

THE
KRESGE
FOUNDATION

Guaranty Recipient	_____ Opportunity Zone Fund LLC (“the Fund ”) and its subsidiaries as the case may be (the “ Guarantee Recipient ”)
Summary	Kresge Foundation (“ Kresge ” or the “ Foundation ”) intends to provide one or more guarantee of first loss (the “ Kresge Guarantees ”) to the Guarantee Recipient as requested by the manager of the Fund (the “ Fund Manager ”) for investments selected by the Fund Manager that meet the Foundation’s underwriting requirements (“ Guaranteed Investments ”). The Kresge Guarantees in the aggregate shall be sized as the lesser of a ___% of the total Fund capitalization or \$___, [and will be available on a revolving basis throughout a 10-year term pursuant to a master guarantee agreement.]
Transaction Costs	Each party will pay its respective legal costs
Charitable Purpose	The purpose of the Kresge Guarantee is to the Guarantee Recipient with [first loss] protection for select Fund investments in exchange for the Fund agreeing to invest in Opportunity Zones (as designated under IRC §1400Z-1), adopting certain responsible investing principles with respect to Guaranteed Investments, and for promoting those principles in the early Opportunity Fund marketplace, in each case as provided herein.
Covenants	With respect to each Guaranteed Investment, the Guarantee Recipient will include reasonable financial and social covenants in the documentation of the Kresge Guarantee and will assist the Fund in complying with the reporting requirements, in each case as set forth below.
Guaranty Amount & Limits	The Kresge Guarantee shall be structured as a [first loss] guarantee of collection, and each underlying investment shall be subject to Fund’s standard underwriting and due diligence procedures for Guaranteed Investments, which shall be reviewed and agreed to by Kresge. To the extent an underlying investment falls outside of the standard underwriting procedures, the prospective Guarantee Recipient may request a waiver which Kresge may approve in its sole discretion.
Terms	The Kresge Guarantee shall be provided pursuant to a guarantee agreement that permits the Fund to _____

Guaranty Fee	[__]% of the amount of each Kresge Guarantee, paid annually on the anniversary of the closing date for such guarantee.
Disbursement and Recoupment	This is an unfunded guaranty. Payments shall disburse in the quarter following the full liquidation of loss at the project level upon delivery of a loss report by the Guarantee Recipient.
Other requirements:	<p>The Fund Manager shall agree to the following:</p> <ol style="list-style-type: none">1) Empanel a non-governing advisory board to provide insights on community impact with respect to [Fund]/[Guaranteed] Investments, to meet no less than twice per year. The advisory board shall include representatives from low-income-communities or organization who serve said communities.2) Identify the Fund in its marketing materials and legal filings as an “Opportunity Fund” structured to allow investors to participate in the federal incentives under IRC §1400Z-2.3) Work in good faith with Kresge to promote the Fund as an Opportunity Fund.4) With respect to each Guaranteed Investment, agree to certain social impact covenants (as applicable), such as:<ol style="list-style-type: none">a. For real estate investments<ol style="list-style-type: none">i. At least 50% of all multifamily housing investments to serve residents with incomes not to exceed 120% AMI (no fewer than 20% of available units per project).ii. Adopt an “anti-displacement” strategy for all occupied multi-family housing investments.iii. Restrict investment to projects that demonstrate net positive job creation or other clearly defined community benefit (with focus on benefits to low-income persons).b. For operating business investments<ol style="list-style-type: none">i. At least 50% of the portfolio investments will create a net positive number of living wage jobs, as reasonably determined by the Fund Manager with respect to the location and cost of living for residents in that locationii. A prohibition on mining, tobacco, firearms, oil and gas, and any other investment reasonably expected to have a significant, identifiable, and net negative impact on the environment or resident community.

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Reporting

The Fund Manager shall provide the Foundation with the following reports:

1) Quarterly:

A fund report detailing

- a. Capital raised
- b. Capital deployed
- c. Portfolio status report
- d. Loss estimate/risk rating

2) Annually:

a. A social impact report for the Fund reflecting the data points on Exhibit I for the Fund as a whole, as well as at a transaction level for each Investment, including each Guaranteed Investment, provided that such information will not be used by the Foundation or its vendors other than on an anonymous basis and the Foundation may request additional data points for the Fund's consideration.

b. A Fund impact report consistent with the metrics currently reported by [___] with respect to its other investment programs,

c. A compliance report for the Guaranteed Investments demonstrating compliance with the Foundation's social impact covenants,

d. Preliminary annual financial statement for the Fund, and

e. Advisory Board Report, reporting on community impact of the Guaranteed Investments

Documents

Master Guaranty Agreement and exhibits
Individual Kresge Guaranty Agreements and exhibits
Fund operating agreement
Offering memorandum

- Kresge's guarantee must meet the IRC definition of a Program Related Investment ("**PRI**") and all required charity standards thereto. Kresge will seek a legal opinion from Kresge's counsel on the fund structure and its compliance with the PRI and related charity standards for the anticipated uses of the Kresge Guarantees. No Kresge Guarantee will be made until delivery of said opinion.
- Fund Investments that are subject to the Kresge Guarantees shall be subject to "expenditure responsibility" within the meaning of section 4945(h) the Internal Revenue Code with respect to amounts drawn on account of the Kresge Guarantees. Thus, with respect to any such amounts, the Fund Manager shall provide the Foundation with (i) information demonstrating that the investment capital is spent solely for the purposes for which made; (ii) full and

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complete reports on how the funds from any Kresge Guarantee are spent; and (iii) such other information as may reasonably be required for the Foundation to make its own report with respect to such expenditures to the Internal Revenue Service. By accepting a Kresge Guarantee, the Fund Manager agrees to cooperate fully with the Foundation to assure that the Foundation is able to satisfy all of the requirements of an "expenditure responsibility".

SAMPLE

Exhibit I

Fund-level (annually for every Fund, whether dispersing investments or not)

- Fund name
- Fund EIN or SSN
- Fund DUNS
- Fund address
- Total assets under management
- Eligible investments deployed in a qualified OZ businesses (to calculate a deployment ratio)
- Total investment income – gross yield on assets
- Investment losses
- Single or multiple investor fund
- Name all investors with more than 10% share, include their % share and their EIN/SSN/DUNS
- If single, name investor, SSN

Transaction-level (for every investment – annually as of a certain date)

- Fund EIN or SSN
- Fund DUNS
- Fund name
- OZ business address (getting detailed addresses will help with geocoding)
 - Street address line 1
 - Street address line 2
 - City
 - State
 - Postal code
- Qualifying OZ census tract ID
- OZ business name
- OZ business EIN
- OZ business DUNS
- OZ business revenues for:
 - Most recent financial year
 - Next most recent financial year
- OZ employment at:
 - End of most recent financial year
 - End of next most recent financial year
- OZ business NAICS
- \$ total project costs (to include non-OZ-linked funds)
- \$ of qualifying OZ-linked capital gains invested
- \$ of qualifying OZ-linked capital gains invested by use (needed to define “substantial improvements”)
 - \$ for land/building acquisition
 - \$ for new construction
 - \$ for rehab

- \$ for equipment, working capital
- Project type (for the project or part of a project directly supported by OZ-linked capital gains invested – measured as a % of OZ-linked capital gains invested and summing to 100%)
 - Real estate: Rental – Single family
 - Real estate: Rental – Multifamily
 - Real estate: Owner-occupied – Single family
 - Real estate: Owner-occupied – Multifamily
 - Real estate: Commercial
 - Real estate: Industrial
 - Real estate: Institutional
 - Operating business - equipment
 - Operating business – inventory
 - Operating business – other
- Investment closing date (day, month, year)