

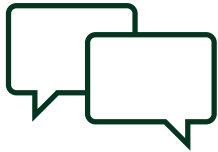
Capital Stacks 101: Blending Grants and Financing

July 28, 2026

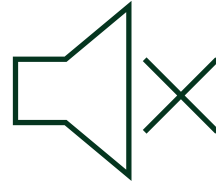
Presented By: Nikki Yanok



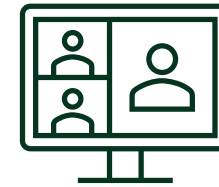
Zoom Logistics



Please use the chat to send any questions that come up throughout the webinar.



Feel free to have your camera on, but please keep your microphone on mute to avoid distractions.



This webinar is being recorded and will be available online.

Maine Resilience Finance Coordinators

- Funded by the Maine Office of Community Affairs
- Part of the Resilience Collaborative, which provides regional support for Maine communities to increase climate resilience
- NEEFC & GMRI partner as Resilience Finance Coordinators

How we can help:

- Monthly climate finance office hours
- Training & peer learning opportunities
- 1:1 funding & financing technical assistance



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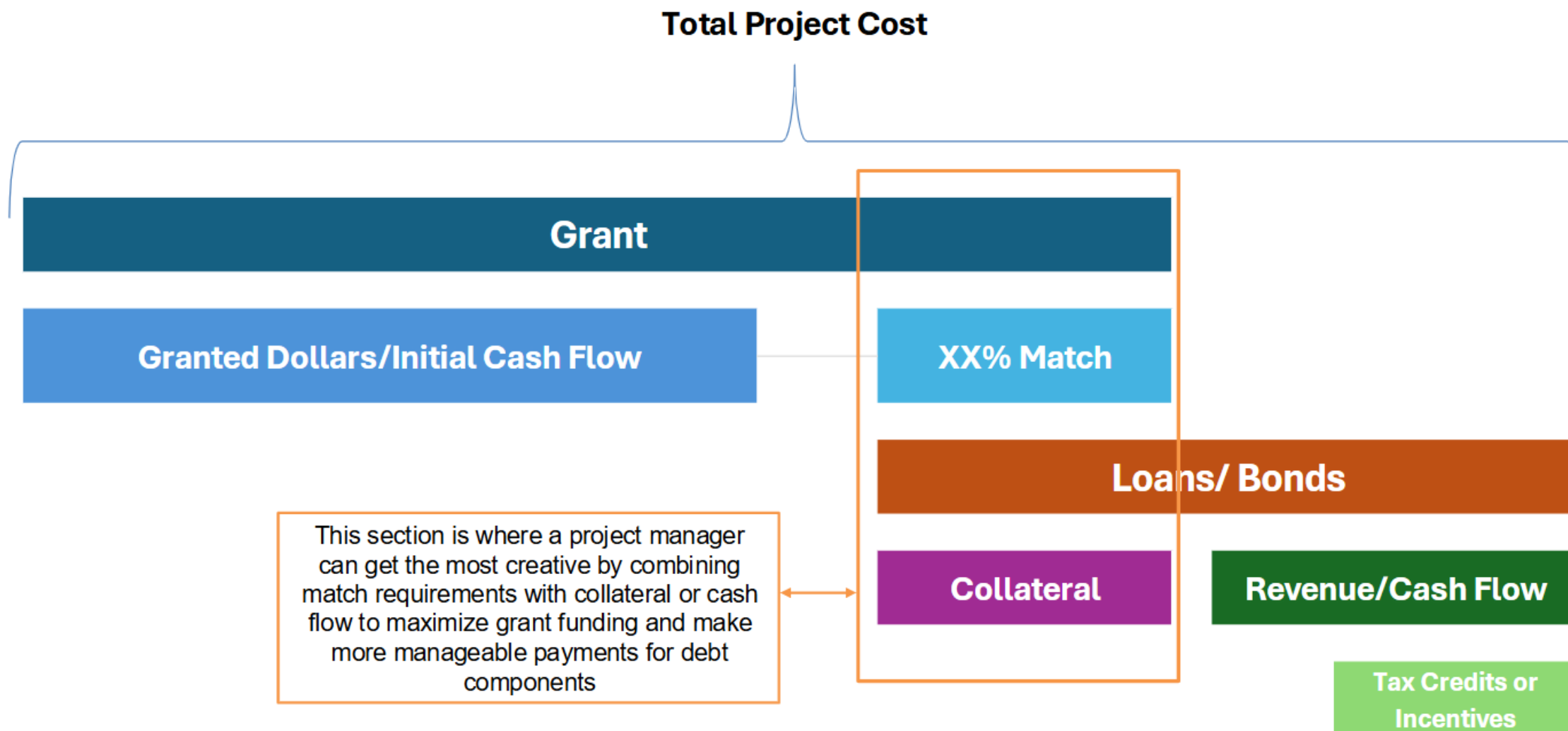


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Foundations: What Is a Capital Stack?

A capital stack is simply the layered combination of funding sources that come together to cover a project's total cost.



Foundations: The Key Layers, Defined



Cash On Hand or Owner's Equity

Any dollars contributed directly by the project owner, can also include value of property or in-kind services



Public Grants

Non-repayable federal, state or local funds – often requires a match contribution and ongoing administration



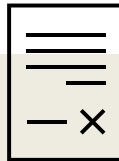
Philanthropy

Grants as nonrepayable flexible funds, PRIs, MRIs, frequently accepts below market returns



Loans

Bank or similar institutional loans, often requires collateral and priority repayment



Bonds

Most commonly public debt held by a community with promise to pay from general revenue or new taxes



Tax Credits

Reimbursements provided by public programs or incentives based on meeting

Sources of Capital: Public Grants & Programs

Public dollars often anchor a stack – and unlock additional capital that would not otherwise be available



Federal Grants

EPA, FEMA BRIC, DOE, USDA Rural Development and other agencies often have programs focused on various components of resilience and infrastructure



Tax Credit Programs

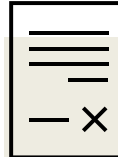
New Markets Tax Credits, Low-Income Housing Tax Credits, Solar Tax Credits, Clean Fuel Production, Clean Electricity Investment Credit, Advanced Manufacturing Tax Credit and more



State Resilience Funds

Maine Office of Community Affairs, the State Resilience Office, Community Resilience Partnership and related entities promote grants and programs to assist in resilience projects

Other states may have similar programs or infrastructure banks to do the same



Loan Guarantees

Federal and state programs often have risk assistance programs or loan guarantees, such as those offered through USDA that can reduce the risk of lending capital to projects

Sources of Capital: Private Philanthropy

Foundations increasingly deploy capital beyond traditional grants – often accepting below-market returns or a first-loss position to mobilize a much larger pool of private capital behind them.



Grants

Traditional, non-repayable philanthropic funding for planning or direct project costs



Program-Related Investments

Below-market loans or equity that count towards the foundation's charitable distribution requirement



In-Kind Match Funding

Services from professional experts that are donated to the project as match-funding requirements for grant requirements

Why It Matters

Catalytic Leverage

\$1 → \$5 – 10+

Can help
mobilize

Of philanthropic
capital

In private sector capital*

**Varies based on project and opportunity*

Bonds and Debt

- Bonds are commonly used financial mechanisms for communities to make large infrastructure investments and be able to pay over an extended period. This investment is not to be taken lightly and needs to carefully consider not only the full cost of the project, but also the cost of financing the project and the long -term costs of maintenance and operation.
- Understanding the **Total Cost** of a project and the alternative **Cost of Doing Nothing** is imperative to the success of any financing strategy.

Cost of Construction + Cost of Overhead and Administration + Cost of Interest/Financing = Total Project Cost

Vs.

Cost of Doing Nothing + Future Costs of Total Project (Inflation over X Years)

Sources of Capital: Other Financial Mechanisms

Green Bonds

Debt earmarked for environmentally beneficial projects, often at attractive rates.

Resilience Bonds

Structured to share savings from reduced disaster risk with investors.

PACE Financing

Property Assessed Clean Energy — repaid via property tax assessments.

Tax-Increment Financing

Future tax revenue gains fund present infrastructure investment.

Environmental Impact Bonds

Pay-for-success structures tied to measurable environmental outcomes.

Revolving Loan Funds

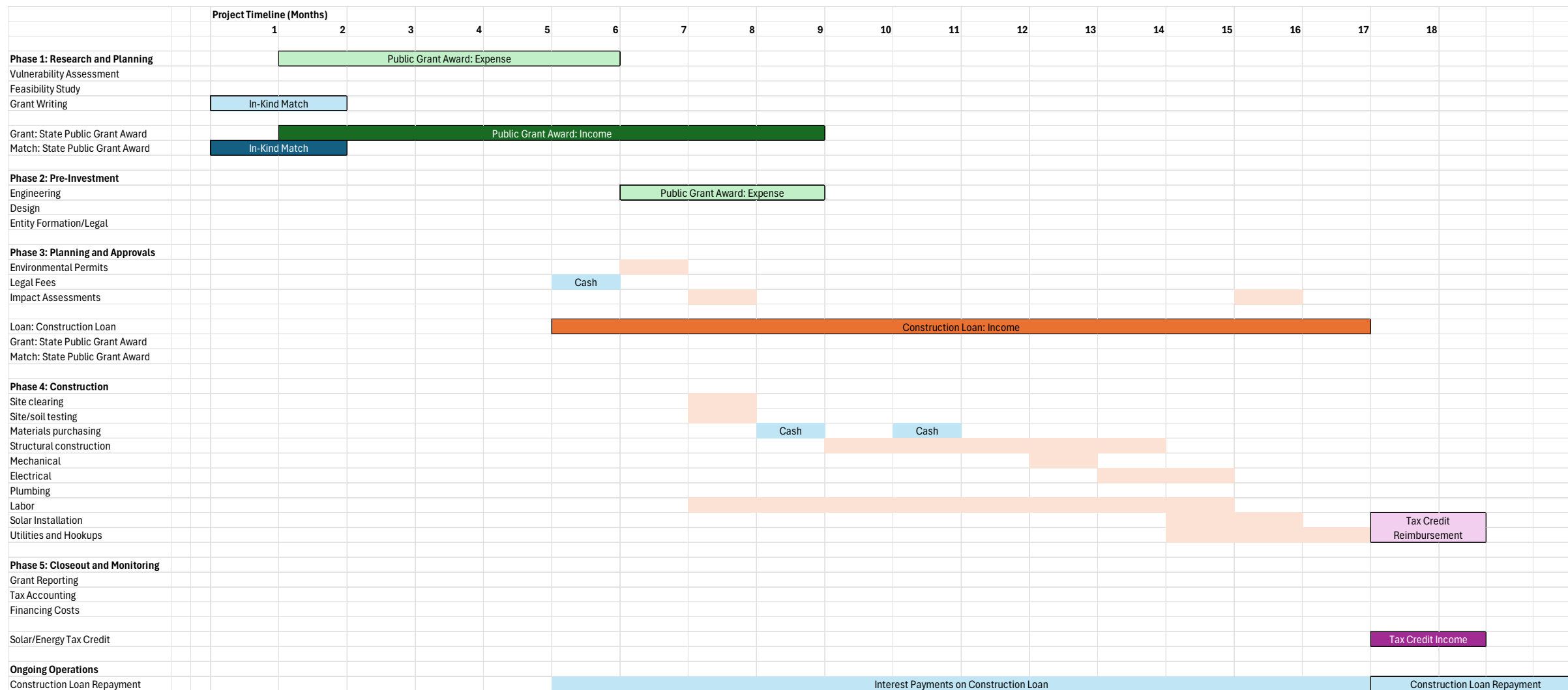
Public capital recycled as loans are repaid, extending its reach over time.

In Practice: Timing & Sequencing

Different capital enters at different project phases — mismatched timing is a leading cause of delay.



In Practice: A Moving Puzzle, Not a Ladder

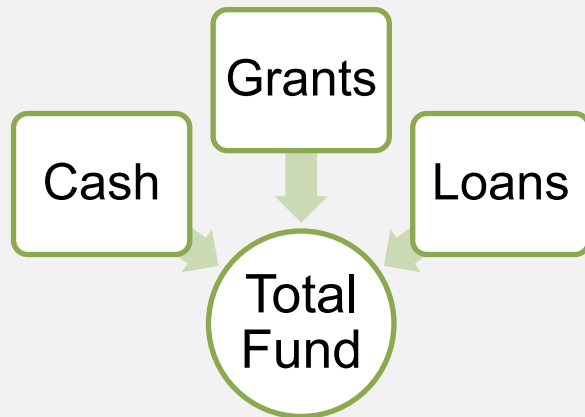


In Practice: Blended vs. Braided Funding

Many federal grants require local match — other layers of the stack often fill that requirement. How the funds are tracked matters.

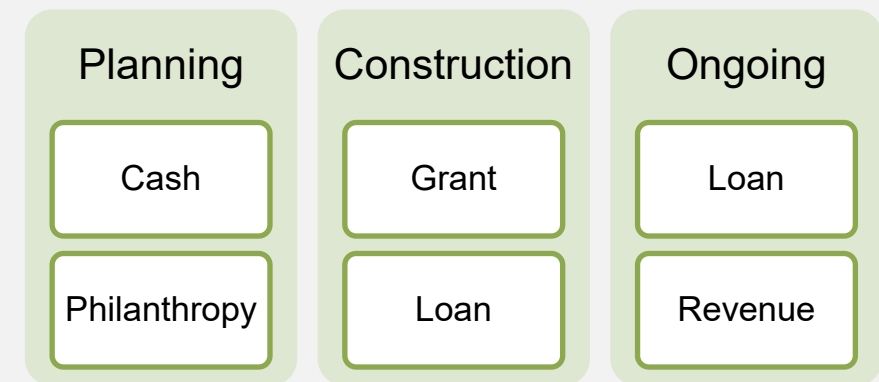
Blended

Funding sources are pooled into a single capital account and deployed together against total project cost.



Braided

Distinct funding streams are tracked separately, each retaining its own reporting, restrictions, and compliance requirements.



Compliance complexity: each funder brings its own reporting cadence, eligible-use restrictions, and disbursement timeline — sponsors must design systems to track both simultaneously.

Common Pitfalls



Underestimating predevelopment capital

Planning, feasibility, and design costs are frequently under-budgeted before construction funding is even in reach.



Misaligned timelines

Grant funding cycles rarely match construction schedules, creating cash-flow gaps that need bridge financing.



Over-reliance on one source

A single delayed or reduced award can stall an entire project when the stack lacks redundancy.



No contingency or reserve layer

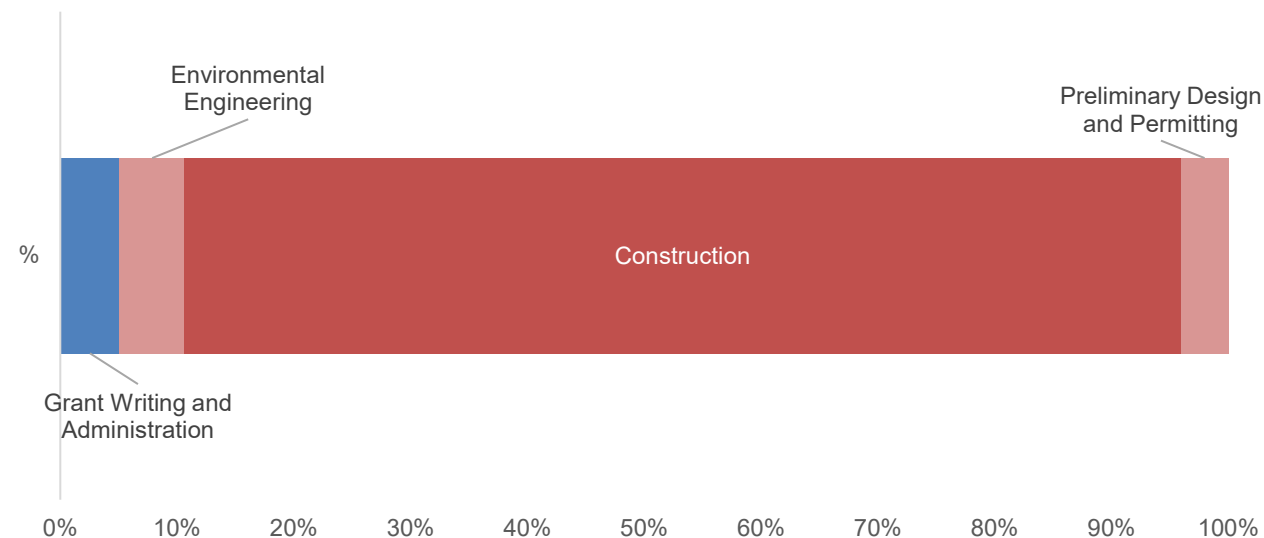
Cost overruns and change orders need a built-in cushion — not a scramble for new capital mid-project.



Days Ferry Bulkhead, Woolwich, ME



- Small public bulkhead is the largest of three public access points in town. The site serves commercial fishermen, local emergency response, and recreational activities on the Kennebec River
- Community came together to provide 5% in -kind match funding for grant writing and preliminary environmental design and applied for the remainder of funds from the **Public Working Waterfront Infrastructure Grant**

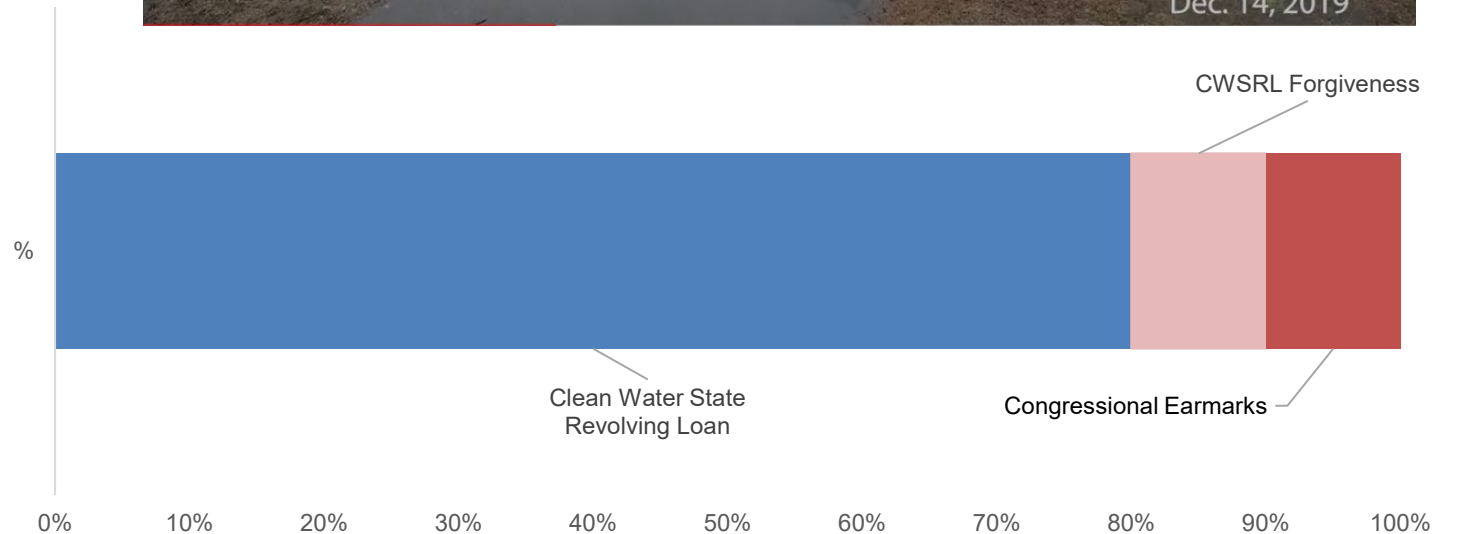


Saco, ME: Resilient Wastewater Treatment Plant

- Stacked loans and grants to upgrade and relocate flood-vulnerable critical wastewater infrastructure

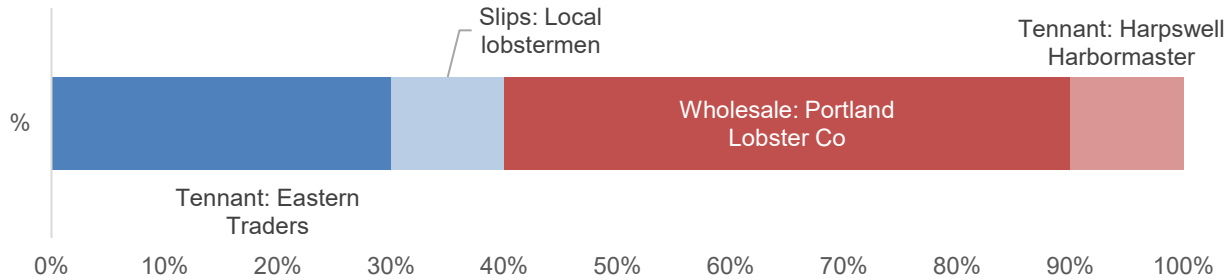
Voters authorized up to **\$50M (estimated project cost)** in general obligation bonds

- Applied to/borrowed from ME DEP Clean Water State Revolving Fund; more favorable terms than municipal bond market

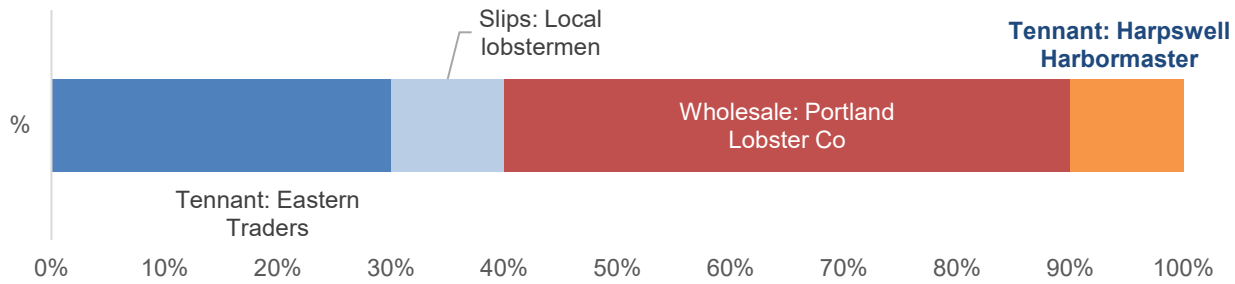


Garrison Cove, Harpswell, ME

- Sometimes solutions are more than just dollars into a project. Garrison Cove is a commercial wharf on Bailey Island that has been in operation for generations and passed through many hands over the years. GMRI won a USDA award in 2023 to do a market analysis of working waterfronts with Garrison Cove as a case study.
- This study yielded recommendations based on diversification of use and revenue to make the wharf more resilient and allow for new sources of potential grants and funding over time.



By leasing space to the harbormaster, the wharf made the case for emergency response services and public benefit.



Key Takeaways

- No project is going to be fully funded by a single source or 100% grant funds –you have to be prepared to invest in the project
- Focus on the project vision, what problem you are trying to solve and who will benefit from the project investment
- There is no substitute for the investment of time in ensuring you've done as much research as possible into the estimates, possible sources of funding, and key team players that will help you get your project across the finish line –but keep track of your time investment!
- The project doesn't always end after construction is complete –ongoing maintenance, the useful life of machinery and installations, grant reporting, and a long-term funding strategy is critical

Thank you!

**Join us for our next Climate
Finance Office Hours:**

**Thursday, August 13th
12 pm – 1:30 pm
Online**

To register, scan the QR code on this slide
or visit <https://gmri.org/projects/climate-finance-office-hours/>

