PHILANTHROPIC PARTNERSHIP OVERVIEW

BROUGHT TO YOU BY

seventyfive north
BRINSHORE

March 30, 2015
HIGHLANDER SUMMARY

Development Program Overview
- A transformational and sustainable development in the heart of North Omaha based on three core principles: quality mixed income housing, cradle-college education and community wellness
- Partnership of Seventy 5 North Revitalization Corporation (75N), Brinshore Development, Purpose Built Communities and project funders
- $90 million development
- 282 residential units housing approximately 900-1000 residents
  - 57 detached and attached for-sale homeownership units (not including other investment outside site by others)
  - 226 mixed-income apartment units in a variety of product types
- 62,000 square foot Community Accelerator and Incubation Campus housing a variety of cultural, educational and entrepreneurship programming
- Revitalization of Howard Kennedy Elementary School
- Cutting-edge, iconic architecture
- New infrastructure (streets, sidewalks, streetscape, sewers and open spaces)
- Sustainable buildings, infrastructure and neighborhood design
- Project to be complete by 2021

Accelerator Campus
- “Town square” that contains non-profit organizations, small businesses, communal gathering spaces, cafes and other entities that promote community wellness as well as cultural and educational enrichment
- Urban gardens, parks and green space
- 75N coordinates focused programming and deliberate community connections
- World class early childhood education facility
- Educational, cultural, arts and entrepreneurship focus

Revitalized Howard Kennedy Elementary School
- Innovative partnership to improve education at a local elementary school with additional resources, training and improved facilities

Walking School Bus
- Linear park, creating safe and purposeful connection between Highlander community and local elementary school, Howard Kennedy Elementary, located four blocks from site
- Recognizes critical importance of community/school connection
- Active and passive parks, bike paths, widened paths, proper signage, landscaping & outdoor classrooms.

For Sale Homeownership
- At least 75 new homes will be built in and around Highlander to stabilize the market and encourage additional private investment
- 2, 3 & 4 bedroom homes from 1,200 to 2,000 square feet
- Market rate ownership component of sizeable scale
- Positive spillover impact on surrounding neighborhood
- Priced for middle income households starting in low $140,000s
- Partnership on 10-15% of the units with Habitat for Humanity
- Philanthropic investment strategy initially catalyzes homeownership component into project and fosters self propagating for-sale homeownership marketplace

Mixed-Income Rental Apartments
- 282 rental apartments targeting a range of low-moderate income families with exceptional architectural design and a wide array of resident amenities
- Fosters and maintains greater neighborhood income diversity, allowing residents to stay in the Highlander neighborhood as their income grows
- 1, 2 & 3 bedroom units
- Oriented for families, seniors and young professionals
Disinvestment & Lack of Concrete Action
The 300 unit Pleasantview Homes public housing complex stigmatized and blighted North Omaha until its 2009 demolition. The community surrounding Pleasantview homes has also declined with wide swaths of vacant land and condemned homes. While significant planning has occurred over the last fifteen years in North Omaha, the lack of any tangible action to address what has been learned has cast a perpetual cloud of skepticism within the community about new efforts to develop in North Omaha. The numerous stops and starts, broken promises and shifting priorities have left North Omaha residents with serious doubts about the future of their communities.

Planning a Foundation for Change
Over the last several years communities in North Omaha have participated in numerous surveys, studies, meetings and other community engagement activities. These efforts have led to a fairly comprehensive understanding of the strengths, weaknesses and opportunities that exist in various nodes on the north side. By 2010, thanks to the efforts of groups like the African American Empowerment Network, awareness about conditions in North Omaha neighborhoods was at an all time high. Reams and reams of data had been compiled about educational achievement, commercial and residential investment, crime, transportation and employment. From this activity a comprehensive vision for the near north side emerged and was embedded into the city’s overall master plan. This new plan, the most comprehensive to date, was called the North Omaha Village Zone. The missing piece was an organization dedicated solely to the implementation of these findings and strategies.

Purpose Built as a Guiding Force
Atlanta-based non-profit consulting firm formed to help local leaders around the country break the cycle of poverty in neighborhoods within their cities. Model based on successful transformative revitalization of East Lake Meadows in Atlanta. Selected 75N as a network member organization.

CASE STUDY: EAST LAKE (ATLANTA, GA)

**BEFORE**
- 18x national crime rate
- 90% of families victims of a felony each year
- 100% public housing
- 13% employment
- 59% of adults on welfare
- 5% of 5th graders meet state math standards
- 30% graduation rate

**AFTER**
- 73% reduction in crime
- Mixed-income (50% public housing, 50% market rate)
- 75% employment in public housing, remainder in job training, elderly or disabled
- 98% meet or exceed state standards
- A top performing school in Atlanta and the state

**Before New Mixed-Income Housing**

- New School
- The Next Generation

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HIGHLANDER compared to Omaha average

- Poverty Rate
- Violent Crime
- Single Mother Households
- Median Family Income
- Home values
- Renter %

- Highlander Neighborhood
- Omaha
A NEW FUTURE

Seventy 5 North Revitalization Corporation (75N)
75N was created for the singular purpose of bringing the desires of the community from the pages studies about North Omaha to reality. Focusing exclusively on the Highlander/Pleasantview neighborhood within the North Omaha Village Zone gives 75N an opportunity to focus and invest in the three areas that it believes are the most critical to the health of a community: housing, education, and health and wellness.

The Implementation Team Assembled
- Brinshore Development selected out of national request for qualifications process
- Architects, attorneys and engineers worked to create a cohesive development vision, strategy and plan.

Consensus for Future Redevelopment
- North Omaha is ready for executable projects
- Innovative partnerships between community based non-profits, philanthropy, mixed-income developers and the public sector are key to moving forward
- Resident engagement must be a part of any implementation strategy
- All development must include North Omaha residents
- Amenities and a mixture of uses must accompany any housing strategy

Highlander Development Opportunity and Rationale
The Highlander neighborhood is poised to be the first North Omaha neighborhood to undergo significant and sustainable redevelopment. The combination of a skilled development team, tremendous physical assets, willing community partners, and fully engaged residents gives the Highlander neighborhood an excellent chance at real transformation. The Highlander neighborhood is well-positioned for redevelopment for several reasons:

- **One-of-a-Kind Opportunity of Scale.** The demolition of Pleasantview Homes and the disinvestment and abandonment in the surrounding area created a unique community revitalization opportunity. 75N capitalized on this opportunity and acquired the 36 acre former Pleasantview Homes and 55 other lots surrounding the former Pleasantview Homes site.

- **Location.** The site is less than one mile north of Downtown and major employment centers, such as Alegent Creighton Medical Center. Additionally, Highway 75 provides quick and convenient access to other major highways, Downtown and the airport.

- **Strong Existing and Future Community Partners.** Longstanding community stakeholders are virtually co-located on the site. Potential partners such as the Urban League of Nebraska, Charles Drew Health Center, and Salem Baptist Church have been in this neighborhood for years doing the type of work that will only buttress revitalization efforts. In addition, other partners want to join the revitalization effort at Highlander.

- **Unmet Demand for Mixed-Income Housing.** The neighborhood currently lacks satisfactory for-sale and rental housing options for low and middle-income families. By creating a marketplace of scale, Highlander will be able to revitalize the housing market in North Omaha.

- **Elementary School Turnaround Underway.** The neighborhood is served by two elementary schools, Franklin and Howard Kennedy. Respectively, these schools rank 398th and 402nd out of 410 public elementary schools in the state. 75N, the Sherwood Foundation and the Buffett Early Childhood Foundation are focused on turning around the academic achievement of students that attend these schools and the schools themselves.
The Highlander is a thriving, ever-developing town center where families call home, children play and grow, young professionals set up their newly minted careers and lives, and all aspire to reach that “American Dream” in whatever capacity it holds meaning for them.

– Steve Gordon, North Omaha Native & Creative Consultant
Overview
A diversity of buildings and unit types, the mixed-income apartment homes at Highlander will welcome families, seniors, young professionals, entrepreneurs and artisans. The 226 unit rental development creates a range of 1, 2 and 3 bedroom options with rents ranging between $500 – 900 per month. The apartments will leverage the site and Accelerator amenities. The apartments will include several distinct product types to attract and serve residents:

- Courtyard Walkups
- Townhomes
- Elevator Bldgs
- Live/Work

Throughout the product types, it is anticipated that many residents will be readying for future homeownership and long-term commitment to the Highlander community. Artists will have access to the ArtBarn at the Community Accelerator to sell and create art. The building and neighborhood design will encourage street level engagement and pedestrian activity.

Timeline
- Apartments built in 3 phases
- Phase 1 (101 units) Construction
  - Closing & Commencement: Q4 2015
  - Construction Completion: Q4 2016
- Lease-up & Move-In: 2017

Financial Summary

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<tr>
<th>Sources of Funds</th>
<th>Amount</th>
<th>Percentage</th>
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<td>Low Income Housing Tax</td>
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<td>TOTAL USES OF FUNDS</td>
<td>$52,239,196</td>
<td>100.0%</td>
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Overview
Highlander’s homeownership plan is grounded in the belief that neighborhood revitalization requires a self-propagating homeownership marketplace that will improve the vitality of the surrounding area. Further, Highlander buyers will be attracted by quality housing at a great value. Driven by this principle, a new neighborhood consisting of 57 for sale units will be built. Approximately 85-90% will be market-rate homeownership units will target middle-income young families, empty nesters and young professionals. An additional 10-15% of the units will be developed by Habitat for Humanity in partnership with the Highlander team. A diverse range of townhomes, detached single-family homes with granny flats, and live/work homes will be created in clusters to create enclaves amongst the larger neighborhood. Homes will include 2, 3, and 4 bedroom designs, ranging from 1400-2000 sq ft with pricing starting in the mid-$140,000s. Excellence in design will attract residents, define and build community, and will create homes that are not only aesthetically appealing, but also built to last. Finally, we envision a shared appreciation model where a small portion of the appreciation at future sales will be returned to support neighborhood improvements. This effort is based on a successful Brinshore initiative, LiveEvanston, that repaired and revitalized the homeownership market in two targeted neighborhoods in Evanston, IL with the aid of an infusion of federal gap grant funding during the foreclosure crisis.

Timeline
Below is a suggested phasing schedule. Please note that the actual phases will be driven by market conditions.
- Phase 1: 4 Demonstration & Model Homes Constructed (2016)
- Phase 2: 20 Homes Constructed (2017)
- Phase 3: 20 Homes Constructed (2018)
- Phase 4: 13 Homes Constructed (2019)

Homeownership Financial Summary

<table>
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<tr>
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<th>TDC</th>
<th>Net Sales Proceeds</th>
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<th>Philanthropic Investment</th>
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<td>$11,580,000</td>
<td>$6,410,000</td>
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Overview
The Community Accelerator is designed to be the driving force behind the transformation of the Highlander community. It will establish a cultural anchor for the development and create a positive sense of place and identity that will serve to change negative perceptions of the area. The Accelerator will be the natural gathering point for existing residents while also drawing visitors from outside the neighborhood through unique and creative events, spaces and programming, all housed in a single destination.

The tenant-partners selected for the accelerator will provide supportive services and enrichment activities focused on technology, arts and entrepreneurship. Potential partners could include Habitat for Humanity (tool library and ReStore satellite), Creighton, Big Mama’s, the Omaha Code School (technology and software training), Metro Express (adult basic education/learning extension) and a world-class early childhood education facility. The Accelerator will also enhance the capacity of existing community-based organizations and small businesses by providing incubator/co-working space that will create opportunities for collaboration and leveraging of resources in a supportive environment. The small business administration, the Omaha Chamber of Commerce and the Omaha Small Business Network could be potential partners in this effort.

Our vision is that the Accelerator will serve to unify this development and provide an outlet for a multitude of community engagement and outreach activities. The 75N office will be located in the building and will serve as a coordinator for programming the interior space of the building and the green space that will run throughout the development. We envision the space opening up to a modern, ever-developing version of a town square—neighborhood block parties, communal dinners, outdoor movie nights, and recreational activities to be continually programmed throughout the year to encourage an active and authentic feeling of community.

Overall, the goal of the Accelerator is to create a beehive of positive energy that engages and invigorates the existing community and beyond. The community accelerator will be complementary to our overall development approach of accelerating the impact of positive investment to arrest and reverse historical trends of disinvestment in the community and its residents.

Timeline
- Finalize Tenant Roster & Financing Plan: Q2 2015
- Design, Permitting and Bidding: Q3 2015
- Groundbreaking Q4 2015 / Q1 2016
- Accelerator Grand Opening: Q3 2017

Community Accelerator Financial Summary

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<th>Sources</th>
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<td>New Markets Tax Credit Equity</td>
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<td>TOTAL SOURCES</td>
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<table>
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<tr>
<th>Uses</th>
<th>Amount</th>
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<td>TOTAL USES</td>
<td>$20,000,000</td>
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INNOVATIVE PARTNERSHIP WITH HOWARD KENNEDY ELEMENTARY

- Modeled on strategies proven in high-poverty neighborhoods
- Early Childhood pipeline to Kennedy
- Strong focus on language and literacy
- STEAM and Project Based Learning emphasis

1. Highly effective school leader and staff: Culture of staff empowerment and autonomy, openness to collaborate with partners

2. Embedded professional development: Targeted, ongoing investments in staff

3. Strong focus on literacy

4. Robust early learning program with language foundation (with seamless transitions throughout pipeline)

5. Early and intentional interventions that help students catch up faster

6. STEAM/PBL as a distinct pedagogical model that has deep arts integration and provides a thematic focus

7. Longer school day/school year

8. Part of a coordinated holistic neighborhood revitalization effort
Overview
Elementary schools are a critical neighborhood anchor. Only 5 blocks away from the site, Howard Kennedy Elementary, the closest area school, is just far enough away that it feels disconnected from the Highlander community. The team recognized the direct relationship between the success of Howard Kennedy and the ability of the neighborhood to realize its potential. The Walking School Bus is a linear park, designed to create a safe, inviting and active connection between Highlander and Howard Kennedy Elementary. This creative, unique and achievable strategy was developed to mitigate the negative impacts of the spatial disconnect between the school and the site. The Walking School Bus will include pronounced crosswalks with clear delineation and proper signage, outdoor classrooms, active and passive recreation spaces, widened paths, and a buffer zone between the street and sidewalk including vegetation and bicycle paths.

Timeline
Construction will occur as soon as acquisition of needed land is complete and funds are available.

Walking School Bus Financial Summary

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<td>TOTAL USES</td>
<td>1,800,000</td>
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Social and Economic Impact

- Nearly $90 million in direct economic impact
- Creation of a stable, self-propagating mixed-income mixed-use community.
- Substantial multiplier effect to investment in surrounding neighborhood
- Catalyst for broad community revitalization in North Omaha.
- $1.00 of Philanthropic Financing to leverage almost $1.40 of private and public financing.
- Positively impact the lives of thousands of residents and thousands of visitors to the site every year.
- Creation of construction and permanent jobs as well as volunteer opportunities

Why is Highlander Philanthropic Investment Innovative and Necessary?

1. Traditional financing is not sufficient to build this transformative development.
2. Mixed-income housing resources are increasingly scarce. Over the last decade, the federal government has provided fewer resources to promote mixed-income revitalization. Philanthropic resources are innovating community development in ways the federal government cannot.
3. Philanthropic investment in Highlander will
   - seed balanced neighborhood transformation in this key location in Omaha
   - support Howard Kennedy School revitalization
   - spark private investment in surrounding area
4. Philanthropic strategy for Highlander will be replicated in other Purpose Built Communities around the country. Operations will be self sustainable over the long term.
   - 75N will receive 40% of the developer fee and cash flow from the project which can be reinvested in programming.
5. Strong Partners are already on board. The Sherwood Foundation, Metro Community College, Creighton, Habitat for Humanity, Brinshore Development and Purpose Built Communities have already committed their time and resources to the effort.
6. Success can only be achieved with broad and deep civic and philanthropic engagement that demonstrates the importance of Highlander to the entire Omaha community.

Philanthropic Investment Opportunity

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<tr>
<th>Type</th>
<th>Philanthropic Investment Opportunity</th>
<th>Total Development Cost</th>
<th>Philanthropic Investment / Total</th>
<th>Timing</th>
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<td>COMMUNITY ACCELERATOR</td>
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<td>HOMEOWNERSHIP WALKING SCHOOL</td>
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