

Due Diligence Q&A Document

Civic Engine Guaranty Fund

Document Type: OPERATIONAL

Date: February 2026

Status: Draft 3.0

Prepared By: Arnold Development Group

Answers to anticipated investor questions

***DRAFT — FOR DUE DILIGENCE PURPOSES ONLY** | This document is under active development and has not been reviewed by legal counsel. It is provided solely for preliminary due diligence and does not constitute a binding offer.*

Section 1: Fund Structure & Mechanics (15 Questions)

Q1.1: What is the legal structure of the Fund?

A: The Civic Engine Guaranty Fund is structured as a Delaware limited liability company (LLC). The Fund is manager-managed, with Civic Engine Fund Management LLC serving as Manager. The Manager is 100% owned by Arnold Holdings LLC. This structure provides pass-through tax treatment, limited liability for investors, and operational flexibility.

Q1.2: How does the guarantee mechanism work?

A: The Fund invests 100% of committed capital in U.S. Treasury securities. These Treasuries serve as collateral backing guarantee agreements with construction lenders financing the Civic Engine project. If the project experiences a shortfall requiring a guarantee draw, the Fund liquidates sufficient Treasuries to fund the guarantee payment. The Fund then has subrogation rights against the project. Treasury interest income (less management fee) is retained within the Fund, compounding the capital base. Investors receive their proportional share of accumulated returns at Fund termination.

Q1.3: What happens if the guarantee is called?

A: A guarantee call is not a loss — it is a bridge to project completion. If a guarantee is called, the Fund would:

1. Liquidate Treasury securities sufficient to fund the guarantee payment to the construction lender
2. Use those funds to complete construction and place the project in service

3. Once operating, project cash flow is directed first to repay the Fund (principal plus interest at the Treasury rate)
4. The Fund acquires subrogation rights against the project, stepping into the lender's senior collateral position

The economic logic is straightforward: a nearly complete multifamily project with LIHTC commitments and energy infrastructure in place is worth more finished than abandoned. Completing the project unlocks tax credit equity, rental income, and energy savings — the same cash flows that support the development model. The Fund's senior recovery position means project revenue services the Fund's claim before any distributions to the developer or equity partners.

Investors' remaining Treasury holdings continue generating interest throughout this process. Historical loss severity on completed, stabilized affordable housing is extremely low given the essential nature of the asset and ongoing public subsidy support.

Q1.4: What is the Fund's first guarantee deployment?

A: The Fund's first deployment is a \$10 million guarantee for Historic Northeast Lofts (HNEL), a \$451M, 395-unit adaptive reuse development already under construction in Kansas City. JPMC, as the Federal Historic Tax Credit investor, requires a warm-body guarantor or SPE with at least \$10 million in assets. The Fund's Initial Closing of \$10M satisfies this requirement. The HNEL guarantee is limited to \$10 million — a fraction of the Fund's total capacity — reflecting the strength of HNEL's independent capital structure (\$68M in layered reserves, GMP contracts, payment/performance bonds, and institutional co-investors including Carlyle and JPMC). The HNEL closing is targeted for June 15, 2026.

Q1.4a: What is the maximum guarantee exposure?

A: The Fund provides guarantees at 50% of construction loan principal. With up to \$200M in Fund capital at full deployment supporting two concurrent developments (North Loop and Crossroads) totaling over \$1 billion, the Fund's guarantee exposure is managed through phased deployment and capital recycling — as early phases stabilize and guarantees are released, that capacity supports later phases. The 50% guarantee level reflects the strong fundamentals of the Passive House + Thermal Energy Network development model, which provides stable cash flows from energy savings and tax credit equity.

Q1.5: How is the Treasury portfolio managed?

A: The Treasury portfolio will be managed by a qualified institutional custodian (to be selected). The investment mandate is conservative: 100% U.S. Treasury securities with laddered maturities matching anticipated guarantee obligations and redeployment timing. No corporate bonds, no agencies, no derivatives. The Manager may adjust duration based on interest rate outlook within Treasury-only constraints.

Q1.6: What is the Fund's leverage ratio?

A: The Fund operates at approximately 5.75:1 leverage, meaning every \$1 of Fund capital enables approximately \$5.75 in sustainable development. Specifically, at full deployment, up to \$200 million in Fund capital backs approximately \$1.15 billion in total project development across two Kansas City districts. This leverage is achieved through the guarantee structure --- the Fund provides credit enhancement rather than direct lending.

Q1.7: Can investors redeem their investment early?

A: No. Membership Interests are illiquid with no redemption rights during the Fund term. Investors must be prepared to hold for the full 15-year initial term plus potential extensions. Transfers require Manager consent and are subject to restrictions designed to maintain securities law compliance.

Q1.8: What are the Fund's investment restrictions?

A: The Fund is restricted to:

- 100% investment in U.S. Treasury securities
- **Up to 10% of Fund capital** (approximately \$20 million) may be deployed as predevelopment loans for site acquisition, architecture and engineering, entitlements, environmental assessment, and other predevelopment expenses for projects the Fund will eventually guarantee. These loans bear interest at the Treasury rate plus 1.0% and are repaid at construction loan closing, returning capital to the Treasury portfolio before the construction guarantee phase begins.
- No borrowing except minimal working capital ($\leq 2\%$ of commitments)
- No investments in other securities, funds, or asset classes
- Guarantee obligations limited to Civic Engine projects
- No distributions that would impair guarantee coverage

Q1.9: What is the minimum investment?

A: The minimum Capital Commitment is \$1,000,000. The Manager may waive this minimum in its discretion for strategic investors or to facilitate closing logistics.

Q1.10: What are the closing mechanics?

A: The Fund will hold multiple closings:

- **Initial Closing:** Upon acceptance of \$10 million in commitments (aligned with JPMC's SPE capitalization requirement for the Fund's first deployment, Historic Northeast Lofts). Target: May 2026.
- **Additional Closings:** At Manager discretion as commitments are received
- **Final Closing:** No later than 12 months after Initial Closing (extendable)

Capital is due 100% at closing—no subsequent capital calls. Investors wire funds upon subscription acceptance.

Q1.11: What is the Fund term?

A: The initial term is 15 years from Initial Closing. The Manager may extend the term for up to two additional two-year periods (19 years maximum). Extensions would typically occur if guarantee obligations remain outstanding or if orderly wind-down requires additional time.

Q1.12: How are profits and losses allocated?

A: Profits and losses are allocated pro rata to Members based on their Capital Contributions. There is no carried interest, waterfall, or preferred return structure. All investors receive the same proportional return on their investment.

Q1.13: How do investors receive their returns?

A: The Fund operates on a retained earnings model. Net Treasury interest income (approximately ~4.35% annually after actual operating expenses of ~0.15%) is retained within the Fund and compounded, growing the capital base to support the capital recycling mechanism. The Manager charges a 0.25% cost-recovery management fee but returns any excess above actual expenses to the Fund.

Distributions occur at:

- **Fund termination:** Remaining assets distributed per the terminal waterfall: (1) return of investor capital, (2) investor compounded returns, (3) return of Arnold Holdings contributed capital, (4) growth on Arnold Holdings capital

- **Partial redemption events:** At Manager's discretion, released guarantee capacity may be partially distributed
- **Dissolution:** All remaining assets distributed to Members

Over a 15-year term at ~4.35% net retained returns, an investor's Capital Account is projected to grow approximately 89% (e.g., \$1M commitment → ~\$1.89M at termination). This retained earnings structure is what enables the capital recycling flywheel that differentiates this fund from traditional impact vehicles.

Q1.14: Is the Fund open-ended or closed-ended?

A: The Fund is closed-ended with a 15-year term (plus extensions). After Final Closing, no new investors are admitted. The Fund will liquidate at term end and distribute remaining assets to investors.

Q1.15: What happens at the end of the Fund term?

A: Upon term expiration, the Manager will:

1. Ensure all guarantee obligations are released or reserved
2. Liquidate the Treasury portfolio
3. Pay any outstanding liabilities
4. Distribute remaining cash to Members pro rata based on Capital Account balances
5. File dissolution documents with Delaware

Q1.16: What happens to capital after projects stabilize?

A: This is a key differentiator of the Fund's structure. As each project stabilizes and transitions to permanent financing (typically within 6 years of construction completion):

1. The construction guarantee is released
2. Capital returns to the Fund for potential redeployment
3. The Fund can issue new guarantees for subsequent projects
4. This "capital recycling" enables multiple deployment cycles from the same capital base

Unlike equity investments that remain locked for decades, the guarantee structure allows compounding impact through reinvestment cycles.

Q1.17: What are the Fund's long-term impact projections?

A: Under full capital recycling assumptions (~4.35% net returns, 6-year project cycles), the Fund projects:

Timeframe	Fund Size	Cumulative Development	Impact Multiplier
Year 6	\$200M	\$1B+	5x
Year 20	\$400M	\$5.5B+	28x
Year 40	\$815M	\$10B+	51x

40-Year Cumulative Impact (illustrative):

- 8,800 affordable housing units created
- 760,000 tons CO₂ avoided (Passive House efficiency)
- \$1.41 billion in social value generated

Important: These are projections based on specific assumptions. Actual results will depend on continued availability of suitable Passive House + TEN projects, interest rates, and other factors. See PPM risk factors.

Q1.18: How does this Fund compare to traditional impact investments?

A: Key differences from traditional impact vehicles:

Feature	Traditional Impact Fund	Civic Engine Guaranty Fund
Capital deployment	Deployed once	Recycled every 6 years
Principal protection	At risk	Treasury-backed
Liquidity of underlying	Illiquid equity	Government securities
Impact multiplier (20yr)	1-2x	28x
Return profile	Variable	Stable Treasury yields

The Fund operates as infrastructure for impact rather than a single-project investment, creating compounding returns and impact over time.

Section 2: Risk Factors & Mitigants (15 Questions)

Q2.1: Is the Fund dependent on securing an anchor tenant?

A: No. The Fund supports two concurrent developments across Kansas City. The fund structure (up to \$200M at full deployment, 50% guarantee coverage) supports:

- ~4,000 Passive House certified residential units across two districts (North Loop + Crossroads)
- Thermal Energy Networks at both sites
- ~1,600 LIHTC affordable units (30-80% AMI) with tax credit equity
- Community service facilities, Innovation Center, and biotech laboratory

Focus on Core Mission: The fund focuses on its core mission of Passive House affordable housing with geothermal energy infrastructure. This approach provides execution certainty without dependency on anchor tenants or complex negotiations.

Q2.2: What is the risk of a guarantee draw on HNEL?

A: The HNEL guarantee is limited to \$10 million and the risk of draw is low. HNEL has \$68M in layered reserves, including a \$26.7M liquidity reserve from withheld developer fee, GMP contracts with Crossland Construction, payment and performance bonds, 5%/10% construction contingency, and state housing agency oversight. The project's permanent loan (\$18.3M) represents only 4.1% of total development cost, producing a stabilized debt service coverage ratio of 2.85x. Tax credit equity from Carlyle (LIHTC/ITC) and JPMC (Federal HTC) provides the majority of project capitalization. Even in a stress scenario, the Fund's \$10M exposure is backstopped by a \$451M project with significant protective structure.

Q2.2a: What is the risk of guarantee draw generally?

A: Construction guarantees are called when projects experience cost overruns, delays, or other issues that prevent timely repayment of construction loans. For Civic Engine, this risk is mitigated by:

- Experienced development team with track record
- Conservative construction budget with contingencies
- LIHTC equity (~\$74.3M anticipated) provides stable funding from institutional syndicator
- Passive House buildings have proven construction methodologies
- Thermal Energy Network generates ongoing energy savings for residents

- 50% guarantee coverage supported by strong project fundamentals

The Fund maintains the full Treasury portfolio throughout the term. Even if a partial guarantee draw occurs, investors retain a Treasury-secured position with subrogation rights.

Q2.3: What is the concentration risk?

A: The Fund's guarantee activity is concentrated in two developments in a single metropolitan area (Kansas City). While this provides some diversification across two districts and timelines, it means:

- Returns depend on the Kansas City housing market
- Both projects share the same regulatory and economic environment
- No geographic diversification

This concentration is mitigated by the Treasury collateralization (investors' capital remains in Treasuries regardless of project performance), the proven Passive House construction methodology, LIHTC equity commitments, staggered construction timelines across two districts, and the strong fundamentals of affordable housing demand in Kansas City. Neither project relies on a single anchor tenant.

Q2.4: What happens if Treasury yields decline significantly?

A: The Fund's net return is directly linked to Treasury yields. At current ~4.5% gross yields, net return is ~4.35%. If yields decline:

- At 3.5% gross yield: net return = ~3.35%
- At 2.5% gross yield: net return = ~2.35%
- At 1.5% gross yield: net return = ~1.35%

(Net returns assume ~0.15% actual operating expenses.)

There is no floor on returns. In a very low rate environment, returns could be minimal. However, investors' principal remains protected by Treasury securities regardless of yield environment.

Q2.5: What construction risks exist?

A: The Civic Engine projects involve complex construction including:

- ~4,000 Passive House certified residential units across two districts (North Loop + Crossroads)

- ~104 MW Thermal Energy Network with ground-source heat pump infrastructure
- Community service facilities, Innovation Center, and biotech laboratory
- Adaptive reuse of the historic Tension Envelope building (Crossroads)

Risks include cost overruns, schedule delays, contractor issues, Passive House certification requirements, and permitting challenges. These are mitigated through GMP construction contracts, payment and performance bonds, 5% construction contingency (10% for historic rehabilitation), state housing agency oversight, phased development approach, and engagement of certified Passive House consultants.

Q2.6: What environmental and site risks exist?

A: Both development sites involve environmental considerations:

- **North Loop:** Potential brownfield conditions requiring environmental assessment and remediation. ADG has experience with brownfield development (Historic Northeast Lofts includes \$7.575M EPA Brownfield Revolving Loan Fund for remediation).
- **Crossroads:** The Tension Envelope Building is a historic industrial structure requiring environmental assessment for adaptive reuse. Site assembly across four parcels introduces assemblage risk, though all owners have indicated willingness to sell.
- **Both sites:** TEN installation requires environmental permits for ground-source heat pump infrastructure and KC Water effluent connection. Kansas City permitting processes are familiar to ADG from Historic Northeast Lofts.

Mitigation includes Phase I/II environmental assessments prior to acquisition, EPA Brownfield funding eligibility, experienced environmental counsel, and ADG's track record navigating similar site conditions.

Q2.7: What is the Passive House / TEN technology risk?

A: The project uses Passive House construction standards and a Thermal Energy Network (TEN) for heating/cooling. Technology risks include:

- Passive House certification requirements may increase construction costs
- TEN ground-source heat pump performance may vary from projections
- KC Water effluent supply could be interrupted
- Specialized workforce requirements for airtight construction

Mitigation includes:

- Thousands of certified Passive House buildings provide construction precedent
- Ground-source heat pumps are proven technology with 30+ year track records
- KC Water has committed to long-term effluent supply (75 MGD available)
- Multiple Passive House consultants and certifiers available in the region

Q2.8: What if the Manager underperforms or acts improperly?

A: The Manager is subject to:

- Fiduciary duties under Delaware law
- Standard of care and exculpation provisions in Operating Agreement
- Removal for Cause by Supermajority vote (66⅔%) of Members
- Indemnification only for good faith actions

The Advisory Board provides oversight and consultation on key decisions. However, day-to-day management is at the Manager's discretion, and investors have limited control.

Q2.9: What key person risk exists?

A: The Fund depends significantly on Jonathan Arnold as the Key Person. If the Key Person departs or becomes unavailable:

- Fund operations could be disrupted
- New guarantee commitments would be suspended
- Members would be notified within 10 days
- Members have the right to elect dissolution if the vacancy is not cured within 180 days

ADG is actively building institutional capabilities to reduce key person dependence. Specific steps include: the hiring of Letticia Swyden as CFO to manage all financial operations and construction draw processes; Danny Roberson's role as Director of Development overseeing acquisitions and active projects; the engagement of experienced service providers (fund administrator, auditor, custodian, legal counsel) who operate independently of any individual; and the Advisory Board, which includes independent experts capable of providing continuity of strategic direction. The firm's 90% revenue growth from 2022 to 2024 reflects the success of this institutionalization effort.

Q2.10: How is the LIHTC compliance risk managed?

A: 1,600 units across both projects require LIHTC compliance for 15 years (with extended use covenants beyond). Non-compliance could result in tax credit recapture, affecting project economics. Mitigation includes:

- Experienced LIHTC property manager
- Compliance monitoring systems
- Institutional LIHTC syndicator (to be selected)
- Conservative income/rent targeting

Q2.11: What regulatory/legal risks exist?

A: Key regulatory risks include:

- Securities law compliance (506(c) requirements)
- PRI qualification uncertainty (IRS interpretation)
- Environmental permits for TEN installation and water reuse
- State blue sky filings
- Tax law changes affecting partnership treatment

We engage qualified counsel and maintain compliance programs for each area.

Q2.12: What is the Force Majeure risk?

A: Construction and operations could be affected by events beyond anyone's control: natural disasters, pandemics, terrorism, war, etc. The Kansas City site is not in a flood zone, but extreme weather events are possible. Project insurance and contingency reserves provide some protection.

Q2.13: Is investor principal at risk?

A: Investors' capital is invested in U.S. Treasury securities—the safest asset class available. Principal is at risk only if:

1. A guarantee is called AND
2. Project workout/subrogation recovery is insufficient to restore the position

In ordinary operations, principal remains fully invested in Treasuries. This is fundamentally different from equity investments where principal is deployed into project risk.

Q2.14: What conflicts of interest exist?

A: Disclosed conflicts include:

- Manager is an affiliate of Arnold Holdings LLC, the project developer's parent
- Arnold Holdings receives development fees from the project receiving Fund guarantees
- ADG personnel serve multiple roles across fund and project
- Potential competing demands on ADG time and resources

Mitigations include Advisory Board oversight, related party transaction standards, and full disclosure.

Q2.15: What happens in an economic downturn?

A: A severe recession could affect:

- Market conditions for rental housing
- Housing demand and rental rates
- Construction costs and availability
- LIHTC investor appetite

The Fund's Treasury holdings would likely appreciate during flight-to-safety periods, partially offsetting project stress. The LIHTC affordable housing component provides stability through economic cycles, as affordable housing demand typically increases during downturns.

Section 3: ADG Track Record & Team (10 Questions)

Q3.1: What is Arnold Development Group's experience?

A: Arnold Development Group is a Kansas City-based Certified B Corporation led by Jonathan Arnold. Over 27 years, the firm has progressed deliberately through increasingly ambitious projects, each building on the last. ADG began with complex adaptive reuse — Mayo Mill in Dover-Foxcroft, Maine, a \$14 million transformation of a derelict 1844 woolen mill into 22 residential units plus mixed-use space, assembled from 11 distinct funding sources (Federal and State Historic Tax Credits, EPA Brownfield grants, USDA Rural Development, municipal TIF, and CDFI lending). The project created 42 permanent jobs and won the Maine Preservation Award, proving ADG's ability to assemble the complex public-private financing that mission-driven development demands.

ADG then scaled to institutional-grade construction with Second and Delaware Apartments — 276 units, 550,000 SF, \$109 million — the largest Passive House certified building in the world at completion. The project demonstrated that ultra-efficient construction (80% energy reduction vs. code) is viable at institutional scale, won the National Apartment Association's Best New Construction Community award in 2022, and proved that Passive House buildings command premium rents while dramatically reducing operating costs. Alongside development, ADG's sister firm Arnold Imaging (founded 1998) has facilitated the pre-development and entitlement of billions of dollars in real estate for national developers including The Cordish Companies, Jonathan Rose Companies, and Palladium USA — providing independent market validation of the team's design and visualization capabilities.

Now, Historic Northeast Lofts (\$451M, 22-acre adaptive reuse, groundbreaking December 2025) represents the full theory of change and the Fund's first backstop deployment: 395 units (83% affordable), 4 MW solar + geothermal, zero utility bills, on-site childcare, public market, wellness center, healthcare access, and job training. JPMC, as Federal Historic Tax Credit investor, requires a warm-body guarantor or SPE with at least \$10M in assets — the Fund satisfies this requirement at its Initial Closing. The Civic Engine pipeline applies this proven model at ~4,000-unit scale across two districts.

Q3.2: Has ADG raised and managed investment funds before?

A: The Civic Engine Guaranty Fund is ADG's first pooled investment fund vehicle. ADG brings 27 years of increasingly complex development experience, \$125 million in completed projects, \$2 billion in development consulting, and a current \$451 million project under construction. ADG's progression from 11-source rural capital stacks (Mayo Mill) to the world's largest Passive House building (Second & Delaware) to a \$451M mixed-use community (Historic NE Lofts) demonstrates the institutional capability that this Fund finances.

The Fund itself is designed to be operationally straightforward. The investment strategy is 100% U.S. Treasuries — no active portfolio management, no deal sourcing, no asset selection. The fund administrator handles investor onboarding, NAV calculations, and K-1 preparation. The custodian manages Treasury securities. Legal counsel ensures compliance. ADG's role is to manage guarantee issuance and release — decisions that flow directly from ADG's core competency in development execution. The team has also been strengthened institutionally: Leticia Swyden serves as CFO managing financial operations, Danny Roberson as Director of Development manages all active projects, and the firm achieved 90% revenue growth and its first profitability milestone in 2024.

Q3.3: Who are the key team members?

A:

- **Jonathan Arnold, Managing Partner:** Founder of ADG with 27 years of development experience. B.Arch from Cornell University, M.S. Real Estate Development from Columbia University. Led development of Second and Delaware (world's largest Passive House), Mayo Mill, and Historic Northeast Lofts. Co-founded "The Future We Want" at UN Rio+20. Former Board Member, Institute for Market Transformation; Advisory Board Member, KCADC.
- **Danny Roberson, Director of Development:** Oversees acquisitions and manages active development projects. Project Manager for Second and Delaware Apartments. J.D. from UMKC Law (Urban, Land Use, and Environmental Law emphasis), B.S. Biology from University of Missouri-Columbia.
- **Leticia Swyden, CFO:** Manages financial operations including construction draws and asset finances. Former Business Attaché for Mexican Embassy in London, UK.
- **Advisory Board:** Bob Berkibile (Heinz Award winner, USGBC founding member), Ashok Gupta (NRDC Senior Energy Economist), Bill Becker (Former DOE senior official, Presidential Climate Action Project)

Q3.4: What happens if Jonathan Arnold is unavailable?

A: The Operating Agreement contains Key Person provisions. If a Key Person becomes unavailable:

- Certain investment activities may be suspended
- The Manager has a cure period to address the situation
- Members may have additional rights depending on circumstances

We are building team depth to reduce key person dependence.

Q3.5: Who is legal counsel?

A: Fund counsel is in the process of being selected. ADG is evaluating securities and fund formation firms with specific experience in Reg D 506(c) offerings, affordable housing funds, and PRI qualification. Selection criteria include: fund formation expertise, impact fund experience, and familiarity with foundation PRI requirements. Counsel will be engaged prior to PPM drafting.

Q3.6: Who is the fund administrator?

A: [To be selected] - The Fund will engage a qualified third-party fund administrator with experience in illiquid fund structures and foundation investors. Selection criteria include experience with similar funds, reporting capabilities, and foundation-specific requirements (expenditure responsibility).

Q3.7: Who is the auditor?

A: [To be selected] - The Fund will engage an independent accounting firm to perform annual audits. Financial statements will be prepared in accordance with GAAP.

Q3.8: Who are the project partners?

A: Key project partners include:

- **LIHTC Syndicator:** To be selected through competitive process for ~1,600 affordable units across both projects
- **KC Water:** Treated effluent water supply and TEN infrastructure partnership
- **Port KC:** Land and development partnership
- **Passive House Consultants:** PHIUS certification support
- **[General Contractor]:** Construction (to be selected)
- **[TEN Contractor]:** Thermal Energy Network installation (to be selected)

Q3.9: What is ADG's relationship with Port KC and local government?

A: ADG has established relationships with:

- **Port KC:** Jon Stephens, President & CEO - economic development support
- **EDCKC:** Economic development incentives and support
- **KC Water:** Infrastructure partnership for water supply

These relationships support project permitting, incentives, and community integration.

Q3.10: How is Arnold Holdings compensated?

A: Arnold Holdings receives compensation through multiple channels:

1. **Fund level:** 0.25% annual cost-recovery management fee (through Manager entity); excess above actual expenses (~0.15%) returned to Fund

2. **Project level:** Development fees from Civic Engine projects (market-rate fees disclosed in PPM)
3. **Guarantee fee:** 0.25% of guaranteed amount paid by projects to the Fund as capital (not to the Manager)
4. **Arnold Holdings equity building:** Arnold Holdings contributes 20% of project after-debt cash flow (net of tax) to the Fund as capital, building Arnold Holdings' junior equity position

This creates strong alignment — Arnold Holdings' equity grows only if projects succeed. Potential conflict (Arnold Holdings receives project fees regardless of investor returns) is mitigated through disclosure and Advisory Board oversight.

Section 4: Civic Engine Project Specifics (15 Questions)

Q4.1: What is the Passive House specification?

A:

- **Units:** ~4,000 residential units across two districts (North Loop + Crossroads)
- **Certification:** PHIUS+ (Passive House Institute US) certification targeted
- **Energy reduction:** 70% compared to code-built construction
- **Air tightness:** ≤ 0.6 ACH50 (air changes per hour at 50 pascals)
- **Insulation:** Super-insulated envelope exceeding code by 2-3x
- **Ventilation:** Heat recovery ventilation (HRV) systems in all units
- **Windows:** High-performance triple-pane windows

Q4.2: How does the Thermal Energy Network work?

A: The Thermal Energy Network (TEN) is a ~104 MW ground-source heat pump system serving ~4,000 units across both districts, utilizing KC Water treated wastewater effluent:

1. KC Water provides 75 MGD of treated effluent at stable temperatures (55-65°F year-round)
2. Ground-source heat pumps achieve 400-500% efficiency (COP 4-5)
3. Hydronic loop distributes heating/cooling to building heat exchangers
4. System provides 100% of space heating, cooling, and domestic hot water
5. Eliminates need for individual HVAC systems, gas furnaces, and water heaters

- 6. Residents receive estimated \$1,200/year savings per unit

This is proven technology with thousands of installations worldwide; the scale qualifies for ITC Direct Pay.

Q4.3: What is the housing unit mix?

A: Total: ~4,000 units across two districts (North Loop + Crossroads)

Category	Units	%	AMI Target
LIHTC Affordable	~1,600	40%	30-60% AMI
Workforce	~900	22.5%	80-110% AMI
Market Rate	~1,500	37.5%	Market

Q4.4: What is the water source for cooling?

A: Cooling water is sourced from the KC Water wastewater treatment facility—75 MGD of tertiary-treated effluent. This provides:

- 100% non-potable water (zero municipal potable demand)
- Water-positive operations (beneficial reuse)
- Lower cost than municipal potable water
- Alignment with sustainability and water conservation objectives

Q4.5: What are the energy cost advantages?

A: The Passive House + TEN combination delivers significant energy savings:

- **Passive House:** 70% reduction in heating/cooling loads through super-insulated envelope
- **TEN efficiency:** Ground-source heat pumps achieve COP 4-5 (400-500% efficiency)
- **Combined savings:** Estimated \$1,200/year per unit vs. code-built baseline
- **Total annual savings:** \$4.8M/year for ~4,000 units across both projects

The TEN system qualifies for ITC Direct Pay (~\$54.4M in tax credits), significantly improving project economics.

Q4.6: What carbon reduction is achieved?

A:

- **Passive House vs. code-built:** 70% energy reduction
- **All-electric buildings:** No on-site combustion
- **Annual CO₂ avoided:** ~8,000 tons across both projects (from building efficiency)

The combination of Passive House construction and geothermal TEN delivers both significant carbon reduction and substantial direct utility savings to residents.

Q4.7: What is the construction timeline?

A: Both projects are phased over approximately 8 years, with staggered starts:

Milestone	Target
Fund Initial Closing	Q2 2026
North Loop Construction Start	Q3 2026
Crossroads Phase 1 (Tension Envelope)	2027
North Loop Phase 1 Complete (~400 units)	Q4 2029
North Loop Phase 2 (~800 units)	Q4 2031
Crossroads Phase 2-3 (~1,800 units)	2029-2033
North Loop Phase 3 (~800 units)	Q4 2033
Full stabilization (both projects)	2034

Q4.8: Who is the LIHTC equity investor?

A: The LIHTC syndicator has not yet been selected. The Fund will conduct a competitive process among national syndicators to secure the best pricing and terms for the ~1,600 affordable units across both projects. ADG has relationships with several major syndicators through prior projects and expects strong market interest given the scale and quality of the developments.

Q4.9: What permits are required?

A: Key permits include:

- Zoning approval (residential/mixed-use permits)
- Building permits (residential + community facilities)
- Environmental permits (TEN installation)
- Water reuse permits (treated effluent)
- Electrical interconnection (grid backup)

Q4.10: What incentives is the project receiving?

A:

- **ITC Direct Pay:** 30% credit for geothermal/TEN system (~\$54.4M value)
- **4% LIHTC:** Tax credits for ~1,600 affordable units across both projects (~\$148.6M equity)
- **Energy Community bonus:** Potential additional 10% ITC adder
- **Local incentives:** [Port KC, EDCKC incentives to be detailed]

Q4.11: What is the total project capitalization?

A: Approximately \$1.15 billion total development cost across both projects (North Loop ~\$552M + Crossroads ~\$600M), including:

- Housing construction (Passive House): ~\$640M
- Thermal Energy Networks (~104 MW): ~\$218M
- Community service facilities + Innovation Center + Biotech Lab: ~\$75M
- Site infrastructure: ~\$90M
- Soft costs and contingency: ~\$127M

Q4.12: How does the Fund guarantee fit in the capital stack?

A: The Fund provides a guarantee to construction lenders, not direct capital:

Position	Source	Role
Senior Debt	Construction Loan	Guaranteed by Fund (50% of principal)
Tax Credit Equity	LIHTC Syndicator	~\$74.3M affordable housing equity
Energy Credits	ITC Direct Pay	~\$54.4M geothermal/solar credits
Developer Equity	Arnold Holdings	Sponsor contribution
Credit Enhancement	Fund Guarantee	Backstop only — no capital deployed

The Fund's guarantee sits behind the capital stack as credit enhancement. Fund capital remains invested in Treasuries; only if a guarantee is called does Fund capital flow to the project.

Q4.13: What is the project's exit strategy?

A: The housing development is a long-term hold asset with stable cash flows from:

- LIHTC compliance period (15+ years)
- Ongoing rental income from mixed-income community
- Energy savings reducing operating costs

Housing may be:

- Held long-term for cash flow
- Sold to affordable housing investor at stabilization
- Refinanced with permanent debt

The Fund's guarantee releases upon construction completion and stabilization.

Q4.14: What are the future expansion opportunities?

A: The site and infrastructure support potential expansion:

- TEN system can support additional development phases
- Adjacent land may be available for future housing
- Successful demonstration creates template for replication
- Model can be adapted to other markets

The fund focuses on delivering the current scope successfully before considering expansion.

Q4.15: Can the housing project expand?

A: Yes. The site and infrastructure are designed to support potential expansion:

- TEN system sized for additional development capacity
- Adjacent land available for future phases
- Successful demonstration could attract additional LIHTC allocation
- Passive House expertise enables replication at other sites

Section 5: Project Development & Partners (5 Questions)

Q5.1: What is the current status of key partner discussions?

A: The fund has established key partnerships for the Passive House development:

- LIHTC Syndicator: To be selected through competitive process; ADG has relationships with major national syndicators
- KC Water: Infrastructure partnership for treated effluent water supply
- Port KC: Land and development partnership in place
- Passive House consultants: Engaged for certification support
- Keystone Innovation: 40,000 SF Innovation Center at Crossroads

Note: The fund is structured around Passive House affordable housing developments with strong fundamentals that do not depend on future expansion or additional anchor tenants.

Q5.2: What is the construction timeline?

A: The phased development schedule is:

Phase	Units	Target Completion
Phase 1	400 units + TEN Core + Retail	Q4 2029
Phase 2	800 units	Q4 2031
Phase 3	800 units	Q4 2033

Construction start is targeted for Q3 2026, with full stabilization by 2034.

Q5.3: What permits and entitlements are required?

A: Key approvals include:

- Zoning and land use (coordinated with Port KC)
- Building permits for Passive House construction
- Environmental permits for TEN installation
- KC Water connection and service agreements
- LIHTC allocation from Missouri Housing Development Commission

Port KC's involvement facilitates the entitlement process given the site's industrial designation.

Q5.4: How is the Thermal Energy Network structured?

A: The North Loop project includes a ~52 MW Thermal Energy Network (TEN) providing heating and cooling for ~2,000 units:

- Ground-source heat pump infrastructure with shared hydronic loop

- Integration with KC Water treated effluent system (75 MGD at 55-65°F)
- Qualifies for ITC direct pay under IRA
- Delivers ~\$1,200/year utility savings per household
- Reduces building energy use by 70% vs. code

The TEN is owned by the development and operated as shared infrastructure serving all North Loop buildings. The Crossroads project will utilize geothermal systems and is exploring the feasibility of building a TEN, where local infrastructure supports it.

Q5.5: What are the Passive House certification requirements?

A: All residential buildings will be certified to PHIUS (Passive House Institute US) standards:

- Air tightness: ≤ 0.08 CFM75/ft² envelope
- Heating demand: ≤ 4.75 kBtu/ft²/yr
- Cooling demand: ≤ 4.75 kBtu/ft²/yr
- Total source energy: ≤ 38 kBtu/ft²/yr

ADG's Second and Delaware Apartments (276 units, 550,000 SF) is the largest Passive House building in the world, demonstrating the team's certification expertise.

Section 6: Impact Measurement (10 Questions)

Q6.1: How is the 11.4% blended impact IRR calculated?

A: Blended Impact IRR = Financial Return + Social Value Return

- **Financial Return:** ~4.35% (Treasury yield minus ~0.15% actual operating expenses)
- **Social Value Return:** 7.05% (\$14.1M social value ÷ \$200M fund size)
- **Total:** 11.4%

Social value components:

Component	Annual Value	Return
Rent Savings	\$9.6M	4.80%
Carbon Avoidance	\$0.4M	0.20%
Energy Savings (Passive House + TEN)	\$4.8M	2.40%

Q6.2: What is the methodology for rent savings?

A: Rent savings = (Market Rent - Affordable Rent) × Units × 12 months

- 1,600 LIHTC units across both projects at average \$500/month below market
- $\$500 \times 1,600 \times 12 = \$9,600,000$ annually
- Sources: CoStar market data, HUD AMI limits

Q6.3: What is the Social Cost of Carbon used?

A: We use the EPA's central estimate: \$51/ton CO₂ (2025 dollars, 3% discount rate). This is from the EPA's November 2024 Technical Support Document. The EPA range is \$19-\$190/ton depending on discount rate and damage assumptions. We use the central estimate for conservatism.

Q6.4: How is carbon avoidance calculated?

A:

- Passive House buildings achieve 70% energy reduction vs. code-built baseline
- Code-built baseline: ~38 kBtu/sf/year
- Passive House target: ~11.4 kBtu/sf/year
- Annual CO₂ avoided: ~8,000 tons across both projects (from building efficiency + all-electric systems)
- All ~4,000 units contribute to carbon savings through reduced grid electricity demand

The Passive House + TEN combination delivers both meaningful carbon reduction and substantial direct utility savings (\$4.8M/year) to residents.

Q6.5: What third-party verification exists?

A: Current verification:

- PHIUS certification standards for Passive House buildings
- DOE ground-source heat pump performance data
- HUD AMI data for affordable housing calculations

Planned verification:

- Annual impact report with actual vs. projected metrics
- Third-party impact auditor engagement (Year 2+)

- LIHTC compliance reporting
- Passive House certification verification

Q6.6: How does this align with IRIS+ metrics?

A: Our metrics map to GIIN IRIS+ indicators:

Our Metric	IRIS+ Code	IRIS+ Name
Affordable Units	PI2159	Affordable Housing Units
Rent Savings	PI8718	Housing Affordability
Carbon Avoided	PI1479	GHG Emissions Reduced
Clean Energy	OI3990	Clean Energy Generated
Energy Savings	PI2764	Energy Saved

Q6.7: How will actual impact be reported?

A: Investors receive:

- **Quarterly reports:** Construction progress, preliminary impact metrics
- **Annual impact report:** Actual vs. projected for all metrics
- **Expenditure responsibility reports:** For foundation PRIs

Q6.8: What SDGs does the Fund address?

A:

- **SDG 7:** Affordable and Clean Energy (geothermal TEN, all-electric buildings)
- **SDG 11:** Sustainable Cities and Communities (affordable housing)
- **SDG 13:** Climate Action (carbon reduction)

Q6.9: Is the impact additional?

A: Yes. Without the Fund's guarantee:

- Project financing is more expensive or unavailable
- Development may not proceed
- 1,600 affordable units would not be built
- Carbon reduction would not occur

The Fund provides catalytic capital that enables development that would not otherwise happen.

Q6.10: What happens to impact if project underperforms?

A: Impact metrics are based on project operation:

- If fewer affordable units built: rent savings reduced proportionally
- If TEN underperforms: energy savings reduced
- If occupancy is low: energy savings reduced

We report actual achieved impact, not projections, in annual reports.

Q6.11: What is ADG's theory of change?

A: Arnold Development Group's theory of change, developed over 27 years, is that **housing alone does not break the cycle of poverty**. While stable, affordable housing is foundational, it does not by itself overcome the compounding cost burdens that trap working families in financial precarity.

ADG's approach addresses all major household cost burdens simultaneously:

1. **Housing** — Below-market rent (LIHTC)
2. **Energy** — Zero or near-zero utility bills (Passive House + renewable energy)
3. **Childcare** — On-site affordable childcare
4. **Healthcare** — On-site or adjacent FQHC access
5. **Food** — Public market with local vendors, competitive pricing
6. **Transportation** — Transit access, walkable services (avoid second car)
7. **Wellness** — Free/low-cost fitness and health programming
8. **Economic opportunity** — Job training, coworking spaces

When these costs are reduced simultaneously, families can save \$1,500-2,500/month, enabling emergency fund accumulation, debt reduction, and asset building through systematic investment. This is not charity—this is infrastructure for financial mobility.

Q6.12: What is Historic Northeast Lofts and why does it matter?

A: Historic Northeast Lofts is ADG's \$451 million, 22-acre adaptive reuse development currently under construction in Kansas City (groundbreaking December 2025). It is the Fund's first backstop deployment and the fullest expression of ADG's theory of change.

Key facts:

- 395 units (83% affordable at 30-80% AMI)
- \$451M total development cost with \$68M in layered reserves
- 4 MW solar + 228 geothermal wells = zero utility bills for residents
- 29,500 SF public market with 18 local vendors
- On-site childcare center
- 30,000 SF wellness center
- FQHC/FQAC healthcare hub
- Job training facilities + coworking
- Transit-connected (Independence Ave bus line)
- Tax credit equity: Carlyle (LIHTC/ITC) + JPMC (Federal HTC)

Why it matters for the Fund:

- JPMC requires a warm-body guarantor or SPE with at least \$10M in assets as Federal HTC investor — the Fund satisfies this at Initial Closing
- \$68M in layered reserves (\$26.7M liquidity reserve, GMP contracts, payment/performance bonds, 5%/10% construction contingency, state housing agency oversight) make a guarantee draw unlikely
- Proves the eight-stream model is institutionally financeable (\$451M through LIHTC, Historic Tax Credits, ITC, TIF, EPA Brownfield funding)
- Demonstrates community-driven design process works at scale
- The Civic Engine pipeline applies this proven model at ~4,000-unit scale across two districts

This is not an untested concept—it's a \$451M project under construction, and the Fund's immediate use case.

Q6.13: How do you justify the expanded impact metrics beyond the 11.4% core blended IRR?

A: We present impact in **two tiers** to give investors both credibility and the fuller picture:

Tier 1: Core Quantified Impact (11.4% Blended IRR)

- Rent savings, energy savings, carbon avoidance
- Conservative, auditable, single-source valuation
- IRIS+ aligned, third-party verifiable
- This is the number we defend in institutional due diligence

Tier 2: Illustrative Total Community Value (~16.2% Blended IRR)

- Adds childcare, healthcare, transportation, food, job training, wellness
- Grounded in authoritative data sources (Child Care Aware, NACHC, AAA, USDA ERS, DOL, CDC, IHRSA)
- Transparent assumptions (e.g., 400 families using childcare, 320 families avoiding second car)
- Modeled on Historic Northeast Lofts, which provides these services

Justification:

- Expanded metrics use the same rigorous, data-sourced methodology as core metrics
- Every assumption is documented and conservative
- These are not "co-benefits"—they are direct, measurable cost reductions to families
- Foundation program officers need the full spectrum of value to understand transformational impact

We always lead with 11.4% (conservative) and present ~16.2% (illustrative) as the fuller picture.

Q6.14: Why present two different blended impact IRRs (11.4% and ~16.2%)?

A: The two-tier presentation serves different stakeholder needs:

11.4% Core Blended IRR:

- For financial analysts and auditors

- Uses only metrics that are contractually guaranteed (LIHTC rents), physically measured (energy consumption), or single-source valued (EPA social cost of carbon)
- Defensible in third-party audit
- Conservative baseline

~16.2% Illustrative Blended IRR:

- For foundation program officers and mission-focused investors
- Accounts for the full spectrum of family financial benefit created by wraparound services
- Uses data from Child Care Aware (childcare costs), NACHC (healthcare savings), AAA (transportation costs), USDA (food access), DOL (wage uplift), CDC (wellness value)
- Transparent assumptions about utilization rates
- Reflects what families actually experience

Why both?

- Leading with 11.4% maintains credibility
- Following with ~16.2% shows the magnitude of impact that conservative metrics omit
- Foundation investors want to understand total community value, not just auditable minimum
- Historic Northeast Lofts proves all eight cost streams can be delivered—the expanded framework quantifies that reality

We never present ~16.2% alone—it's always paired with the conservative 11.4% baseline.

Section 7: Fees, Expenses & Economics (5 Questions)

Q7.1: What are all the fees?

A:

Fee	Rate	Basis	Recipient
Management Fee	0.25% (cost-recovery)	Annual on committed capital	Manager (excess returned to Fund)
Effective Investor Cost	~0.15%	Actual operating expenses	Service providers
Guarantee Fee	0.25%	Annual on guaranteed amount	Projects → Manager → Fund (as capital)
Carried Interest	None	N/A	N/A
Acquisition Fee	None	N/A	N/A
Performance Fee	None	N/A	N/A

The 0.25% management fee is cost-recovery, covering fund administration, audit, legal, custody, and rating agency costs. Any excess above actual expenses (~0.15%) is returned to the Fund at annual true-up.

Q7.2: How does the ~0.15% effective cost compare to market?

A:

Structure	Typical Fee
Civic Engine Guaranty Fund	~0.15% effective (0.25% cost-recovery cap)
Traditional PE/RE	1.5-2.0% + 20% carry
CDFI Note Programs	0.75-1.25%
Impact Bond Funds	0.50-1.00% + expenses
Money Market Funds	0.10-0.40%

Our effective cost is the lowest in the impact space and competitive with passive index funds. Moreover, the guarantee fee paid by each development project (\$375,000 net of tax annually at full deployment) exceeds the Fund's actual operating expenses (~\$300,000), meaning the developments — not the investors — effectively pay for fund operations. Investors bear no net fee burden.

Q7.3: What expenses does the Fund bear?

A:

Covered by Management Fee:

- Fund administration
- Annual audit
- Ongoing legal/compliance
- Custody
- Rating agency (if pursued)

Borne by Fund (if incurred):

- Litigation costs
- Indemnification obligations
- Guarantee workout costs
- Extraordinary regulatory matters

Borne by Manager:

- Organizational expenses
- Marketing/fundraising costs

Q7.4: How does the 5:1 leverage work?

A:

- Fund size: initially \$30M, scaling to \$200M at full deployment
- Fund provides guarantees at 50% of construction loan principal
- Total development enabled: \$1B+ across two districts
- Leverage ratio: approximately 5:1

Every \$1 of investor capital enables approximately \$5 in sustainable development.

Q7.5: What is the fee breakeven?

A: At target \$200M fund size:

Item	Amount
Management Fee Revenue (0.25%)	\$500,000
Estimated Actual Expenses	~\$300,000
Excess Returned to Fund	~\$200,000

Under the cost-recovery model, the Manager does not retain excess fees. The Manager's compensation comes from project-level development fees, not fund-level management fees. Breakeven fund size for covering actual expenses is approximately \$60-80M.

Section 8: Exit & Liquidity (5 Questions)

Q8.1: What is the expected fund term?

A: 15 years from Initial Closing, with Manager option to extend up to two additional two-year periods (19 years maximum).

Q8.2: Is there any liquidity mechanism?

A: No. There is no redemption right, no secondary market, and transfers require Manager consent. Investors must be prepared for a fully illiquid investment for the entire term.

Q8.3: When is the HNEL guarantee released?

A: The HNEL guarantee is released when the project transitions to permanent financing following construction completion and stabilization, expected within approximately 3 years of closing (targeted completion Q4 2028). Once released, the \$10M in Fund capital backing the HNEL guarantee returns to the available pool for redeployment to subsequent projects in the North Loop and Crossroads pipeline.

Q8.3a: When are guarantees released generally?

A: The guarantee releases upon project stabilization, typically defined as:

- Construction substantially complete
- Certificate of occupancy obtained
- Occupancy targets achieved
- Permanent financing in place

This is expected 2-3 years after construction completion.

Q8.4: What happens at maturity?

A: At term end:

1. Ensure all guarantees released (or reserves established)
2. Liquidate Treasury portfolio
3. Pay any outstanding liabilities

4. Distribute cash to Members pro rata
5. Dissolve the Fund

Q8.5: Can the Fund be extended without investor consent?

A: Yes. The Manager may extend the term for up to two additional two-year periods without Member approval. Members are notified of extensions. Extensions beyond 19 years total would require Member approval.

Section 9: Foundation / PRI Specific (5 Questions)

Q9.1: How do you ensure this qualifies as a PRI?

A: The Fund is structured to satisfy IRC 4944(c) PRI requirements:

Charitable Purpose:

- Affordable housing production (1,600 LIHTC units across both projects)
- Environmental benefit (~8,000 tons CO₂ avoided annually)
- Energy cost reduction for low-income residents

Primary Purpose Not Income:

- ~4.35% return is below market for comparable risk
- Effective investor cost of ~0.15% (cost-recovery fee) demonstrates charitable intent
- Structure prioritizes impact over return maximization
- Investment would not be made absent charitable purpose

No Lobbying/Political: Fund engages in no such activities

We will obtain a tax counsel opinion letter regarding PRI qualification.

Q9.2: How will you support expenditure responsibility requirements?

A: The Operating Agreement includes specific provisions for foundation PRIs:

- Annual reports on use of funds
- Progress toward charitable purpose
- Financial reports on fund status
- Full response to foundation inquiries

Reports are provided within timeframes required by Treasury Regulations.

Q9.3: What if the IRS determines this doesn't qualify as a PRI?

A: If the IRS were to determine the investment doesn't qualify as a PRI:

- Foundation's distribution would be reclassified as a jeopardizing investment
- Foundation could be subject to excise taxes under IRC 4944(a)
- Investment itself would not be affected

We obtain tax counsel opinion but note that opinions are not binding on IRS. Foundations should conduct independent analysis.

Q9.4: Can the foundation count this toward its 5% payout?

A: Yes, if the investment qualifies as a PRI. PRIs count as qualifying distributions toward the foundation's 5% annual payout requirement. When the PRI is repaid, the principal returns to the foundation's corpus (not counted as income).

Q9.5: Are there foundation-specific side letter provisions?

A: Yes. We offer a Side Letter Template for foundation investors including:

- PRI representations and covenants
- Enhanced expenditure responsibility reporting
- Mission alignment commitments
- MFN provisions

Section 10: Legal & Tax (5 Questions)

Q10.1: What securities exemption applies?

A: The offering is made pursuant to Rule 506(c) of Regulation D under the Securities Act of 1933. Key characteristics:

- General solicitation and advertising permitted
- Accredited investors only
- Issuer must take reasonable steps to verify accredited investor status
- Enables broad outreach to foundations, DAFs, CDFIs, and family offices

Q10.2: Will investors receive a K-1?

A: Yes. The Fund is treated as a partnership for federal income tax purposes. Investors receive Schedule K-1 within 90 days of fiscal year end showing their share of:

- Interest income
- Deductions and expenses
- Any other tax items

Q10.3: Is there UBTI risk?

A: The Fund is designed to avoid generating UBTI:

- Treasury interest is not UBTI
- Guarantee fee income is not debt-financed
- No leveraged investments

Tax-exempt investors should not expect UBTI, but should confirm with their tax advisors.

Q10.4: What are the ERISA considerations?

A: The Fund could be subject to ERISA if benefit plan investors hold 25% or more of Fund interests. We monitor plan asset percentage and may limit benefit plan investment to stay below 25%. ERISA investors should confirm compliance with their advisors.

Q10.5: What state filings are required?

A: The Fund files Form D with the SEC within 15 days of first sale. State notice filings ("blue sky") are required in states where investors reside. Fees typically range from \$150-\$500 per state.

Quick Reference: Key Numbers

Metric	Value
Initial Fund Size	\$30 million
Target Fund Size	\$200 million
Initial Closing Minimum	\$10,000,000
Minimum Investment	\$1,000,000
Net Annualized Return (Retained)	~4.35%
Management Fee	0.25% (cost-recovery; ~0.15% effective)
Fund Term	15 years + 2 extensions
Leverage Ratio	5.75:1
Guarantee Coverage	50%
Housing Units	~4,000 (~1,600 affordable) across two districts
Building Standard	Passive House certified
Energy System	Thermal Energy Networks
Resident Utility Savings	\$4.8 million/year
Carbon Avoided	8,000 tons/year
Blended Impact IRR	11.4%

Answers should be reviewed by legal counsel before use in investor communications. Update as fund documentation and project status evolve.

CONFIDENTIAL - This document is the property of Arnold Holdings LLC. For authorized recipients and investment professionals only.