

# Civic Engine Guaranty Fund LLC — Offering Overview

## **Confidential Term Summary**

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**Prepared By:** Arnold Development Group

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**IMPORTANT NOTICE:** This Offering Overview (this "Overview") is a summary of the principal terms that will govern Civic Engine Guaranty Fund LLC, a Delaware limited liability company (the "Company" or the "Fund"), and the private offering of membership interests ("Membership Interests") in the Company. This Overview is being provided on a CONFIDENTIAL basis. This Overview does not constitute an offer to sell, or a solicitation of an offer to purchase, Membership Interests in the Company. No commitment or obligation of any kind or character is intended to result from this Overview. The Membership Interests will be exclusively offered pursuant to the Company's Confidential Private Placement Memorandum (the "PPM"). A purchase of Membership Interests in the Company involves significant risks. You and your professional advisors should carefully read the PPM, including all RISK FACTORS stated therein.

## Fund Structure

Term	Description
<b>Fund Name</b>	Civic Engine Guaranty Fund LLC
<b>Jurisdiction</b>	Delaware limited liability company
<b>Manager</b>	Civic Engine Fund Management LLC, a Delaware limited liability company wholly owned by Arnold Holdings LLC
<b>Arnold Holdings LLC</b>	A Delaware limited liability company wholly owned by Jonathan Arnold
<b>Tax Status</b>	Partnership for federal income tax purposes (pass-through)
<b>Fund Term</b>	15 years from Initial Closing, plus two optional 2-year extensions (19 years maximum)
<b>Fiscal Year</b>	Calendar year

## Offering Terms

Term	Description
<b>Target Fund Size</b>	\$200,000,000
<b>Initial Fund Size</b>	\$30,000,000
<b>Minimum Fund Size</b>	\$10,000,000 (Initial Closing)
<b>Minimum Investment</b>	\$1,000,000 per investor
<b>Maximum Investors</b>	99 (Section 3(c)(1) of the Investment Company Act of 1940)
<b>Investor Eligibility</b>	Accredited investors as defined in Rule 501(a) of Regulation D; verified under Rule 506(c)
<b>Offering Exemption</b>	Rule 506(c) of Regulation D under the Securities Act of 1933
<b>Initial Closing</b>	On or about May 2026
<b>Final Closing</b>	12 months following Initial Closing

## Investment Strategy

The Fund pools investor capital in U.S. Treasury securities and uses that capital base to provide completion guarantees for qualifying sustainable housing developments in the Kansas City metropolitan area. The Fund's investment strategy consists of:

1. **Treasury Investment.** 100% of investor capital is invested in U.S. Treasury securities (bills, notes, and bonds), generating interest income that compounds within the Fund.
1. **Guarantee Deployment.** The Fund provides completion guarantees to lenders financing qualifying Civic Engine Projects. Each guarantee is backed by the Fund's Treasury portfolio on a dollar-for-dollar basis. Guarantees are limited to 50% of construction loan principal.
1. **Capital Recycling.** As guaranteed projects achieve stabilization and guarantees are released, the underlying capital becomes available for redeployment to subsequent qualifying projects. This capital recycling mechanism enables the Fund to support a development pipeline exceeding the Fund's capital base.

## First Backstop Project: Historic Northeast Lofts

Term	Description
<b>Project</b>	Historic Northeast Lofts ("HNEL")
<b>Description</b>	395-unit adaptive reuse, Passive House certified residential development
<b>Location</b>	Historic Northeast neighborhood, Kansas City, Missouri
<b>Total Development Cost</b>	~\$451,000,000
<b>Status</b>	Under construction
<b>Construction Lender</b>	JPMorgan Chase
<b>Guarantee Amount</b>	\$10,000,000 (limited to JPMC's SPE capitalization requirement)
<b>Guarantee Purpose</b>	SPE capitalization requirement for JPMC construction loan
<b>Target Closing</b>	June 15, 2026

## Development Pipeline

District	Units	LIHTC Affordable	TEN Capacity	Status
<b>North Loop</b> (Downtown KC)	~2,000	~800	~52 MW	Development planning
<b>Crossroads Arts District</b>	~2,000	~800	~52 MW	Predevelopment
<b>Combined</b>	<b>~4,000</b>	<b>~1,600</b>	<b>~104 MW</b>	

All developments built to Passive House standards with 70%+ energy reduction versus code-built construction.

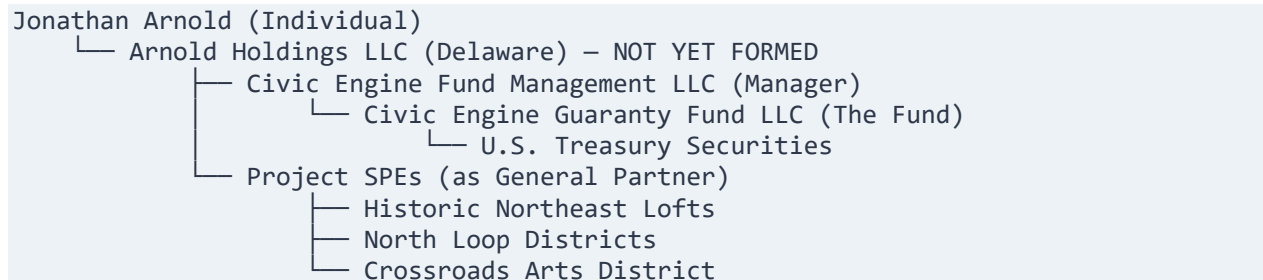
## Target Returns

Metric	Value
<b>Net Investor Return</b>	~4.35% per annum (Treasury interest net of operating expenses)
<b>Return Model</b>	Retained earnings — no annual distributions; returns compound within Fund
<b>Distribution</b>	At Fund termination or upon partial redemption events
<b>Core Blended Impact IRR</b>	11.4% (auditable: Treasury yield + rent savings + energy savings + carbon credits)
<b>Illustrative Blended Impact IRR</b>	~16.2% (core + healthcare, childcare, transportation, economic opportunity savings)
<b>Leverage Ratio</b>	5.75:1 (development enabled per dollar of Fund capital)

## Fee Structure

Fee	Amount	Structure
Management Fee	25 basis points (0.25%) per annum of Capital Commitments	Cost-recovery; excess returned annually
Guarantee Fee	25 basis points (0.25%) per annum of guaranteed amount	Paid by projects to Manager; contributed to Fund as capital
Cash Flow Contribution	20% of after-debt project cash flow	Paid by Arnold Holdings to Fund as subordinate capital
Carried Interest	None	
Performance Fee	None	
Incentive Allocation	None	
Effective Investor Cost	~0.15% per annum	Management fee net of guarantee fee offset

## Entity Structure



**Conflicts Disclosure:** The Manager is wholly owned by Arnold Holdings LLC. Jonathan Arnold, who controls Arnold Holdings LLC, also controls Arnold Development Group, the developer of projects receiving Fund guarantees. See PPM Section V (Conflicts of Interest) for a complete discussion.

## Governance

Feature	Description
Manager Authority	Full management discretion, subject to fiduciary duties
Manager Removal	For Cause only, by Supermajority in Interest (66-2/3%)
Key Person	Jonathan Arnold; 18-month suspension upon Key Person Event
Advisory Board	7 members (advisory only, no decision-making authority)
Voting	Proportional to Capital Commitment
Meetings	Manager may call at any time; Members holding 30%+ may require
Annual Audit	Audited financial statements within 120 days of year-end

## Investor Suitability

The Fund is designed for institutional and high-net-worth investors seeking:

- **Capital preservation** with Treasury-backed security
- **Stable, predictable returns** from U.S. government securities
- **Measurable social and environmental impact** through affordable housing and sustainable infrastructure
- **PRI qualification** for private foundations under IRC Section 4944(c)
- **UBTI-free income** for tax-exempt investors (Treasury interest excluded under IRC Section 512(b)(1))
- **No ERISA plan asset classification** (Fund qualifies for Section 3(c)(1) exclusion with 99-investor cap)

## Risk Factors Summary

Investment in the Fund involves significant risks, including:

- The Fund has no operating history
- Single-developer concentration (Arnold Development Group)

- Guarantee draws may result in loss of capital
- Returns are dependent on the interest rate environment
- Membership Interests are illiquid with no public market
- Construction and development risks at the project level
- Regulatory and tax law changes

**Prospective investors should carefully review the Risk Factors section of the PPM before investing.**

## Offering Materials

The following documents comprise the offering materials:

1. **Private Placement Memorandum** — Comprehensive disclosure document
2. **Operating Agreement** — Governance, rights, and obligations of Members
3. **Subscription Agreement** — Investment commitment and representations
4. **Guarantee Agreement Template** — Form of guarantee provided to lenders
5. **Side Letter Template** — For negotiated investor-specific terms

## Contact Information

**Civic Engine Fund Management LLC**

c/o Arnold Development Group

Kansas City, Missouri

Jonathan Arnold, Managing Member

[Contact information to be provided]

## Document Control

Version	Date	Author	Changes
1.0	March 2026	ADG	Initial draft

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