**Investing in neighborhood transformation**

A major barrier to neighborhood revitalization is the lack of financial resources needed for redevelopment. To address this, Spark is seeking your support and investment to build a loan fund, initially capitalized at $2.5M, that will provide flexible lending products and development services to support mission-aligned holistic neighborhood revitalization in disinvested areas of metro Omaha.

Called Spark Capital, the fund will be managed and operated by Spark. To ensure a solid launch and long-term success we are partnering with the Impact Development Fund (IDF), a Community Development Financial Institution (CDFI) in Colorado that has provided economic development financing and technical assistance for more than 20 years.

**YOUR INVESTMENT**

Spark Capital seeks to raise $2.5M by the end of 2020 funded with bank loans and investments, foundation grants, and the CDFI Fund. We are seeking partnership in the following ways:

**LOANS**

- Investments or Program Related Investments
  - Range: $100,000 - $500,000
  - 5-10-year term, fixed interest rate, unsecured
  - 3-5 years rolling maturity
  - Annual interest only payments
  - Principal due upon maturity
  - Revolving investment with renewal option
  - Eligible for CRA investment test consideration

**GRANTS**

- Range: $25,000 - $250,000
- Revolving for maximum benefit
- Bank grants are CRA eligible
Spark Capital’s products and services will be responsive and flexible to our community’s diverse investment opportunities and needs.

**Housing** – financing for the conservation and/or development of rental and for-sale housing, including multi- or single-family homes, and affordable or market rate units, where the latter serves a community development purpose

**Economic Development** – financing for commercial and mixed-use development located in and/or serving low- and moderate-income neighborhoods and tenants

**Education** – financing for childcare and educational facilities that serve low- and moderate-income communities and families

**Health & Wellness** – financing for healthcare facilities and businesses in designated food deserts that increase access to healthy food

While our resources will be available to low- and moderate-income neighborhoods throughout Douglas and Sarpy counties in Nebraska, we will place a heightened focus on North and South Omaha in an effort to provide much needed resources for ongoing neighborhood revitalization.

Spark Capital will target all CDFI Minimum Performance Standards:

- 25% net equity ratio
- 1.5:1 current ratio
- Less than 5% portfolio at risk (90+ days delinquent)
- 5% of portfolio always in reserve
- 80% self-sufficiency ratio
- 25% operating liquidity ratio

$2.5 Million by 2020

Fund Benchmarks

**Where We Work**

While our resources will be available to low- and moderate-income neighborhoods throughout Douglas and Sarpy counties in Nebraska, we will place a heightened focus on North and South Omaha in an effort to provide much needed resources for ongoing neighborhood revitalization.
As we secure funding and partnerships, we plan to provide the following:

**Structuring partnerships and financing for real estate deals**

**Real estate development and financing training** for emerging developers residing in low- and moderate-income neighborhoods and for nonprofit and public-sector partners

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**Investing in Neighborhood Transformation**

<table>
<thead>
<tr>
<th>Loan Type</th>
<th>Use of Funds</th>
<th>Term</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Predevelopment</td>
<td>planning, design, engineering and environmental</td>
<td>line of credit with revolving or non-revolving feature term max = 24 months</td>
<td>&lt; $250,000</td>
</tr>
<tr>
<td>Acquisition</td>
<td>property purchase and closing</td>
<td>single advance term max = 36 months</td>
<td>&lt; $1,000,000 or &lt; $500,000 if collateral is unimproved land</td>
</tr>
<tr>
<td>Construction</td>
<td>new construction and rehabilitation</td>
<td>non-revolving line of credit or single advance term max = 24 months</td>
<td>&lt; $1,000,000</td>
</tr>
<tr>
<td>Bridge</td>
<td>shorter-term, interim financing</td>
<td>single advance term max = 36 months</td>
<td>&lt; $1,000,000</td>
</tr>
</tbody>
</table>

The above reflects the terms and conditions currently under review by the Spark Capital Loan Committee.

Additionally, as Spark Capital matures and the fund grows, we plan to offer permanent financing.

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**Eligible Borrowers**

- Nonprofit & for-profit real estate developers
- Public & quasi-public entities, such as housing authorities & land banks
- Community Development Corporations
- Early childhood program operators
- Healthy food businesses
- Federally Qualified Health Centers & community health centers
- Special purpose entities
- Emerging developers residing in LMI neighborhoods

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**Technical Assistance**

As we secure funding and partnerships, we plan to provide the following:

- Assistance with **structuring** partnerships and financing for real estate deals
- Real estate development and financing **training** for emerging developers residing in low- and moderate-income neighborhoods and for nonprofit and public-sector partners
Spark Capital incorporated in the fall of 2019 and is in the process of completing documentation to file for nonprofit tax-exempt status.

Spark Capital will operate as a supporting organization to Spark, a nonprofit community development intermediary, serving the Omaha metro area.

Once the fund is operational, Spark Capital will begin the application process to become a CDFI and Community Development Entity (CDE).

These designations will make Spark Capital eligible and more competitive for federal grants, loans, tax credit allocations, and CDFI fund related technical assistance.

CDFI certification will streamline bank partnerships and investments driven by CRA requirements.

The Spark Capital Loan Committee is chaired by a Spark board member and its members are approved by Spark’s Board of Directors. The Loan Committee is charged with the following:

- Review & approve loan policies & procedures
- Manage IDF partnership
- Approve or deny loan applications
- Monitor underwriting, lending & servicing
- Determine strategies for making investments
- Oversee future CDFI application
- Capitalize the fund
- Source projects

The Loan Committee includes experts in real estate development, legal, finance, construction management, housing, and community development.

Rishi Bhakar, Tenaska - President
Alec Gorynski, First National Bank - Treasurer
Daniel Padilla, Lending Link Omaha - Secretary
Jon Baack, Burlington Capital
Roger Porter, Great Western Bank
Jesse Sitz, Baird Holm
Suzi Sterba, US Bank

To request more information or to invest in Spark Capital, contact

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