Scientific Expertise**

- Blue Forest regularly contributes to academic and industry research on market analysis, carbon outcomes, and other ecosystem services.
- Blue Forest has in-house research expertise and dedicated science advisors. Collectively, the organization has on-staff 5 PhDs with expertise in forestry, hydrology, carbon, and economics.
- The organization has established external partnerships with groups such as the World Resources Institute and the National Forest Foundation, and the University of California. The organization is currently contributing to the creation of the Climate Action Reserve's biochar carbon offset methodology.

### **Portfolio Construction**

The CWIF Investment Process is aimed at maximizing core competencies, maintaining a comprehensive pipeline, evaluating non-supply-side investment considerations, and adding value to investments through their active management style. Since the universe of potential investment opportunities is intentionally narrow under the CWIF mandate, extra attention is given to identifying investment risks early in the process and avoiding spending excess time and resources on opportunities that eventually reach “no” such that the truly high-quality opportunities are given thorough attention and effort that is merited.

## **ATTACHMENT C. CAPITAL NEEDS AND MARKET SIZE**

The threats posed by the wildfire crisis are well known. In California, the 2021 wildfire season alone caused an estimated \$45-55 billion in total damages. Unhealthy landscapes at high risk of severe wildfires are a result of the long-standing practice of suppressing small, environmentally beneficial fires, combined with the multiple effects of a changing climate. Revitalizing an active, diverse forest management industry is a key pillar of the state's wildfire threat reduction strategy.

California state government and the US Forest Service are collaborating to increase forest restoration by 400% to 1 million acres per year by 2025. Unprecedented federal, state, and local funding and capacity are now dedicated to accelerating forest restoration and de-risking new biomass utilization investments.

According to Blue Forest, “growth in restoration to 1M acres/year is projected to increase biomass supply by up to 95%. Biomass system capacity needs to grow 4-18x to meet the demands associated with that supply. To process the large increase in biomass California supply, the industry will need up to \$13B in capital investment to overcome inefficiencies, bottlenecks, and capacity constraints in the biomass

utilization system; addressing this massive supply imbalance presents an enormous challenge and opportunity.” These estimates are consistent with data developed by California state agencies focused on forest wildfire threat reduction. Regardless of the data source, two facts are clear: the scale of the capital challenge associated with addressing the wildfire crisis is immense, and public entities need significant private partnerships to address it. Blue Forest’s CWIF is a market leader in addressing this challenge.

## **ATTACHMENT D. THE CATALYST FUND FOREST BIOMASS MANAGEMENT AND UTILIZATION FINANCING PLAN**