

**Item 1**  
**Cover Page**

Form ADV Part 2A

**Firm Disclosure Brochure**

March 30, 2020



**C2 Energy Capital, LLC**

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This brochure (the “Brochure”) provides information about the qualifications and business practices of C2 Energy Capital, LLC (“C2” or the “Firm”) for purposes of Form ADV. If you have any questions about the contents of this Brochure, please contact us at the number listed above. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. From time to time in this and other documents C2 may refer to itself as a “registered investment adviser” by virtue of its registration with the SEC. This title does not imply any level of training or skill. Additional information about C2 is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).



## **Item 2**

### **Material Changes**

This Brochure, dated March 30, 2020, has no material updates since its initial application with the SEC.

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**Item 4**  
**Advisory Business**

- A.** C2 is organized as a Delaware limited liability company and was formed in September 2014. The Firm's Principal Owners, Candice Michalowicz and Richard Dove, founded the C2 Energy family of companies in 2014.
- B.** C2 provides discretionary investment advisory services to private equity and debt oriented pooled investment vehicles (each a "Client" or a "Fund" and collectively the "Clients" or the "Funds"). The Funds are subject to the investment objectives and strategies outlined in offering documentation specific to each Fund, which includes but is not limited to subscription agreements, limited partnership/operating agreements and investment management agreements (collectively, "Governing Documents"). C2's portfolio is primarily focused on renewable energy solutions; however, the Firm does not necessarily limit the types of investments on which it advises.
- C.** To the extent agreed upon in the Governing Documents, C2 tailors its investment advisory services to be consistent with each Client's investment strategy, return profile, concentration limits, time horizon, liquidity mandates and other related objectives, as defined therein.
- D.** C2 does not participate as a sponsor of or portfolio manager to any wrap fee programs.
- E.** As of December 31, 2019, the Firm managed \$29,967,514 of regulatory assets under management on a discretionary basis. The Firm does not manage any assets on a non-discretionary basis.

## **Item 5**

### **Fees and Compensation**

**A.** As compensation for its services, C2 receives an annual management fee (the “Management Fee”) based on a fixed rate or percentage of a Fund’s committed capital or invested capital. The Management Fee is 2% of the capital commitment during the investment period. After the investment period, the Management Fee will be 2% of the invested capital. The Firm and/or certain of its affiliates will also receive incentive-based compensation (the “Incentive Allocation”) based on realized gains from investments, subject to agreed-upon hurdle rates, high water marks and claw-back provisions.

**B.** The Firm receives the Management Fee directly from a Fund on a quarterly basis. The calculation of the Management Fee is derived from the most recent valuation of the portfolio, as determined by the investment manager, general partner or other responsible party. An Incentive Allocation is typically deducted directly from a Fund’s assets as investments realize gains and not on a pre-determined schedule.

**C.** The Firm receives from time to time monitoring fees, organization fees, administrative fees or set-up fees, consulting fees or other similar fees from a Fund, a Fund’s portfolio companies or their respective affiliates. Unless otherwise disclosed, these fees will generally be offset in their entirety against the Management Fee paid by the applicable Fund. Each Fund’s Governing Documents provide a more detailed description of the expenses borne by the Fund.

C2 and the Funds generally bear their own expenses. Expenses are allocated on a case by case basis in accordance with each Fund’s Governing Documents. Expenses the Funds may incur generally include but are not limited to all costs and expenses relating to the Fund’s activities (to the extent not reimbursed by a portfolio company), including:

- (i) in sourcing, pursuing, investigating, diligencing, analyzing, developing, negotiating, structuring, making, acquiring, holding, monitoring and disposing potential or actual investments (including investments not consummated), including, without limitation, legal, travel and related expenses, research (including expenses of software used for underwriting and monitoring investments), insurance, accounting, custodial and safekeeping, consulting and auditing expenses (to the extent such costs and expenses are not reimbursed by portfolio companies or other third parties);
- (ii) out-of-pocket costs and expenses incurred in connection with the management of investments, including financing, legal, accounting, management and consulting expenses, and record keeping and other related administrative fees;
- (iii) administrative expenses incurred in the ordinary course, including the cost of preparing annual audit, financial reports, tax returns and tax reports for partners or the Fund (including an allocation of expenses associated with any software or online data portal used in connection therewith), cash management expenses, depository expenses and routine legal and accounting expenses, regulatory and compliance expenses relating to the Fund’s filings with the SEC (including, but not limited to, fees for legal or regulatory advice or submission costs, such as Forms PF, 13F, 13H, 13G/D, 3, 4 or 5) or other regulatory bodies (including in foreign or local jurisdictions);
- (iv) brokerage commissions, registration fees and expenses, custodial expenses, and other investment costs incurred in connection with investments;

- (v) principal, interest on and fees and expenses arising out of borrowings or guarantees, including subscription line facilities;
- (vi) out-of-pocket costs of litigation and indemnification or extraordinary costs and expenses;
- (vii) expenses associated with the dissolution, liquidation and termination of the Fund;
- (viii) taxes, fees or other governmental charges levied against the Fund and all costs and expenses incurred in connection with any tax audit, investigation, settlement or review of the Fund;
- (ix) expenses of annual meetings of the partners;
- (x) private placement fees and expenses (including any deferred amounts and interest thereon) paid to third-party placement agents relating to the Fund's formation and obtaining the capital commitment, but only to the extent Management Fees are subsequently reduced by such placement agent fees and expenses;
- (xi) expenses associated with the preparation of Fund financial statements, tax returns and K-1's or similar schedules;
- (xii) fees of attorneys, accountants, advisors, fund administrators, service providers, and other professionals incurred on behalf of the Fund (including, without limitation, legal fees in connection with any legal opinions required to be delivered on behalf of the Fund or the general partner pursuant to the Fund's Governing Documents);
- (xiii) insurance premiums incurred in connection with the Fund's activities (including mortgage bond insurance and insurance covering the general partner, the general partner's affiliates and related entities, the Firm and any other person acting on behalf of the Fund or entities related to the Fund with respect to the activities of the Fund);
- (xiv) expenses arising from defaults by the limited partners in the payment of capital contributions;
- (xv) expenses incurred in connection with distributions to partners;
- (xvi) expenses in connection with any amendments, modifications, revisions or restatements to the Fund documents;
- (xvii) post-closing obligations under agreements relating to the disposition of investments, including indemnification obligations and purchase price adjustment obligations; and cost and expenses of alternative investment vehicles.

**D.** Typically, the Management Fee is paid quarterly in advance. The Incentive Allocation is paid in arrears upon the disposition of a portfolio asset.

**E.** Except as otherwise disclosed, neither the Firm nor any of its supervised persons receive, directly or indirectly, any compensation from the sale of securities or other investment products.

**Item 6**  
**Performance-Based Fees and Side-By-Side Management**

As outlined in Item 5 of this Brochure, C2 and/or its related persons are generally entitled to receive an Incentive Allocation based on investment gains after other distributions are made to the general and limited partners, as specified in the Governing Documents. The Incentive Allocation and other incentive-based compensation may motivate the Firm to make investments that are riskier or more speculative than those which would be made under a different compensation arrangement. In addition, the recipients may have an incentive to favor Clients that they believe will pay a higher Incentive Allocation or other incentive-based compensation. However, the Firm is committed to acting at all times in the best interests of its Clients. To this end, the Firm has implemented internal controls, which are further described in the Firm's compliance policies and procedures, to address the potential conflicts associated with performance-based fees.

**Item 7**  
**Types of Clients**

The Firm provides investment advisory services to private equity vehicles that are excepted from the definition of investment company under the Investment Company Act of 1940 (the “Investment Company Act”). In general, the minimum initial investment in a Fund is \$10 million, depending on the Fund, although lesser amounts may be accepted in the discretion of the general partner.

**Item 8**  
**Methods of Analysis, Investment Strategies and Risk of Loss**

**A.** C2 is a distinguished provider of clean distributed energy in the markets that we serve. The Firm achieves this disruptive strategy by providing every potential customer an alternative to their energy bill that is cleaner and more predictable than their current energy solution. C2 offers low priced renewable power and develops into other areas that offer comparable returns in the lower carbon category. These may include other sources of renewable power, energy efficiency, or storage technology. These opportunities typically arise in geographic markets that the Firm currently serves or in new areas, typically within the United States. C2 targets those areas where climate, governmental regulations and incentives position solar and other lower carbon generation as a compelling alternative to traditional generating utilities.

Where possible and appropriate, co-investment opportunities may be made available to any investor. Investment opportunities may be allocated on such terms and conditions as C2's general partner may, in its sole discretion, determine. C2's general partner or any affiliate may charge an incentive allocation, management and other fees with respect to any co-investment opportunity.

C2 provides investors with exposure to a growing portfolio that is expected to be a relatively diversified set of investments primarily in:

- (a) projects that generate energy, including from solar thermal, wind, geothermal, and/or combined heat and power production, and/or related storage projects equipment or facilities,
- (b) projects designed to reduce energy usage or cost through the design and installation of improvements to various building components,
- (c) storage projects, that may include batteries, and
- (d) other projects in the energy sector (other than coal fired projects or projects involving the exploration, refining or transportation of petroleum products) that generate material cash flows from term contractual arrangements.

Investments in projects are typically in the form of direct ownership, leasehold interests in equipment leasing transactions or minority or controlling interests in limited liability companies or other joint venture vehicles.

**B. and C.**

The Governing Documents contain a more comprehensive explanation of the relevant risk factors, including those related to C2's investment strategy and investment partnerships generally. Investors are provided with the Governing Documents prior to subscription and should carefully consider the risks associated with an investment in an Fund managed by C2.

*Uncertainty of the Renewable and Alternative Energy Market*

The markets for renewable energy (including solar power) and energy efficiency products are emerging and rapidly evolving, and their future success is uncertain. If such technologies prove unsuitable for widespread commercial deployment, if the regulatory environment evolves in a way that is not conducive to such

technologies or if demand for renewable energy or energy efficiency products fails to develop sufficiently, C2's portfolio companies – the special purpose entities through which C2 invests in underlying projects - could be unable to generate enough revenue to achieve and sustain profitability. In addition, demand for renewable energy or energy efficiency products in the markets and geographic regions that C2 targets may not develop or may develop more slowly than anticipated. Many factors will influence the widespread adoption of renewable energy or energy efficiency technology and demand for renewable energy products, including the cost-effectiveness, performance and reliability of such technology as compared with conventional power generation projects; changes in technology and regulation that benefit or hamper solar power (and other renewable energy or energy efficiency products) such as transmission or energy storage developments or other factors; fluctuations in economic, regulatory and market conditions which impact the viability of conventional and other renewable energy sources, such as increases or decreases in the overall prices of oil and natural gas; and availability of government subsidies and incentives.

#### *Other Renewable Technologies*

While C2 will primarily focus on solar power assets, it may make investments in projects that utilize other renewable technologies that are not as proven and developed as solar, and there can be no assurance that such technologies will perform as expected. If such technologies perform less well than expected, C2's results could be diminished.

#### *Competition from Fossil Fuels and Other Conventional Energy Resources*

The performance of certain investments of C2 will be substantially dependent upon the prevailing prices of oil, natural gas and coal. As energy derived from fossil fuels becomes more expensive, the value of renewable energy or energy efficiency technologies should increase as well. Conversely, if new oil, natural gas or coal deposits are found or become more commercially viable to produce (including due to hydraulic fracturing or horizontal drilling), or if the cost of producing energy from these sources decreases significantly for other reasons, the attractiveness of renewable energy sources would likely decrease. Historically, the market for oil has been volatile and is likely to continue to be volatile in the future. Oil prices are subject to wide fluctuation in response to relatively minor changes in the supply of and demand for oil, market uncertainty and a variety of additional factors that are beyond the control of the sponsor or of C2. These factors include the level of consumer product demand; the refining capacity of oil purchasers; weather conditions; domestic and foreign governmental regulations; the price and availability of alternative fuels; political conditions in the Middle East, Africa, South America, Russia and other oil producing regions; actions of the Organization of Petroleum Exporting Countries; the foreign supply of oil; the price of foreign imports; and overall economic conditions.

Recent technological progress in pollution control equipment for coal-fired generation plants may make it feasible for utilities to continue to operate those plants under newly mandated clean air regulations. Coal is plentiful in the United States and continued use of coal in electric generation facilities will also apply pressure to the value of renewable energy or energy efficiency.

#### *Reduction in Federal and State Support for Renewable and Alternative Energy*

Renewable energy and energy efficiency projects have enjoyed wide support from national, state and local governments and regulatory agencies designed to finance development of such projects and related technologies, such as the federal production tax credit, various renewable and alternative portfolio standard requirements enacted by several states, tax credits and state-level utility programs, such as system benefits charge and customer choice programs. The combined effect of these programs is to subsidize in part the

development, ownership and operation of renewable energy and energy efficiency projects, particularly in an environment where the low cost of fossil fuel may otherwise make the cost of producing energy from renewable sources uneconomic. Any reduction in or elimination of these programs will have an adverse effect on development of renewable energy and energy efficiency resources.

Strong political factors could increase the price of equipment and transmission of renewable energy generation. In early 2018, the U.S. President issued a 30% tariff on imported solar panels. In June 2018, a 30% tariff was imposed on imported steel, which could increase the costs of solar generation as solar power uses steel trusses for ground based installations. There have also been several proposals from the U.S. Department of Energy (“DOE”) to bolster the nuclear and coal industries and if these industries are subsidized, it could increase the costs of renewable generation. Additionally, several states have increased the costs for rooftop solar by increasing the transmission charges for those customers.

#### *Risk of Tariffs and Other Changes in Trade Laws*

Application of U.S. trade laws, or trade laws of other countries, may also impact, either directly or indirectly, C2’s operating results. For example, in April 2017, a U.S.-based manufacturer of solar cells filed a petition under Sections 201 and 202 of the Trade Act of 1974 for global safeguard relief with the U.S. International Trade Commission (the “USITC”). Such petition requested, among other things, the imposition of certain tariffs on crystalline silicon solar cells imported into the United States and the establishment of a minimum price per watt on imported crystalline silicon solar modules. In September 2017, the USITC determined such products are being imported into the United States in such increased quantities as to be a substantial cause of serious injury to the relevant domestic industry and subsequently recommended various remedies to the U.S. President. In January 2018, the U.S. President proclaimed tariffs on imported crystalline silicon modules, and a tariff-rate quota on imported crystalline silicon cells, over a four-year period, with the tariff on modules, and the tariff on cells above the first 2.5 GWDC of imports, starting at 30% for the February 2018 to February 2019 period and declining by five percentage points in each subsequent 12-month period. Some countries and companies have challenged the tariffs under the rules of the World Trade Organization and U.S. law. It is unknown if such tariffs will be applied as originally proclaimed, or how such tariffs, or any other U.S. or global trade remedies or other trade barriers, may directly or indirectly affect U.S. or global markets for solar energy and C2’s business, financial condition, and results of operations.

#### *Risk of Dependence on the Availability of Rebates, Tax Credits and other Financial Incentives*

The expiration, elimination or reduction of the rebates, credits and incentives provided by U.S. federal, state and local government entities to end users, distributors, system integrators and manufacturers of solar energy systems to promote solar electricity, such as the ITC, system performance payments and payments for renewable energy credits associated with renewable energy generation, would result in an adverse impact upon certain companies in which C2 may invest to the extent that such companies rely on these governmental rebates, tax credits and other financial incentives to lower their operating costs and thereby lower prices charged to ultimate customers. However, these incentives may expire on a particular date, end when the allocated funding is exhausted, or be reduced or terminated as solar energy adoption rates increase. These reductions or terminations can occur without warning. Any reductions in, or eliminations or expirations of, governmental incentives could adversely impact the results of operations of such businesses and their ability to compete by increasing their operating expenses, thus potentially causing an increase in prices and/or reducing the size of the available market.

#### *State and Local Incentives*

In addition to federal legislation, many states have enacted legislation, principally in the form of renewable portfolio standards (“RPS”), which generally require electric utilities to generate or purchase a certain percentage of their electricity supplied to consumers from renewable resources. Depending upon the state, various certifications, permits, contracts and approvals may be required in order for a project to qualify for particular RPS programs. Although there is currently no federal RPS program, there have been proposals to create a federal RPS standard for renewable energy. Renewable Energy Certificates, or “RECs”, are typically used in conjunction with RPS programs as tradable certificates demonstrating that a certain number of kWh have been generated from renewable resources. Under many RPS programs, a utility may generally demonstrate, through its ownership of RECs, that it has supported an amount of renewable energy generation equal to its state-mandated RPS percentage. The sale of RECs can represent a significant additional revenue stream for renewable energy generators. Other incentives that states and localities have adopted to encourage the development of renewable resources include property and state tax exemptions and abatements, state grants and rebate programs. California offers a property tax incentive for certain solar energy systems installed between January 1, 1999 and December 31, 2024. Solar generation may also be incentivized by state greenhouse gas, or “GHG”, emission reduction measures, such as California's cap and trade scheme, which caps and reduces GHG emissions. The California cap and trade program went into effect with respect to the electricity and other sectors starting in 2013.

#### *Risks Associated with the Sale of RECs (Renewable Energy Credits)*

C2 expects that several assets in its portfolio will generate RECs. RECs are credits generated by power generation assets that may be sold to local utility companies to help them meet state RPS requirements. REC pricing is determined by the market in each of the states where the energy systems are installed. Oversupply of RECs in any state as a result of overbuilding of energy systems in that state may result in a higher supply of RECs than demand requires, which may negatively impact the price of RECs or eliminate the market for RECs altogether. In addition, no assurance can be given that a state will continue these programs as currently operated, or at all, which may significantly impact the revenues C2 earns from the sale of RECs. These risks are exacerbated by the limited geographic diversification of C2's REC-generating assets. The sale of RECs will also subject C2 to the risk of the inability of its counterparties to perform with respect to these sales, whether due to financial distress, bankruptcy or other causes, which could subject C2 to substantial losses. If the counterparties to the RECs are unable or unwilling to fulfill their contractual obligations and make payments for the RECs, or if they otherwise terminate these contractual agreements prior to the expiration thereof, C2's business, financial condition, results of operations and cash flows could be materially and adversely affected. Furthermore, these contracts are typically entered into for a period of three to five years and there is no assurance that C2 will be able to enter into similar contracts on similar terms when these contracts expire.

#### *Project Development Risks*

Renewable energy project development or construction activities may not be successful and projects under development may not receive required permits, real property rights, PPAs, interconnection and transmission arrangements or financing or construction may not commence or proceed as scheduled, which could increase costs and impair C2's performance.

The development and construction of solar power electric generation facilities and other energy infrastructure projects involve numerous risks. C2 may be required to spend significant sums for land and interconnection rights, preliminary engineering, permitting, legal, and other expenses before the general partner can determine whether a project is feasible, economically attractive, or capable of being built. Success in developing a particular project is contingent upon, among other things: (i) obtaining satisfactory land rights; (ii) receipt of land use and

construction approvals from the applicable government agencies; (iii) receipt of rights to interconnect the project to the electric grid or to transmit energy; (iv) payment of deposits or other amounts which may be required, certain of which may be non-refundable; (v) negotiation of satisfactory engineering, procurement, and construction agreements; (vi) entering into contractual arrangements for the financing and purchase of any energy generated by such projects, including debt and equity financing associated with the use of tax credits and other tax benefits; and (vii) completion of construction in accordance with the agreed timeframe. Successful completion of a particular development project may also be adversely affected by numerous factors, including: (i) delays in obtaining and maintaining required governmental permits and approvals, including appeals thereof if necessary; (ii) potential political or legal challenges from relevant stakeholders, including local residents, environmental organizations, competing businesses and others who may not support the project for any reason; (iii) engineering and construction delays; (iv) work stoppages and related labor or supply disruptions; (v) completion of projects within budgetary constraints; (vi) costs, expenses and regulatory hurdles related to operating in certain non-U.S. jurisdictions, including compliance with U.S. laws related to U.S. companies operating abroad and applicable local laws and customs; (vii) unfavorable tax treatment and changes to current tax rules and regulations; and (viii) adverse weather, environmental and geological conditions and force majeure events, including, but not limited to, acts of terrorism.

Additionally, many of C2's proposed projects are located on or require access through public lands administered by state and federal agencies pursuant to competitive public leasing and right-of-way procedures and processes. C2's projects may also be located on tribal land pursuant to land agreements that must be approved by tribal governments and federal agencies. The authorization for the use, construction, and operation of systems and associated transmission facilities on federal, tribal, state, and private lands will also require the assessment and evaluation of mineral rights, private rights-of-way, and other easements; environmental, agricultural, cultural, recreational, and aesthetic impacts; and the likely mitigation of adverse impacts to these and other resources and uses. The inability to obtain the required permits and other local, state, federal, and tribal approvals, and any excessive delays in obtaining such permits and approvals due, for example, to litigation or thirdparty appeals, could potentially prevent C2 from successfully constructing and operating such systems in a timely manner and could result in the potential forfeiture of any deposit C2 has made with respect to a given project. Moreover, project approvals subject to project modifications and conditions, including mitigation requirements and costs, could affect the financial success of a given project. Changing regulatory requirements and the discovery of unknown site conditions could also affect the financial success of a given project. In addition, local labor unions may increase the cost of project development in California and elsewhere. C2 may also be subject to labor unavailability and/or increased union labor requirements due to multiple simultaneous projects in a geographic region.

#### *Effects of Ongoing Changes in the Utility Industry*

C2 may make certain investments in energy companies directly related to electric utility industries both in the United States and abroad. In many regions, including the United States, the electric utility industry is experiencing increasing competitive pressures, primarily in wholesale markets, as a result of consumer demands, technological advances, greater availability of natural gas and other factors. In response, for example, the Federal Energy Regulatory Commission ("FERC") has adopted a final rule reforming its open-access transmission regulatory framework that will ensure that transmission service is provided on a nondiscriminatory and just and reasonable basis, as well as provide for more effective regulation and transparency in the operation of the transmission grid. Similar actions are being taken or contemplated by regulators in other countries. A number of countries, including the United States, are considering or implementing methods to introduce and promote retail competition. To the extent competitive pressures increase and the pricing and sale of electricity

assume more characteristics of a commodity business, the economics of independent power generation projects into which C2 may invest may come under increasing pressure. Deregulation is fueling the current trend toward consolidation among domestic utilities, but also the disaggregation of many vertically integrated utilities into separate generation, transmission and distribution businesses. As a result, additional significant competitors could become active in the independent power industry. In addition, independent power producers may find it increasingly difficult to negotiate long-term power sales agreements with solvent utilities, which may affect the profitability and financial stability of independent power projects.

There can be no assurance that (i) existing regulations applicable to electric utility portfolio companies will not be revised or reinterpreted; (ii) new laws and regulations will not be adopted or become applicable to electric utility companies; (iii) the technology and equipment selected by such companies to comply with current and future regulatory requirements will meet such requirements; (iv) such companies' business and financial conditions will not be materially and adversely affected by such future changes in, or reinterpretation of, laws and regulations (including the possible loss of exemptions from laws and regulations) or any failure to comply with such current and future laws and regulations; or (v) regulatory agencies or other third parties will not bring enforcement actions in which they disagree with regulatory decisions made by other regulatory agencies.

Additionally, there can be no assurance that legislation and regulation favorable towards the renewable energy industry will continue to be put into place. Changes in the tax code could impact certain tax benefits currently enjoyed by renewable energy companies.

#### *Tax Equity Financing Arrangements*

C2 expects tax equity investors to provide a significant amount of the permanent capital needed for the U.S. assets in its portfolio. In a typical tax equity financing, a tax equity investor makes a capital investment in a class of equity interests in an entity that owns the asset. However, the availability of tax equity financing depends on federal tax incentives that encourage renewable energy development. In the case of solar energy, these attributes primarily include (i) the ITCs, which are federal income tax credits equal to 30% (subject to phaseout) multiplied by the cost of eligible assets and (ii) accelerated depreciation of renewable energy assets (including 100% expensing or "bonus" depreciation, which will phase out by 20% a year starting with projects placed in service in 2023) as calculated under the current tax depreciation system, the modified accelerated cost recovery system of the U.S. Internal Revenue Code of 1986, as amended. No assurance can be given that the federal government will maintain these programs. Under current law, the ITC is subject to phaseout, pursuant to which solar property the construction of which begins in 2020 is eligible for only a 26% ITC and solar property the construction of which begins in 2021 is eligible for only a 22% ITC. Solar property that begins construction thereafter, as well as any solar property that is placed in service after 2023 (regardless of when construction began), is eligible for only a 10% ITC. Any additional changes to the tax benefits offered by the federal government could have a material effect on C2's ability to use tax equity financing for a portion of the acquisition price of U.S. renewable energy assets, which in turn could increase C2's cost of capital and affect its ability to make distributions. The Investor Limited Partner should carefully review the related discussion in the section of the Memorandum entitled "Certain Legal, Regulatory and Tax Considerations" and should consult with its tax advisers as to the consequences of an investment in C2.

Further, there are a limited number of potential tax equity investors. Such investors have limited funds and renewable energy developers, operators and investors compete against one another and with others for tax equity financing for their capital. C2's business strategy depends on the availability of tax equity financing to acquire additional assets to be able to meet its expected distribution rate. Therefore, C2's inability to enter into tax equity financing agreements with attractive pricing terms, or at all, could have a material adverse effect on

its business, financial condition, results of operations and cash flows. Furthermore, as the renewable energy industry expands, the cost of tax equity financing may increase and there may not be sufficient tax equity financing available to meet the total demand in any year.

C2's tax equity financing agreements also provide, and are expected to provide, its tax equity investors with a number of protective rights with respect to the applicable asset or assets, including the amount of indebtedness and sales of assets outside the ordinary course of business. As a result of these restrictions, the manner in which C2 conducts its business may be constrained.

#### *No Assurance of Investment Return*

No assurance can be given as to C2's ability to choose, make and realize investments in any particular company or portfolio of companies. There can be no assurance that C2 will be able to generate returns for its investors or that the returns will be commensurate with the risks of investing in the type of companies and transactions described herein. There can be no assurance that any limited partner will receive any distribution from C2. Accordingly, an investment in C2 should only be considered by persons who can afford a loss of their entire investment.

**Past activities of investment entities associated with C2 provide no assurance of future success. There can be no assurance that projected or targeted returns for C2 will be achieved.**

#### *Use of Valuations*

Unlike exchange-listed and other readily tradable securities, clean energy assets generally cannot be marked to an established market. Instead, an appraisal or a valuation is only an estimate of value and is not a precise measure of realizable value. Clean energy asset valuations are subject to numerous assumptions and limitations. Ultimate realization of the market value of a clean energy asset depends to a great extent on economic and other conditions beyond the control of C2 and the general partner. Further, appraised or otherwise determined values do not necessarily represent the price at which a clean energy project investment would sell since market prices of clean energy investments can only be determined by negotiation between a willing buyer and seller. Generally, appraisals will consider the financial aspects of a project, market transactions and the relative yield for an asset measured against alternative investments. Valuations will generally be based on the discounted cash flows of C2's assets. Valuations of projects should be considered only estimates of value and not measures of realizable value with respect to such properties. As a result, if C2 were to liquidate a particular clean energy investment, the realized value may be more or less than the appraised value or valuation of such asset.

#### *Cyber Security Breaches and Identity Theft*

C2 and its portfolio companies' information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although the Firm has implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, the Firm, and/or a portfolio company may incur specific time or expense to fix or replace them and to seek to remedy the effects of such issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the Firm's and/or a portfolio company's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors

(and the beneficial owners of investors). Such a failure could harm C2's and/or a portfolio company's reputation, subject any such entity and its respective affiliates to legal claims or otherwise affect their business and financial performance.

#### *Illiquid and Long-Term Investments*

An investment in C2 requires a long-term commitment. Although investments by the Firm may generate some current income, the return of capital and the realization of gains, if any, from an investment will generally occur only upon the partial or complete disposition, satisfaction or refinancing of such investment. While an investment may be sold at any time, it is not generally expected that this will occur for a number of years after the investment is made. Dispositions of investments may also be subject to contractual limitations on transfer or other restrictions that would interfere with the subsequent disposition of such investments or adversely affect the terms that could be obtained upon any disposition thereof. As a result, there is a risk that the Firm may be unable to realize its investment objectives by sale or other disposition at attractive prices if forced to sell early or that it will otherwise be unable to complete any exit strategy in the manner contemplated at the time of acquisition.

#### *Risk of Loss*

Performance of any investment is not guaranteed and as a result, there is a risk of loss of the assets of the Funds that may be out of C2's control. C2 cannot guarantee any level of performance or that investors will not experience a loss of their account assets. The Firm can provide no assurance that the Funds will be able to generate returns or that the returns will be commensurate with the risks inherent in the Firm's investment strategy. The marketability and fair market value of any investment will depend upon a variety of factors beyond the control of the Funds and the Firm. The expenses of a Fund may exceed its income, and an investor in a Fund could lose the entire amount of its contributed capital. As a result, an investor should only invest in a Fund if the investor can withstand a total loss of its investment. Past performance of C2 and the Funds is not indicative of future performance.

**Item 9**  
**Disciplinary Information**

In the past ten years, there have been no legal or disciplinary events involving the Firm or any of its management persons that are material to the Firm's advisory business or to the integrity of the Firm's management.

**Item 10**  
**Other Financial Industry Activities and Affiliations**

- A.** Neither the Firm nor any of its management persons are registered, or have an application pending to register, as broker-dealers or registered representatives of a broker-dealer.
- B.** Neither C2 nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.
- C.** The entities which serve as managing members or general partners to the Firm's Clients are affiliates of and under common control with C2. Outside of this, neither the Firm nor any of its management persons have a relationship or arrangement that is material to C2's advisory business or its Clients.
- D.** C2 does not recommend or select other investment advisers for the Funds.

## Item 11

### Code of Ethics, Participation or Interests in Client Transactions and Personal Trading

**A.** The Firm has adopted a Code of Ethics (the “Code”), which describes the Firm’s fiduciary duties and responsibilities to its Funds, requires that the Firm’s employees act in the best interests of Funds to the exclusion of contrary interests, act in good faith and in an ethical manner, avoid conflicts of interest with the Funds to the extent reasonably possible, and identify and manage conflicts of interest to the extent that they arise. The Firm’s employees are also required to comply with applicable provisions of the federal securities laws and make prompt reports to the Firm or other appropriate party of any actual or suspected violations of such laws by the Firm or its employees. In addition, the Code sets forth formal policies and procedures with respect to the personal securities trading activities of the Firm’s employees. The Code requires employees to provide duplicate brokerage accounts statements, or their electronic equivalent, and trade confirmations to the Firm or to report all securities transactions on at least a quarterly basis; and requires employees to provide a summary of securities holdings on at least an annual basis. The Code also includes policies and procedures to prevent the misuse and disclosure of material nonpublic information (“insider trading”) and other confidential information and policies and procedures addressing conflicts of interest; outside activities of employees; gifts and business entertainment, including limitations and reporting requirements; and pre-clearance and reporting of political contributions. The Firm provides a complete copy of its Code to any Fund, investor, prospective Fund or prospect investor upon request to the Chief Compliance Officer. Investors may contact the Chief Compliance Officer via email at [cmiller@c2.energy](mailto:cmiller@c2.energy) to receive a copy of the Firm’s Code.

**B.** From time to time, consistent with a Fund’s investment objectives and subject to satisfaction of the policies and procedures set forth in the Code and in the Firm’s compliance manual (the “Compliance Manual”), the Firm may recommend that a Fund acquire or sell securities in which a related person of the Firm has a pre-existing direct or indirect interest. A potential conflict of interest could arise in that the interested related person of the Firm could benefit from such a purchase or sale of the applicable security by a Fund. However, the Firm has policies and procedures designed to identify and manage conflicts of interest to the extent they arise in connection with such transactions. These procedures are further detailed in the Firm’s policies and procedures. Certain terms of the Funds’ Governing Documents and the equity participation of C2’s related persons in the Funds further mitigate such conflicts.

The Firm generally does not itself trade securities on a principal basis with the Funds. Certain related persons of the Firm, however, could be principals (and in the future other funds may be deemed principals), based on SEC staff guidance, due to an investment in any such fund or related person by the Firm and controlling persons exceeding 25% of that fund’s or related person’s assets. To the extent that the Firm and/or its related persons (including the Funds) engage (or are deemed to engage) in principal securities transactions, any such transactions will comply with applicable law. The Firm and/or its related persons may have interests in such transactions that are adverse to the Funds or other clients. In the event that the Firm decides to engage in a principal transaction, it will disclose to investors of the Fund the material terms of the transaction and receive approval from such investors, prior to engaging in the principal transaction.

To the extent permitted by applicable law and the applicable Governing Documents, the Firm may effect “cross transactions” with the Funds, where the Firm may cause a Fund to purchase investments from another Fund, or it may cause a Fund to sell investments to another Fund. The Firm would recommend the Funds to enter into such transactions only if the transactions were consistent with the best interests of the Funds and at a price that the Firm and/or its related persons believe constitutes best execution for the Funds. Neither the Firm nor any related party receives any commission or commission equivalent in connection with these transactions.

**C.** From time to time, subject to satisfaction of the policies and procedures set forth in the Code, the Compliance Manual and the Funds' Governing Documents, the Firm or a related person of the Firm may invest in the same securities that are recommended to a Fund. A potential conflict of interest could arise in that the Firm or the interested related person of the Firm could benefit from the Fund's ownership of, or subsequent sale of, the applicable security. However, the Code and the Compliance Manual are designed to identify and manage conflicts of interest to the extent they arise in connection with the personal securities transactions and other investment activities of C2's related persons. In particular, the Code requires that C2's related persons abide by policies and procedures, including a pre-clearance procedure, in connection with certain of their personal securities trading activities, and such activities are monitored under the Code to ensure compliance with such policies and procedures.

**D.** From time to time, in appropriate circumstances and subject to satisfaction of the policies and procedures set forth in the Code, the Compliance Manual and the Governing Documents, C2 may in the future establish certain investment vehicles through which C2 personnel and other related persons or business associates may invest alongside a Fund in one or more investment opportunities. Such vehicles, referred to as "co-investment vehicles," generally are contractually required, as a condition of investment, to purchase and sell each investment opportunity at substantially the same time and on substantially the same terms as the applicable Fund that is invested in that investment opportunity. The Firm's Code and Compliance Manual are designed to identify and manage conflicts of interest to the extent they arise in connection with such transactions.

Certain service providers (or their affiliates), including administrators, lenders, brokers, attorneys, consultants and investment banking firms, that the Firm may retain or seek to have retained for the Funds or their portfolio companies (or with respect to the Funds' portfolio investments therein) may also have relationships with, or have provided goods or services to, the Firm, its affiliates or other organizations to which senior investment professionals of the Firm have been affiliated. The Firm may choose to engage or seek to have engaged the same service providers to provide services to the Funds, portfolio companies, the Firm or its affiliates. In some cases, these service providers may provide services for one or more of these parties on terms that are more beneficial than those afforded to other of these parties. There can be no guarantee that the Funds or any of their portfolio companies will receive the most beneficial terms offered by any particular service provider. These services and relationships, or more favorable terms offered by service providers, may influence the Firm and its affiliates in deciding whether to select such a provider to perform services for the Funds or portfolio companies.

The Governing Documents generally provide that the Funds will be responsible for all costs and expenses in connection with their operation, other than the costs and expenses that will be the responsibility of the Firm or other third parties. To the extent possible, third-party expenses incurred in connection with consummated transactions may be borne by the respective portfolio companies. The Firm's out-of-pocket expenses are generally reimbursed by the applicable portfolio company or the Funds. A conflict of interest could arise in the Firm's determination whether certain costs or expenses that are incurred in connection with the operation of the Funds meet the definition of partnership operational expenses for which the Funds are responsible, or whether such expenses should be borne by the Firm. The Funds will be reliant on the determinations of the Firm in this regard, and also in regard to the allocation of investment expenses and any common operating expenses as between the various funds advised by the Firm. There can be no assurance that errors will not arise in such allocations.

From time to time the Firm may engage third-party consultants and operating executives to assist in special projects, to help source deals in specific industry sectors and/or to assist with certain prospective or existing portfolio companies. Generally, fees payable to these consultants or operating executives will be paid by the Firm and charged to the Funds or the applicable portfolio company based on their specific work scope. However, when these consultants and operating executives work on specific deals or provide specific advice to portfolio companies and receive fees, the fees will be borne by the Funds or the applicable portfolio company. These third-party consultants and operating executives will not be employees of the Firm or partners or owners of any of its affiliates, nor will they necessarily be included as Firm personnel or on the Firm's website. The fees paid to these consultants and operating executives by the Funds or the portfolio companies generally will not be offset against the Management Fee payable by the Funds to the Firm.

The Firm may, from time to time, be presented with investment opportunities that fall within the primary investment objective of a Fund and one or more other Fund. In these situations such investment opportunities will generally be allocated on a basis (the "Allocation Process") that the general partner of each such Fund, working with its affiliates, determines in good faith to be fair and reasonable taking into account the sourcing of the transaction, the history of the transaction (including the business interests and other requirements of third parties involved in the transaction), the relative amounts of capital available for investment and other relevant considerations such as the contractual and legal restrictions applicable to each such Fund. Notwithstanding the foregoing, the Firm shall not be obligated to offer a Fund any investment opportunity. The members of the Firm that are involved in the Allocation Process will be empowered to take into account other considerations as they deem appropriate to ensure a fair and equitable allocation of opportunities, and will be entitled to vary their approach to allocation from time to time in light of such factors as they consider relevant, including developing market practice. Similarly, the individuals responsible for allocation decisions may change in the future based on the personnel needs of the Firm and developing market practice.

Notwithstanding the Allocation Process described above, depending on the timing of the relevant transaction, a co-investment may begin as a purchase and subsequent sale transaction (e.g., where the Firm, a Fund and/or one or more other Funds closes on an acquisition first, and then subsequently "sells" a joint venture interest to another of the Firm, a Fund and/or the other Funds), where other procedures would otherwise apply. This may occur, for example, in circumstances where one or more conditions to the later-acquiring party's investment need to be satisfied before it is able to participate. It will also be within a general partner's discretion to determine to co-invest one or more of its funds in such opportunities or otherwise create shared economics. Such transactions would occur on terms that may not be arms-length, but that the general partner determines are reasonable for such Fund.

## **Item 12**

### **Brokerage Practices**

**A.** C2 provides investment advice primarily with respect to private investments but may also in limited circumstances render advice with respect to publicly traded securities (e.g., a portfolio company exit involving a public offering). As such, the Firm's transactions on behalf of the Funds are normally privately negotiated and may not involve the use of a broker or dealer for the execution of Fund transactions. In those cases, the Firm will seek to negotiate and execute transactions in an efficient manner and consistent with its fiduciary duties to the Funds. Due to the nature of the Firm's investment advice and relationship with the Funds, the Firm does not expect to recommend or select broker-dealers for transactions in the Funds. In rare cases where the Firm determines to utilize a broker or a dealer to transact on behalf of a Fund, the Firm shall evaluate such broker or dealer based on a range of factors, including without limitation commission price, willingness to commit capital, ability to execute the desired transaction and other factors. As a fiduciary, the Firm must execute securities transactions in such manner that a Fund's total cost or proceeds in each transaction is the most favorable under the circumstances. The determinative factor is whether the transaction represents the best qualitative execution for the account and not whether the lowest possible commission cost was obtained. Thus, the Firm will consider the full range and quality of a broker's service in selecting or recommending brokers to meet best execution obligations, including the ability to access or otherwise execute large transactions in the public market. The Firm may not pay the lowest commission rate available. As a starting point, though, the primary consideration is the trade price and commission quoted by the broker-dealers.

**B.** As noted above, the investment advisory services provided by the Firm to the Funds are generally in relation to individual private investments, for which the aggregation of orders is not applicable.

**Item 13**  
**Review of Accounts**

**A.** The Firm's managing members review the holdings of Clients' portfolios formally generally on a quarterly basis, as well as informally on a continuous and ongoing basis. C2 is closely involved in the monitoring of its portfolio companies, including, for example, by participating in board meetings and management calls, reviewing annual and interim financial statements, and making ad hoc on-site visits.

**B.** The Firm does not utilize any specific criteria to trigger a review of Fund investments at this time.

**C.** Written audited financial statements will be provided to investors in each Fund, generally within 120 days of the Fund's fiscal year end. All underlying investors in each of the Funds will receive unaudited reports at least semi-annually and, typically, quarterly. The reports will outline the investment activities of the Fund and provide a summary of the Fund's portfolio. An annual report will be distributed which will, in addition to the information provided in the semi-annual reports, provide the valuations of the underlying investments in each of the Fund portfolios.

**Item 14**  
**Client Referrals and Other Compensation**

**A.** No one other than the Funds provides an economic benefit to the Firm for providing investment advice or other advisory services to the Funds, unless otherwise disclosed in this Brochure and/or the Governing Documents.

**B.** Neither C2 nor any of its related persons compensates any person who is not a supervised person for Client or Fund referrals. However, from time to time, in the context of organizing a Fund, the Firm may compensate one or more placement agents for referrals of Fund investors. A prospective investor solicited by a placement agent or other third party will be advised of any such arrangement, including the receipt of fees.

## **Item 15**

### **Custody**

C2 is subject to Rule 206(4)-2 under the Advisers Act, also known as the “Custody Rule,” which sets forth specific requirements relating to Client securities or certain other assets over which the Firm has actual or constructive custody. While most of the Firm’s securities investments come in the form of privately offered securities, cash and other assets that do not meet the requirements of the SEC’s Privately Offered Securities Exception are held at a qualified custodian. Further, the Firm ensures that financial statements audited by an independent auditor that is registered with, and subject to regular inspection by, the PCAOB, in accordance with U.S. Generally Accepted Accounting Principles (“GAAP”), are delivered to the underlying investors in the Funds within 120 days of each Fund’s fiscal year end.

**Item 16**  
**Investment Discretion**

C2 provides investment advice directly to the Funds on a discretionary basis and not individually to the investors in the Funds. Generally, the Firm's authority is subject only to the investment guidelines set forth in each Fund's Governing Documents.

**Item 17**  
**Voting Client Securities**

The Funds' portfolio companies generally do not solicit proxy votes from their shareholders. In order to address situations where issuers do solicit proxy votes for certain corporate actions, the Firm has adopted proxy voting policies and procedures in accordance with Rule 206(4)-6 under the Advisers Act. The principles and guidelines of the policies address a broad range of issues and generally are believed to be consistent with Firm's fiduciary obligations in seeking to maximize long-term investment returns for the Funds. Under certain circumstances, when it is believed to be in the best interest of the Funds, the Firm may vote in a manner that is contrary to the proxy voting principles and guidelines or may abstain from voting. In connection with the voting of a proxy, the Firm's policies generally require identification of potential or actual conflicts of interest so that they may be appropriately addressed. In addition, the Firm may engage a third-party proxy voting service to vote proxies on behalf of the Funds and may, if appropriate, generally adopt such third party's proxy voting policies and guidelines; any cost of such may be borne by such Funds, as applicable.

Investors may obtain information about how the securities were voted and a copy of the Firm's proxy voting policies and procedures upon request by contacting the Firm at the phone number listed on the cover page of this Brochure.

**Item 18**  
**Financial Information**

- A. The Firm does not require or solicit prepayment of more than \$1,200 in fees from any Fund six months or more in advance.
- B. The Firm does not believe any financial conditions currently exist that are reasonably likely to impair its ability to meet contractual or other commitments to the Funds.
- C. The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.