

**MICHIGAN STRATEGIC FUND BOARD**  
**DRAFT MEETING AGENDA**  
**September 29, 2022**  
**10:00am**

- I. Call to Order & Roll Call**
- II. Public comment – Please limit public comment to three (3) minutes**
- III. Communications**
- IV. Attract, Retain and Grow Business**
  - a. Ginosko Development Company/Optimum Modular, LLC: A resolution to approve an SSBCI Michigan Business Growth Fund Loan Participation Program funds in the amount of up to \$4,990,000.....2



**MICHIGAN ECONOMIC**  
DEVELOPMENT CORPORATION

**To:**  
Michigan Strategic Fund Board

**From:**  
Rachel A. Bakken, Senior Capital Project & Portfolio Manager

**Date:**  
09/27/2022

**Subject:**  
Ginosko Development Company (and/or related borrowers) SSBCI Loan Participation Proposal

**Request**

Ginosko Development Company ("GDC") is a real estate development company that oversees and selects all facets of a real estate endeavor. Founded by Amin Irving and John Hayes in 2002, Ginosko Development Company began by recognizing the growing demands of preserving and establishing safe, sophisticated, quality residences for the full spectrum of socio-economic households.

The proposed transaction consist of a New Market Tax Credit ("NMTC") financing to Optimum Modular, LLC (a business expansion of Ginosko Development Company) for the construction and equipping of a modular housing production factory located in Romulus, MI (the 'Project'). The Project is in a NMTC qualified census tract area and qualifies as 'severely distressed.' The new building, when completed, will be 105,000 square feet.

Ginosko Development Company is seeking financing for the project. The total project is anticipated to cost approximately \$22 million. Black Economic Development Fund ("BEDF") has proposed financing of a Source Loan in the amount up to \$10,000,000. This loan will be led by the Black Economic Development Fund and managed by the LISC Fund Management LLC ("LISC").

The BEDF is requesting loan participation support from the MSF for the following:

**Bank Facility and MSF Support**

The Bank has proposed the following credit facilities:

Senior Direct Loan = Flagstar Bank	\$6,420,000
Equity Investment = NMTC Investor	\$4,630,000
Source Loan = New Market Tax Credit	\$10,000,000
<b>Total Loans Leveraged</b>	<b>\$21,050,000</b>

Borrower's Injection:  
Member's Equity \$ 973,298

**Total Capital for Project:** \$22,023,298

Given the above structure, the proposed MSF exposure is a maximum of:  
Equity Bridge Loan = New Market Tax Credit \$ 4,990,000  
**Total MSF Contribution** \$ 4,990,000

Under definitions provided by the US Department of Treasury related to the calculation of leverage, the reported leveraged lending as compared to MSF exposure is 4.41:1.

**Borrower History**

Ginosko Development Company ("GDC") is a rapidly growing family of companies involved in all aspects of multi-family residential housing development, construction, ownership and management. The organization was formed in 2002, by Amin Irving and John Hayes, Ginosko Development Company began by recognizing the growing demands of preserving and establishing safe, sophisticated, quality residences for the full-spectrum of socio-economic households. GDC oversees and selects all facets of a real estate endeavor, including but not limited to, crafting the best overall strategy for the property, determining what property to acquire or what land to build upon, selecting the appropriate construction company, determining the correct lender & LIHTC equity syndicator vehicle, interacting with the Federal, State, and Local officials, determining the appropriate property management company, and selection of the right architectural firm.

Amin Irving is the Founder, President, and CEO of Ginosko Development Company. Irving is responsible for the overall performance and operations of all divisions of the GDC family of companies. Irving oversees the selection of various locations, the preliminary feasibility analyses, the purchase negotiations of projects, landscaping and architectural design, municipality processing, and debt and equity financing. Mary H. Tischler, CPA, CGMA is the CFO of Ginosko. She is responsible for all financial accounting and reporting functions, including proforma development and operating budgets, debt and equity financing, and internal controls.



**Recommendation**

MEDC Staff recommends (the following, collectively, "Recommendation"):

A. Approval of the MBGF-LPP proposal contained herein and:

B. Subject to available funding under the MBGF-LPP at the time of closing ("Available Funding"), completion of due diligence, the results of which are satisfactory to the MEDC (collectively, "Due Diligence"), finalization of a MBGF-LPP Loan Participation Agreement, and further subject to the following terms and conditions:

**Facility 1 - Ginosko Development Company**

Borrower:	Ginosko Development Company
Lender:	Black Economic Development Fund
Loan Amount:	up to \$10,000,000
MSF Loan Participation:	up to \$4,990,000
Loan Type:	Term (Source Loan)
Fees:	1.00% at Closing

## Exhibit A

### Credit Presentation

#### GENERAL INFORMATION

<b>Company Name</b> Ginosko Development Company	<b>Address</b> 41800 West 11 Mile Rd	<b>City, State Zip</b> Novi, Michigan 48375
<b>Entity Type</b> S Corporation	<b>Type of Operation - Primary</b> Lessors of Nonresidential Buildings (except Miniwarehouses) NAICS: 531120	
<b>Lender</b> Black Economic Development Fund	<b>Lender Contact</b> Ben Glispie	

#### Bank Facility and MSF Support

##### Bank Facility and MSF Support

The Bank has proposed the following credit facilities:

Senior Direct Loan = Flagstar Bank	\$6,420,000
Equity Investment = NMTC Investor - Flagstar Bank	\$4,446,000
Equity Investment = GDC (less CDE Fees)	\$184,000
Source Loan = New Market Tax Credit	\$10,000,000
<b>Total Loans Leveraged</b>	<b>\$21,050,000</b>

Borrower's Injection:	
Member's Equity	\$ 973,298
<b>Total Capital for Project:</b>	<b>\$22,023,298</b>

Given the above structure, the proposed MSF exposure is a maximum of:

Source Loan = New Market Tax Credit	\$ 4,990,000
<b>Total MSF Contribution</b>	<b>\$ 4,990,000</b>

Under definitions provided by the US Department of Treasury related to the calculation of leverage, the reported leveraged lending as compared to MSF exposure is 4.40:1.

#### Background

Ginosko Development Company, thru affiliated entities, has a real estate portfolio of over 3,100 units totaling over \$450 Million in capitalized value. Optimum Modular is a vertically integrated, construction oriented, business expansion of Ginosko Development Company. In broad terms, Optimum Modular will be producing standardized modules ("Lego Blocks") of an apartment building in an off-site factory, then connect those Lego Blocks on-site at a final destination. It is simply a different and more efficient process to assemble the materials and components of a building. When implemented effectively this approach has been shown to result in a higher-quality building, delivered in a shorter time frame, with more predictable costs, and fewer environmental impacts.

Optimum Modular and Ginosko Development Company are members of the Michigan Minority Contractors association and will specifically seek to hire disadvantaged workers. For over 10 years, GDC has established programs that identify disadvantaged workers in order to assist them in obtaining the proper thresholds to participate in federally-funded projects. Optimum Modular has a policy in place to use best efforts to hire at least 90% of its labor force from Southeast Michigan.

#### Financing Opportunity

Ginosko Development Company has secured financing with the Black Economic Development Fund to provide the necessary financing in order to obtain New Market Tax Credits ("NMTC") to support eligible hard and soft costs for the project. The Black Economic Development Fund is an impact investment fund built specifically to address economic challenges in the black community and to help close the racial wealth gap. The fund targets Black-led financial institutions, Black-led businesses, and Black-led anchor institutions with the goal of growing these organizations and strengthening their contributions to the Black community. The funds deployment strategy is industry agnostic and will deploy capital across a diverse set of borrowers and geographies in the US.

The Optimum Modular project is anticipated to cost \$22 million. The financing package includes a \$6.42 million senior direct loan to be provided by Flagstar Bank, a \$10 million equity bridge loan which will be led by Black Economic Development Fund but funded by a combination of borrower equity, BEDF participation, and MSF participation. The remainder of the project will be in the form of \$4.46 million from Flagstar as the NMTC investor and the remainder to be funded by borrower equity, approximately \$184,000.

The equity bridge loan will be led by the Black Economic Development Fund, however, the BEDF is managed by the LISC Fund Management LLC ("LISC"). LISC handles the underwriting for the financing as well as loan documentation and managing repayment. LISC Fund Management, LLC, manages and deploys impact capital into businesses and real estate investments in underinvested communities across the country. LISC works with impact-focused investors from corporations to philanthropy to government, helping them to maximize their impact while achieving financial returns.



Loan #	Purpose Type	Balance/ Request Amt.	Accrued Interest	Commit.	Interest Rate	Payment Amt. P&I	# Pmts.	Term	Amort	Orig. Date	Mat. Date
BEDF / MEDC	Source Loan	10,000,000		10,000,000	6.75	56,250	12	7	30		
Flagstar Bank	Senior Direct Loan	6,420,000		6,420,000	6.5	43,348	12	7	25		
FPCD	NMTC	7,840,000		7,840,000	1	6,533	12	30	30		
NDC NMTC	NMTC	6,790,000		6,790,000	1	5,658	12	30	30		
<b>Total</b>		<b>31,050,000</b>		<b>31,050,000</b>							

Collateral	Type	Value	Adv Rate	Disc. Value	Prior Lien	Coll. Amt.
Cash Collateral	Cash	3,000,000	100%	3,000,000		3,000,000
Equipment - Romulus, MI	Equipment	1,300,000	50%	650,000		650,000
Manufacturing Blding - Romulus, MI	Real Estate	10,600,000	61%	6,466,000		6,466,000
<b>Total</b>		<b>14,900,000</b>		<b>10,116,000</b>		<b>10,116,000</b>

<b>Total Loan Amount</b>	<b>31,050,000</b>	<b>Margin of Collateral to Loan</b>	<b>0.33</b>
<b>Total Collateral Amount</b>	<b>10,116,000</b>	<b>% Loan to Collateral</b>	<b>306.94%</b>

#### Summary

<b>Total Loan Amount</b>	<b>31,050,000</b>	<b>Margin of Collateral to Loan</b>	<b>0.33</b>
<b>Total Collateral Amount</b>	<b>10,116,000</b>	<b>% Loan to Collateral</b>	<b>306.94%</b>

### **Collateral**

The Source Loan will be secured by a first priority lien and pledge of the leverage loan documents between Optimum Leverage Lender, LLC ("Leverage Lender") and FSB-Optimum Investment Fund I, LLC ("Investment Fund"), including, without limitation, an assignment of Leverage Lender's first priority security interest in the membership interests of NDC New Markets Investments XCVI, LLC and FPCD Sub-CDE 17, LLC (the "CDEs"). The CDEs will have a second priority interest in the Project and all business assets of Optimum Modular, LLC (the "QALICB") perfected under the NMTC structure. Also, a cash account of \$3,000,000 to be pledged to the loan.

The Guarantors will guaranty 100% of repayment of the Source Leverage Loan. Guarantors will be required to demonstrate and maintain a net worth and liquid in cash and marketable securities, at a level that is acceptable to the MEDC and Lender.

## Ratios and Indicators

### LIQUIDITY / LEVERAGE RATIOS

Balance Sheet Dates	12/31/2020	12/31/2021	03/31/2022
Balance Sheet Description	12 months	12 months	3 Months
Current Ratio:*	20.42	5.44	2.24
Quick Ratio(Acid Test):*	9.19	3.26	0.89
Working Capital:*	3,265,128	2,858,538	2,844,080
Debt / Equity:*	0.53	0.75	0.93
Debt / Asset:*	34.58%	43.00%	48.07%
Current Liabilities / Total Liabilities:*	6.42%	18.08%	57.39%
Debt / Tang Net Worth:*	0.53	0.75	0.93

### PROFITABILITY RATIOS

Inc. & Exp. Beginning Date	01/01/2023	01/01/2024	01/01/2024
Inc. & Exp. Ending Date	12/31/2023	12/31/2023	12/31/2024
Inc. & Exp. Description	Year 1*	Year 2*	Year 3*
Return on Investment:*			
Gross Profit Margin:	100.0%		100.0%
Net Profit Margin:	-10.0%		19.2%

### Cash Flow / Repayment Capacity

	01/01/2023	01/01/2024	01/01/2024
	12/31/2023	12/31/2023	12/31/2024
	Year 1*	Year 2*	Year 3*
	No Adj.	No Adj.	No Adj.
<b>OPERATING INCOME</b>	<b>-1,150,233</b>	<b>4,521,920</b>	<b>13,098,522</b>
Total Non-Operating	0	0	0
<b>(EBIT) EARNINGS BEF. INT. &amp; TAXES</b>	<b>-1,150,233</b>	<b>4,521,920</b>	<b>13,098,522</b>
Interest Expense	834,600	1,825,200	1,964,490
INCOME BEFORE TAXES	-1,984,833	2,696,720	11,134,032
<b>NET INCOME</b>	<b>-1,984,833</b>	<b>2,696,720</b>	<b>11,134,032</b>
Plus:			
Commercial			
Interest Expense	834,600	1,825,200	1,964,490
<b>CAP RPLC &amp; DEBT REPAYMENT CAPACITY</b>	<b>-1,150,233</b>	<b>4,521,920</b>	<b>13,098,522</b>
Interest Exp	1,341,480	1,341,480	1,341,480
<b>Total Debt Service</b>	<b>1,341,480</b>	<b>1,341,480</b>	<b>1,341,480</b>
<b>MARGIN AFTER DEBT SERVICING</b>	<b>-2,491,713</b>	<b>3,180,440</b>	<b>11,757,042</b>
<b>Commercial DSCR</b>	<b>-0.86</b>	<b>3.37</b>	<b>9.76</b>

### Sensitivity Analysis

Debt Service Margin will be Depleted if:

Net Sales/Revenues Decreases by:	-12.52%	0.00%	20.23%
Operating Expense plus COGS Increase by:	-11.83%	0.00%	26.12%

**INDUSTRY COMPARISON**

Income/Expense: 01/01/2024 to 12/31/2023 Year 2\*

Sorted By Sales - 0-1mm - Upper Quartile

NAICS: 531120 - Lessors of Nonresidential Buildings (except Miniwarehouses)

Unqualified: 19, Reviewed: 25, Compiled: 110, Tax Return: 1392, Other: 1254, Total Number Stmt: 2800

	Client	Industry	Variance		Client	Industry	Variance	Quartile
<b>Assets</b>				<b>Liquidity Ratios</b>				
Cash & Equivalents	0.0	5.7	-5.7	Current Ratio	0.0	2.5	-2.5	4
Trade Receivables (net)	0.0	0.5	-0.5	Quick Ratio (Acid Test)	0.0	2.3	-2.3	4
Inventory	0.0	0.3	-0.3	Sales / Receivables	0.0	999.9	-999.9	4
All Other Current	0.0	1.0	-1.0	Cost of Sales / Inventory	0.0			
Total Current	0.0	7.4	-7.4	Cost of Sales / Payables	0.0			
Fixed Assets (net)	0.0	86.4	-86.4	Sales / Working Capital	0.0	4.4	-4.4	
Intangibles (net)	0.0	2.2	-2.2					
Other Non-Current	0.0	3.9	-3.9	<b>Coverage Ratio</b>				
<b>Total Assets</b>	<b>100.0</b>	<b>100.0</b>		EBIT / Interest	0.0	7.0	-7.0	4
				Net Prof. + Depr / Cur. Mat. L/T/D	0.0	2.7	-2.7	4
<b>Liabilities</b>								
Notes Payable	0.0	3.1	-3.1	<b>Leverage Ratios</b>				
Cur. Mat. L/T/D	0.0	3.8	-3.8	Fixed / Net Worth	0.0	2.1	-2.1	
Trade Payables	0.0	0.4	-0.4	Debt / Net Worth	0.0	1.4	-1.4	
Income Tax Payable	0.0	0.0	0.0					
All Other Current	0.0	4.1	-4.1	<b>Operating Ratios</b>				
Total Current	0.0	11.4	-11.4	% Prof. Bf. Taxes / Net Worth	0.0	31.5	-31.5	4
Long Term Debt	0.0	64.6	-64.6	% Prof. Bf. Taxes / Total Assets	0.0	7.8	-7.8	4
Deferred Taxes	0.0	0.0	0.0	Sales / Net Fixed Assets	0.0	0.2	-0.2	4
Other Non-Current	0.0	2.8	-2.8	Sales / Total Assets	0.0	0.2	-0.2	4
Net Worth	0.0	21.1	-21.1					
<b>Total Liab. &amp; Net Worth</b>	<b>100.0</b>	<b>100.0</b>		<b>Expense to Sales Ratio</b>				
				% Depreciation / Sales	0.0	14.4	-14.4	1
<b>Income Data</b>				Officers' Compensation/Sales	0.0	2.2	-2.2	1
Net Sales	100.0	100.0	0.0					
Gross Profit	0.0	100.0	-100.0					
Operating Expenses	89.1	47.0	42.1					
Operating Profit	0.0	53.0	-53.0					
All Other Expenses (net)	4.4	22.1	-17.7					
Profit Before Taxes	-4.4	31.0	-35.4					

Last Updated 09/06/2022 6:22:08 AM From RMA 2021 Data

## OWNERSHIP / GUARANTORS

Name	Address	Relationship	% Own	Amt Guar.
Great Lakes Community Advisors LLC			28.00	
Harvin Company LLC			51.00	
Amin Irving		Guarantor	0.00	Unlimited
Mary Tischler		Guarantor	0.00	Unlimited

<b>Source</b> SSBCI		<b>Program</b> LPP
<b>Committed Date</b>	<b>Loan Closing Date</b>	<b>Total Loan</b> \$10,000,000
<b>MSF Share</b> \$4,990,000	<b>Additional Leverage (at closing)</b> \$973,298	<b>Additional Leverage (ongoing)</b>
<b>Leverage</b> 4.41:1	<b>Closing Fee</b> 1% of MSF Share	<b>Annual Fee</b>
<b>FTE @ Closing (in State)</b>	<b>FTE @ Closing (out of state)</b>	<b>Projected FTE Increase</b> 132
<b>FTE @ Annual Review</b>	<b>FTE Net Increase/Decrease</b>	<b>Support \$ per new job</b> \$37,878
<b>Associate</b>	<b># Co's</b>	<b>Loan Type</b>

### Employment

The company anticipates adding 132 fulltime employees within the first 2 years. The anticipated hourly wage for these employees is \$47.64/hr.

### Source of Information

It is the role of Capital Services Team staff ("CST") to review for eligibility, completeness, and adherence to industry standards and practices, the information provided by the financial institution and to manage the MSF's structural risk. Explanatory and background information is supplied in summary form to provide context for the request and is drawn exclusively from material submitted by the lending institution and from third party research sources such as Dunn and Bradstreets FirstResearch database.

### Capital Access Program History

The MSF's Capital Access Programs began in 2009 with a state allocation of \$26 million. In 2011, the Federal government deployed an additional \$79 million to the State of Michigan to continue its efforts towards providing access to capital for small businesses. The programs under the Capital Access department assist small business and financial lending institutions by providing collateral support or loan participation. In either case, there is always a closing fee and annual fee charged, in addition to all principal returned as well as any fees and interest expense that the MSF may receive through its support with the transactions. To date the program has funded over \$182 million to 252 companies, leveraged over \$834 million in Private Investments, received a total of \$9.9 million in program revenue, and has had losses of less than 1% of the total loan funded.

### Exit Strategy

BEDF's loan will have a 7-year term in order to comply with the NMTC structure, but will have a must-take call option by 4/1/2027 for the equity bridge loan. The source lender must be repaid prior to the end of the NMTC compliance period, BEDF will not be able to exercise any rights and/or remedies under its loan until the end of the 7-year compliance period.

## Conditions

- Commitment will remain valid for 90 days with possible for MSF Fund Manager to extend the commitment an additional 120 days.
- The proposed financing will be subject to a Minimum Tangible Net Worth calculation of the guarantors, at an acceptable level to the MEDC and Lender.
- The proposed financing will be subject to a Minimum Liquidity calculation of the guarantors, at an acceptable level to the MEDC and Lender.

## SCORING & RATING

### SCORING & RATING : MGBF - LPP

Score = <b>3.60</b>	<b>4 Good</b>
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Model Used: MEDC CRE Model -Dupe

Last Scored: 09/06/2022 6:18 AM Rachel Bakken

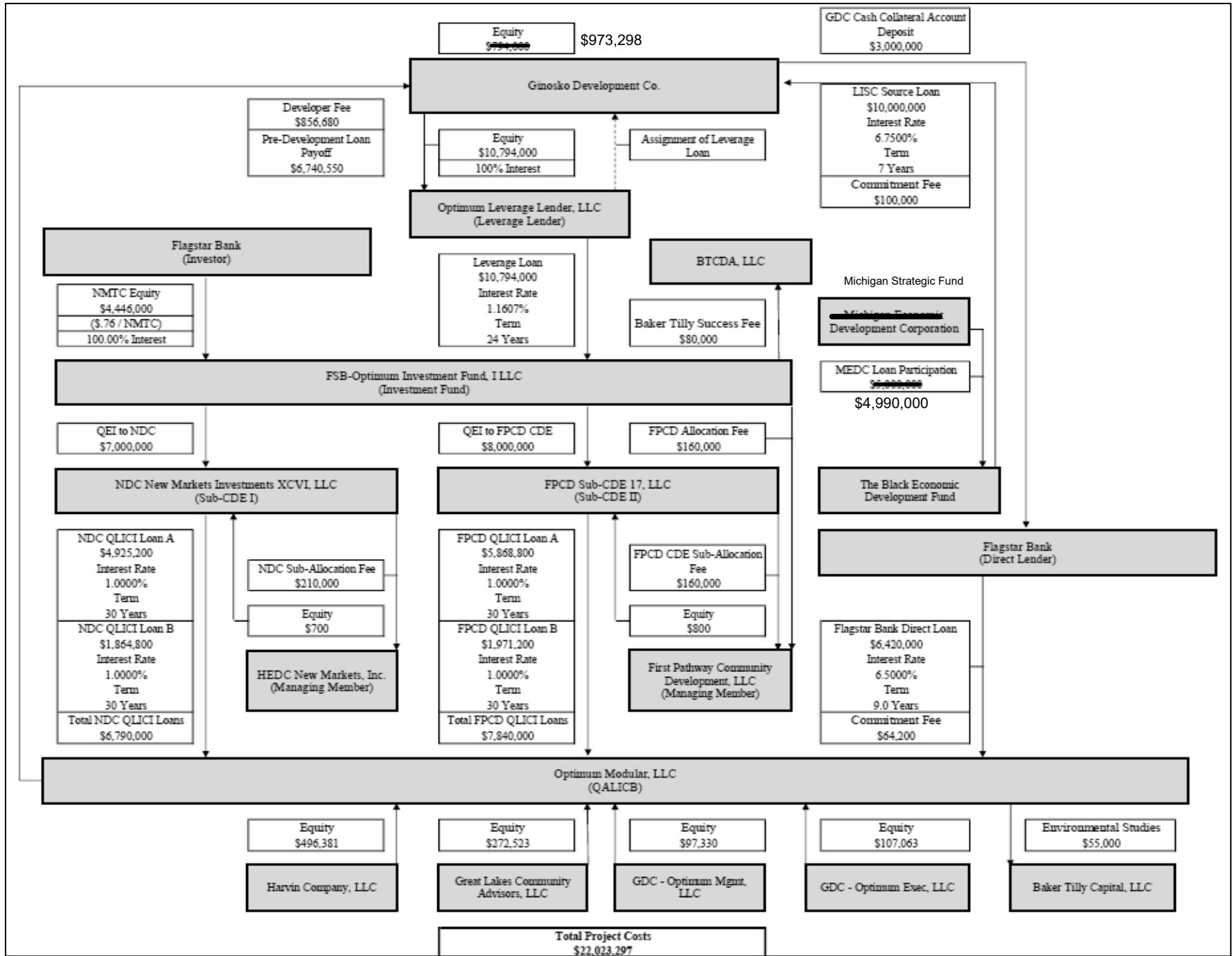
Financial Statements and Forms calculated from:

Balance Sheet: Inc. / Exp.:  
12/31/2021 12 months 12/31/2024 Year 3\*

Criteria		Criteria Score	Wt %	Weighted Criteria Score	Review
Debt / Tang Net Worth:	0.75	3.00	20.00	0.600	
Debt Coverage Ratio:	9.76	5.00	20.00	1.000	
MSF Leverage Ratio	4.41	2.00	20.00	0.400	
Management / Borrower Character	Good team/Depth in key ar	4.00	20.00	0.800	
Business & Industry Trends	Ltd vulnerability to sudd	4.00	20.00	0.800	
				<b>3.600</b>	

\* Adjusted for Loan To/From Affiliates/Shareholders

**Exhibit V: NMTC Flow of Funds**



# Optimum Modular

(formally know as "Aslan Modular")

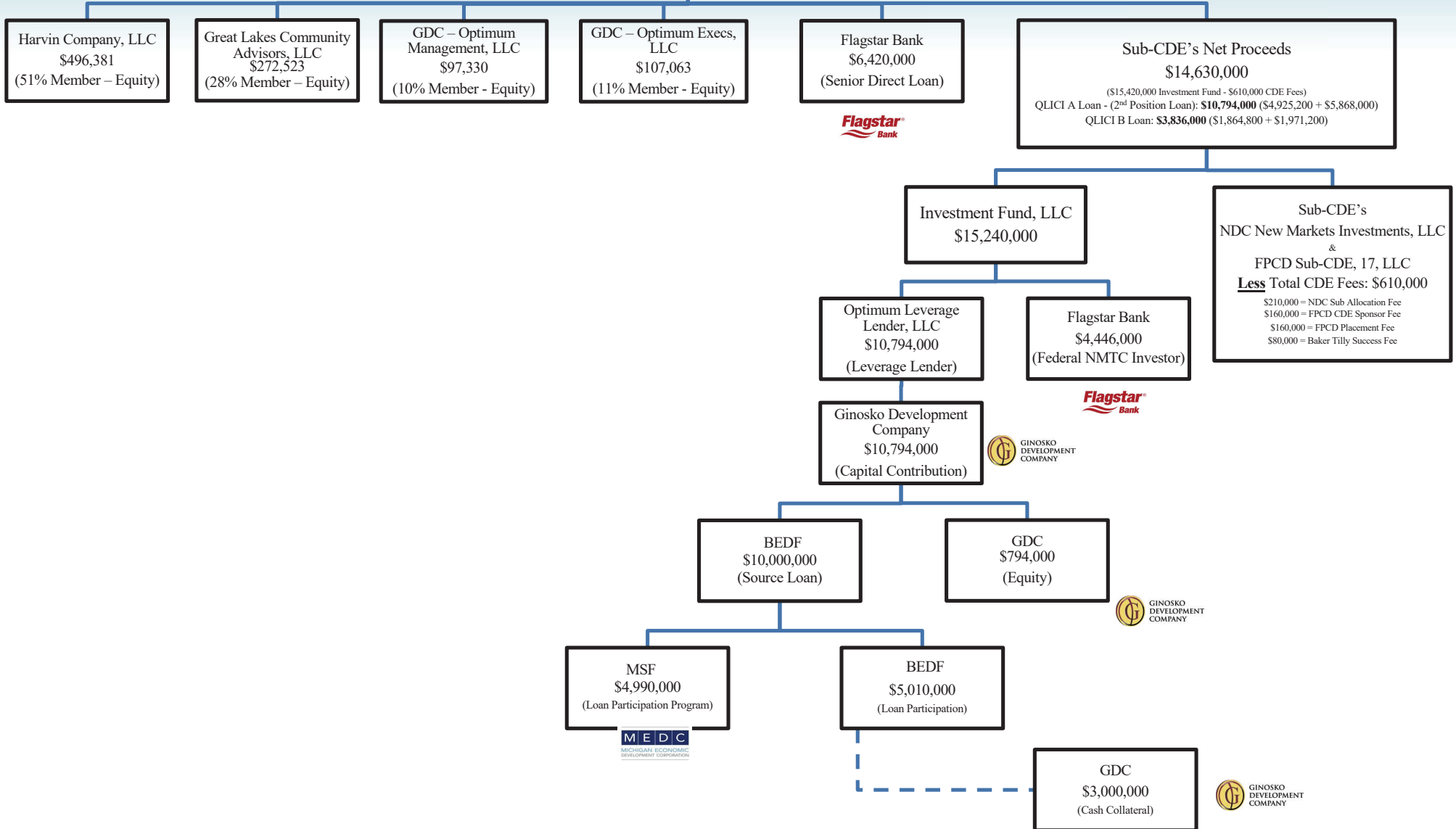
## New Markets Tax Credit

### Capital Structure Flow Chart

(Proposed Structure)



**Optimum Modular, LLC**  
\$22,023,297



## MICHIGAN STRATEGIC FUND

### RESOLUTION 2022

#### SSBCI MBGF-LPP APPROVAL OF LOAN PARTICIPATION AND SERVICING AGREEMENT FOR GINOSKO DEVELOPMENT COMPANY AND RELATED BORROWERS

**WHEREAS**, under the State Small Business Credit Initiative Act of 2010 (title III of the Small Business Jobs Act of 2010, Public Law 111-240, 124 Stat. 2568, 2582) (the “SSBCI”), the United States Congress appropriated funds to the United States Department of Treasury (“US Treasury”) to be allocated and disbursed to states that have applied for and created programs in accordance with the SSBCI to increase the amount of capital made available by private lenders to small businesses (“SSBCI Programs”);

**WHEREAS**, at its May 25, 2011 meeting, the Michigan Strategic Fund (the “MSF”) Board approved: (i) the creation of the Michigan Business Growth Fund (the “MBGF”), an SSBCI Program created by the MSF to disburse SSBCI funds in accordance with the SSBCI, and (ii) as part of the MBGF, the creation of a loan participation program designed to facilitate financing of projects for commercial borrowers (the “MBGF-LPP”), and (iii) the guidelines for the MBGF-LPP (“MBGF-LPP Guidelines”) and MBGF-LPP Loan Participation and Servicing Agreement (“MBGF-LPP Agreement”), each to be utilized for the operation of the MBGF-LPP; whereas, on July 22, 2014, the MSF Board approved. [SFCR 10.5-1 delegating to the MSF Fund Manager or MSF President, the authority to negotiate and sign the terms and conditions of the MBGF-LPP Agreement].

**WHEREAS**, on June 21, 2011, the US Treasury approved the State of Michigan, through the MSF, to receive and disburse SSBCI funds within the SSBCI Programs created by the MSF;

**WHEREAS**, the Michigan Economic Development Corporation (the “MEDC”) provides administrative services for the MSF for SSBCI Programs, including the MBGF-LPP;

**WHEREAS**, Black Economic Development Fund (the “Lender”) has proposed new credit facilities to Ginosko Development Company (and/or related borrowers (the “Proposed Borrowers”)) of \$10,000,000 for an equity bridge loan;

**WHEREAS**, Proposed Borrowers have requested loan participation from the MSF under the MBGF-LPP in an amount not to exceed the lesser of: (i) \$4,990,000 or (ii) up to 49% of the total amount of the Lender’s loans (“MBGF-LPP Support”); and

**WHEREAS**, the MEDC has reviewed the financial documents and draft loan documents for the Proposed Borrowers, as provided by the lender, and recommends that the MSF Board approve the MBGF-LPP Support, subject to: (i) available funding, and final due diligence performed, to the satisfaction of the MEDC; and (ii) execution of the MBGF-LPP Agreement within 90 days of the date of this Resolution, or the loan participation approvals under this Resolution shall have no effect; provided however, at the sole discretion of the MSF Fund Manager, this may be extended for up to an additional 120 days (the “Time Period”);

**NOW, THEREFORE, BE IT RESOLVED**, the MSF approves the MBGF-LPP Support subject to: (i) available funding, and final due diligence performed, to the satisfaction of the MEDC; and (ii) execution of the MBGF-LPP Agreements within the Time Period, or the loan participation support approvals under this Resolution shall have no effect.



**BE IT FURTHER RESOLVED**, that the MSF Fund Manager or MSF President is authorized to negotiate all final terms and conditions and to execute the MBGF-LPP Agreement on behalf of the MSF, so long as the final terms and conditions are not materially adverse to the MSF.

Ayes:

Nays:

Recused:

Lansing, Michigan  
September 27, 2022

## SOURCES & USES for NMTC Structure

### Step 1: BEDF and Sponsor fund the Leverage Loan and cash collateral account for BEDF/MEDC

#### Sources & Uses - Ginosko Development Company

Sources	Amount	% of Total	Uses	Amount	% of Total
BEDF Equity Bridge Loan*	\$10,000,000	71.7%	Contribution to Optimum Leverage Lender LLC	\$10,794,000	77.4%
Sponsor Equity	\$3,939,000	28.3%	GDC Cash Collateral Account	\$3,000,000	21.5%
			BEDF Loan Fee	\$100,000	0.7%
			BEDF Legal	\$45,000	0.3%
<b>TOTAL</b>	<b>\$13,939,000</b>	<b>100.0%</b>		<b>\$13,939,000</b>	<b>100.0%</b>

(\*) BEDF will sell a 49.9% participation to MEDC

### Step 2: Leverage lender and NMTC investor make qualified equity investments (QEIs) in the CDEs

#### Sources & Uses - Investment Fund

Sources	Amount	% of Total	Uses	Amount	% of Total
Optimum Leverage Lender LLC	\$10,794,000	70.8%	QEI to NDC CDE	\$7,000,000	45.9%
Federal NMTC Equity (\$0.76/NMTC)	\$4,446,000	29.2%	QEI to FPCD CDE	\$8,000,000	52.5%
			FPCD Allocation Fee	\$160,000	1.0%
			Baker Tilly Success Fee	\$80,000	0.5%
<b>TOTAL</b>	<b>\$15,240,000</b>	<b>100.0%</b>		<b>\$15,240,000</b>	<b>100.0%</b>

Leverage loan is IO during the compliance period with quarterly interest due based on a 1.16% rate.

### Step 3: CDE investment funds make QLICI loans to the QALICB (Optimum Modular, LLC)

#### Sources & Uses - Sub-CDEs

Sources	Amount	% of Total	Uses	Amount	% of Total
Investment Fund - NDC	\$7,000,000	46.7%	NDC QLICI Loan A	\$4,925,200	32.8%
Investment Fund - FPCD	\$8,000,000	53.3%	NDC QLICI Loan B	\$1,864,800	12.4%
			NDC Sub-Allocation Fee	\$210,000	1.4%
			FPCD QLICI Loan A	\$5,868,800	39.1%
			FPCD QLICI Loan B	\$1,971,200	13.1%
			FPCD CDE Sub-Allocation Fee	\$160,000	1.1%
<b>TOTAL</b>	<b>\$15,000,000</b>	<b>100.0%</b>		<b>\$15,000,000</b>	<b>100.0%</b>

QLICI loans are IO during the compliance period with quarterly interest due based on a 1.00% rate.

### Step 4: QALICB (Optimum Modular, LLC) is constructed and begins operations

#### Sources & Uses - Construction Budget

Sources	Amount	% of Total	Uses	Amount	% of Total
NDC QLICI Loan A	\$4,925,200	22.4%	Acquisition	\$1,550,000	7.0%
NDC QLICI Loan B	\$1,864,800	8.5%	Hard Costs	\$13,765,712	62.5%
FPCD QLICI Loan A	\$5,868,800	26.6%	Soft Costs	\$2,093,693	9.5%
FPCD QLICI Loan B	\$1,971,200	9.0%	NMTC Transaction Costs	\$1,195,200	5.4%
Flagstar Senior Direct Loan	\$6,420,000	29.2%	Developer Fee	\$856,680	3.9%
Sponsor Equity	\$973,298	4.4%	NMTC Reserves, Interest and Fees	\$2,562,013	11.6%
<b>TOTAL</b>	<b>\$22,023,298</b>	<b>100.0%</b>		<b>\$22,023,298</b>	<b>100.0%</b>

**OPTIMUM MODULAR, LLC**  
**SUPPLEMENTAL SCHEDULE OF FORECASTED PROJECT SOURCES & USES**

<b>SOURCES</b>		Pre-Closing	Closing	Post-Closing	Total	
LISC: \$10,000,000	NDC QLICI Loan A	\$ -	\$ 4,925,200	\$ -	\$ 4,925,200	
GDC Equity: \$794,000	NDC QLICI Loan B	-	1,864,800	-	1,864,800	
Flagstar Equity: \$4,446,000	FPCD QLICI Loan A	-	5,868,800	-	5,868,800	
<b>Total: \$15,240,000</b>	FPCD QLICI Loan B	-	1,971,200	-	1,971,200	
Less CDE Fees: \$610,000	Harvin Company, LLC Equity	-	496,381	-	496,381	
	Great Lakes Community Advisors, LLC Equity	-	272,523	-	272,523	
<b>Total of the QLICI Loans</b>	GDC - Optimum Mgmt, LLC Equity	-	97,330	-	97,330	
<b>\$14,630,000</b>	GDC - Optimum Exec, LLC Equity	-	107,063	-	107,063	
	Pre-Development Loan	6,740,550	(6,740,550)	-	-	
	Flagstar Bank Direct Loan	-	-	6,420,000	6,420,000	
<b>Total Sources</b>		<b>\$ 6,740,550</b>	<b>\$ 8,862,747</b>	<b>\$ 6,420,000</b>	<b>\$ 22,023,297</b>	
<b>USES</b>						
<b>Acquisition / Demo Costs</b>						
	Acquisition of Property	\$ 1,550,000	-	-	\$ 1,550,000	\$1,550,000
<b>Hard Costs</b>						
	On Site Improvements	-	43,416	2,635,195	2,678,611	
	Sitework - Landscaping & Irrigation	-	-	147,231	147,231	
	Structures-New	3,784,563	511,695	503,463	4,799,721	
	Retainage	-	-	559,365	559,365	
	Contingency	-	4,761	420,233	424,994	
	Equipment	105,651	20,631	1,173,718	1,300,000	
	Appliances	-	35	2,145	2,180	
	General Requirements	-	4,499	127,301	131,800	
	Builder Profit	-	3,147	346,853	350,000	
	Bond Premium - Gen Liability	-	40,453	-	40,453	
***	Construction Management Fee	-	258,529	2,072,828	2,331,357	
	Construction Contingency	-	-	1,000,000	1,000,000	\$13,765,712
<b>Soft Costs / Professional Fees</b>						
	Design Architectural Fees	308,706	-	-	308,706	
	Supervisory Architect Fees	-	1,148	71,182	72,330	
	Engineering	84,900	2,600	-	87,500	
	Survey	11,000	39,000	-	50,000	
	Baker Tilly Environmental Studies Fee	47,234	7,766	-	55,000	
	Environmental Mitigation	-	2,700	47,300	50,000	
	Insurance - Builders Risk	169	146,779	-	146,948	
	Economic Impact Study	-	10,000	-	10,000	
	Permits & Fees	86,594	112,733	-	199,327	
	Appraisal / Valuation	4,500	15,500	-	20,000	
	Accounting & Auditing	-	-	12,000	12,000	
	Cost Certification	-	-	15,000	15,000	
	Real Estate Attorney	-	100,000	-	100,000	
	Modular Factory Setup Consulting Fees	428,430	150,188	-	578,618	
	Bonding Fee	17,764	-	-	17,764	
	Soft Cost Contingency	-	-	100,000	100,000	
	Marketing	4,228	-	115,772	120,000	
	Tax Credit Application Fees	-	7,000	-	7,000	
	Start-Up and Organization	138,050	5,450	-	143,500	\$2,093,693
<b>NMTC Transaction Costs</b>						
	NMTC Legal/Accounting and Other Closing Costs	119,261	916,739	-	1,036,000	
	Baker Tilly Placement Fee	-	80,000	-	80,000	
* ***	Developer Fee	-	85,668	771,012	856,680	
	Flagstar Bank Financing Fees - Direct Loan	-	64,200	-	64,200	
	Construction Loan Inspections - Initial	-	6,000	-	6,000	
	Construction Loan Inspections - Monitoring	-	-	9,000	9,000	\$2,051,880
<b>NMTC Interest and Reserves</b>						
	NDC QLICI Loan A Interest Payments	-	274	24,626	24,900	
	NDC QLICI Loan B Interest Payments	-	104	9,324	9,428	
	FPCD QLICI Loan A Interest Payments	-	326	29,344	29,670	
	FPCD QLICI Loan B Interest Payments	-	110	9,856	9,966	
	Flagstar Bank Direct Loan Interest Payments	-	-	68,952	68,952	
	Pre-Development Loan Fees and Interest Payments	49,500	-	-	49,500	
	Loan Servicing Fee	-	167	10,000	10,167	
	Reimbursements for NDC Asset Management Fees	-	3,733	21,000	24,733	
	Reimbursements for NDC Audit/Tax Preparation Fees	-	-	11,775	11,775	
	Reimbursements for FPCD Accounting Fee	-	-	21,000	21,000	
	NDC Asset Management Fees Reserve	-	290,267	(21,000)	269,267	
	NDC Audit/Tax Preparation Fees Reserve	-	94,200	(11,775)	82,425	
**	Flagstar Bank Direct Loan Debt Service Reserve	-	1,150,230	-	1,150,230	
**	Taxes and Insurance Escrows	-	800,000	-	800,000	\$2,562,013
<b>Deposit / (Withdrawal) Disbursing Account</b>						
		-	3,882,700	(3,882,700)	-	
<b>Total Uses</b>		<b>\$ 6,740,550</b>	<b>\$ 8,862,747</b>	<b>\$ 6,420,000</b>	<b>\$ 22,023,297</b>	
<b>NMTC Legal/Accounting and other Closing Costs consists of:</b>						
	Fund Legal/Accounting Reporting	-	150,000	-	150,000	
	Borrower Legal	14,547	135,453	-	150,000	
	Flagstar Bank Legal Fees	-	300,000	-	300,000	
	CDE Legal	55,000	45,000	-	100,000	
	Tax Advantage Group	15,000	210,000	-	225,000	
	Novogradac & Company LLP - Forecast	22,214	26,286	-	48,500	
	MEDC Legal	-	50,000	-	50,000	
	Novogradac & Company LLP - Reasonableness Report	12,500	-	-	12,500	
		<b>\$ 119,261</b>	<b>\$ 916,739</b>	<b>\$ -</b>	<b>\$ 1,036,000</b>	

\* Post-closing developer fee payments will be made into a Flagstar Bank account

\*\* At closing, reserves will be funded into a blocked account at Flagstar Bank in connection with the Flagstar Bank Direct Loan

\*\*\* The Developer Fee and Construction Management Fee will be paid from equity and Direct Loan proceeds only.





# Optimum Modular

An Introduction to the New Markets Tax Credit Initiative

(Opportunity Zone Qualified in Romulus, Michigan)



GINOSKO  
DEVELOPMENT  
COMPANY



BUTLER | SNOW



LSC



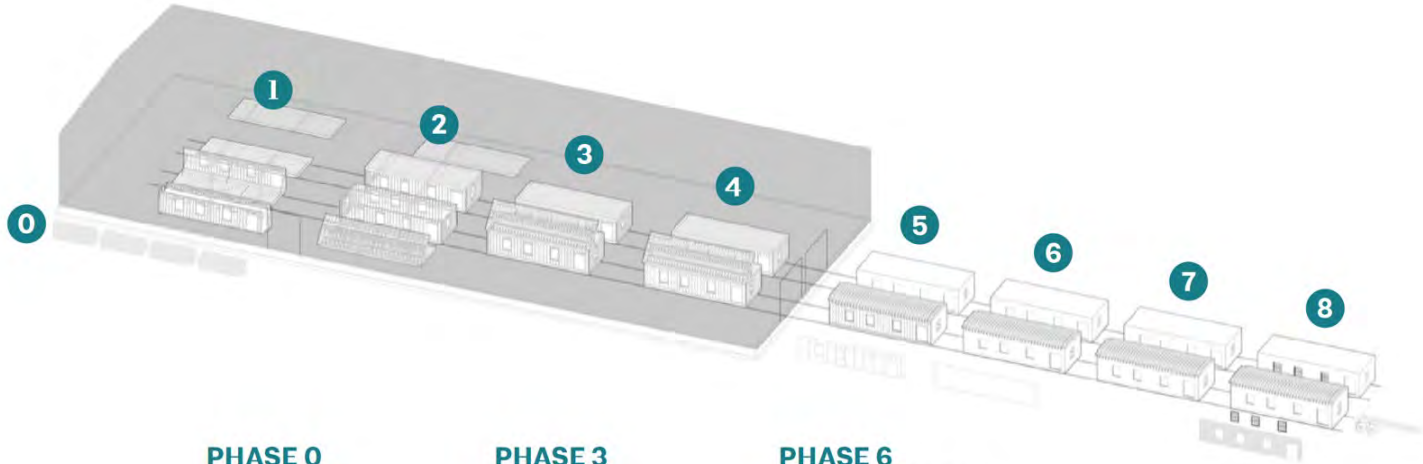
NOVOGRADAC  
& COMPANY LLP  
CERTIFIED PUBLIC ACCOUNTANTS



# Company Description:

## Optimum Multi-Family Modular Factory

Optimum Modular is a vertically integrated, construction oriented, business expansion of Ginosko Development Company. In broad terms, Optimum Modular will be producing standardized modules (“Lego Blocks”) of an apartment building in an off-site factory located in Romulus, Michigan, then connect those Lego Blocks on-site at a final destination. It is simply a different and more efficient process to assemble the materials and components of a building. When implemented effectively this approach has been shown to result in a higher-quality building, delivered in a shorter time frame, with more predictable costs, and fewer environmental impacts.



**PHASE 0**

general material assembly

**PHASE 1**

floor framing & decking  
int./ext. wall framing  
'box' mounted to chassis

**PHASE 2**

roof framing/mounting  
ceiling attached to 'box'  
interior partition installation  
rough plumbing

**PHASE 3**

sheetrock (walls)  
rough electrical (walls)

**PHASE 4**

sheetrock (ceiling)  
batt/spray foam insulation  
rough electrical

**PHASE 5**

exterior plywood sheathing  
rough opening cleanup  
general interior cleanup

**PHASE 6**

exterior plastic sheathing  
interior finish work  
(paint, trim)

**PHASE 7**

finish plumbing  
finish electrical  
install flooring

**PHASE 8**

install windows  
install siding  
weatherproof



# Company Description:

## Ginosko Development Company

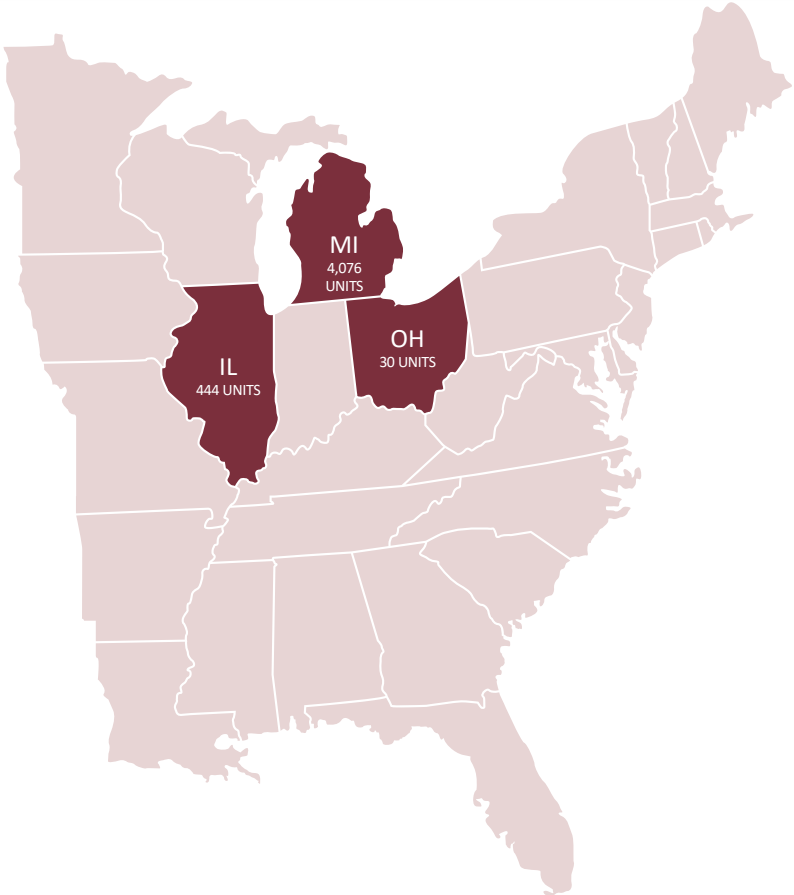
Ginosko Development Company (GDC) is a real estate development firm specializing in quality affordable housing creation and preservation.

Founded in 2002, Ginosko Development Company (GDC) began by recognizing the growing demands of establishing and preserving safe, quality residences for the full spectrum of socio-economic households.

GDC develops, acquires, repositions, and manages affordable multifamily properties in the U.S., primarily in the Midwestern region, with a focus to expand to select U.S. markets. GDC is involved in all aspects of multifamily residential housing development, construction, ownership, and management.

Through GDC's **20 years of affordable housing experience**, it has identified and created unique **strategies to increase net distributable proceeds to owners and investors by decreasing the housing cost burden to renters, especially low-income renters.**

Square Feet Owned	4,281,676
Properties Owned	38
Units Owned	4,550
Capitalized Value	\$560 MILLION



# Industry Overview

## Modular Industry Success:

The Permanent Modular Construction (PMC) industry has shown steady growth in relation to the overall construction industry. In fact, the multifamily market is now the largest and fastest growing segment of the industry, from 7% of industry production in 2019 to nearly 23% in 2021. Twenty-seven companies reported building for the multifamily market in 2021, with nine indicating that multifamily production constituted 90% more of total output. For context, no other market had more than three companies with such a concentration.<sup>1</sup>

MBI analyzed eighteen multifamily projects completed in 2021 in the U.S. and Canada. Seven of these projects were steel frame while eleven were wood based. These projects on average were 50,815 sq. ft. and between three and four stories tall.<sup>2</sup>

### PMC Market Shares, 2015-2021

Year	PMC Firm Revenue	Value of PMC Projects (divide by .55)	Construction Start Value	Annual PMC Market Share
2015	\$2,040,500	\$3,710,000	\$173,729,905	2.14%
2016	\$3,301,664	\$6,003,025	\$244,509,444	2.46%
2017	\$3,979,680	\$7,235,782	\$246,089,662	2.94%
2018	\$4,943,067	\$8,987,396	\$243,316,997	3.69%
2019	\$5,025,355	\$9,137,010	\$255,013,842	3.58%
2020	\$4,496,791	\$8,175,984	\$186,315,485	4.39%
2021	\$4,379,159	\$10,303,904	\$186,653,947	5.52%

(US \$000s) • Source: Modular Building Institute, Construct Connect

<sup>1</sup> Source:  
<sup>2</sup> 2022 Permanent Modular Construction Report (Modular Building Institute)  
<sup>3</sup> Ibid

# How Optimum Modular Relates to Ginosko Development Company:

GDC oversees and selects all facets of a real estate endeavor, including but not limited to:

1. Crafting the best overall strategy for the property.
  2. Determining what property to acquire or what land to build upon.
  3. Selecting the appropriate construction company.
  4. Determining the correct lender & LIHTC equity syndicator vehicle.
  5. Interacting with the Federal, State, and Local officials.
  6. Determining the appropriate property management company.
  7. Selection of the right architectural firm.
- **Ginosko Development Company seeks to vertically integrate its operations by incorporating a Multifamily Modular Factory to produce its replicable new construction real estate strategies.**
  - Ginosko Development Company has developed a replicable new construction business model that is mostly insulated from the ups-and-downs of economic cycles as GDC properties predominately service low-income families. Since, the risk of uncertain pipeline has greatly reduced, Optimum Modular is primarily insulated from the need to compete with and depend upon other factories for business as it will be the exclusive modular provider for Ginosko Development Company.



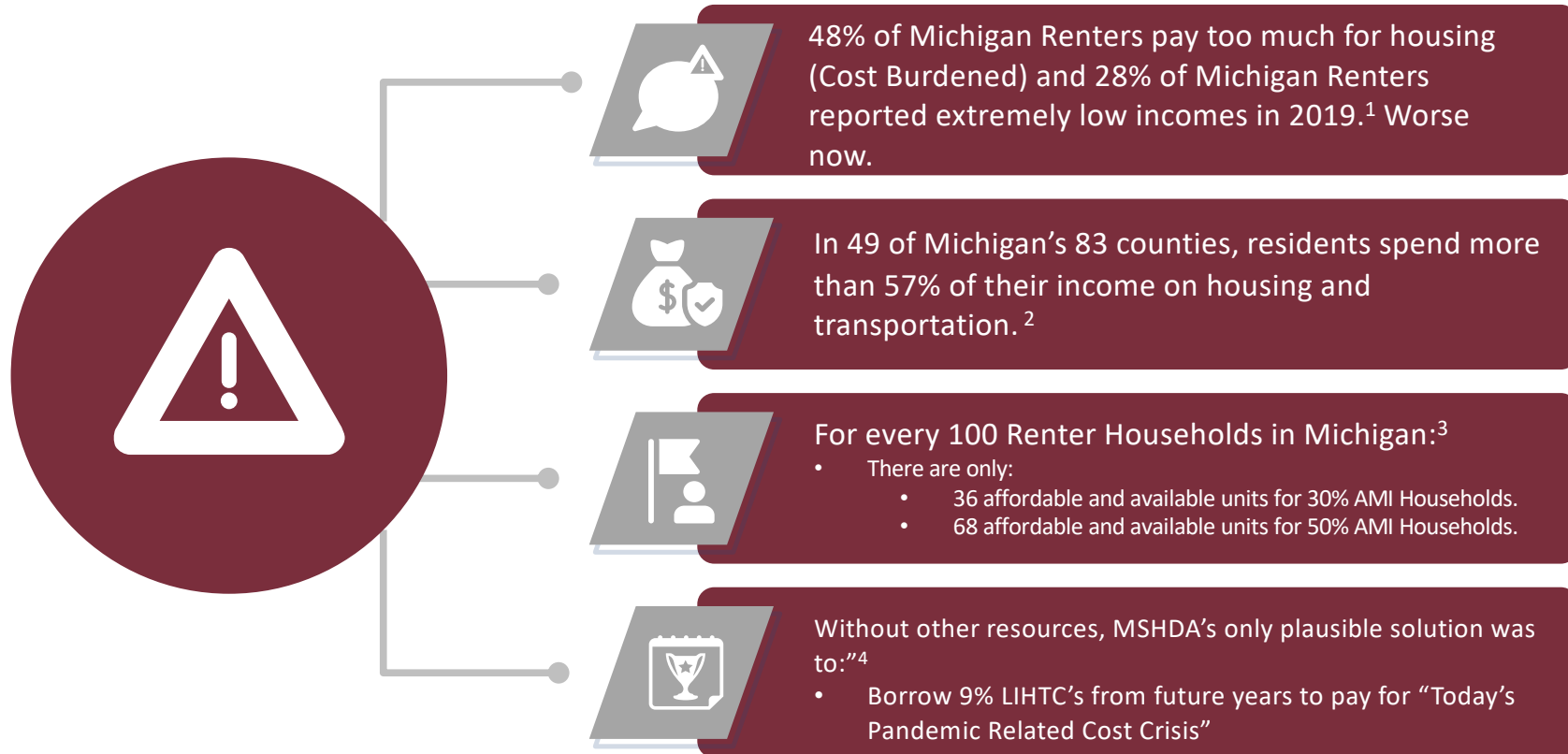
# Market Synopsis:

## Optimum Multi-Family Modular Factory

### Optimum's Specific Target Market

For the purposes of this endeavor, *Optimum Modular will primarily focus its efforts on the Low-Income Housing Tax Credit (LIHTC) Industry* with Ginosko Development Company (“GDC”) being the primary customer supporting the solvency of Optimum Modular through replicable non-competitive 4% LIHTC new construction communities.

Currently, the State of Michigan's Affordable Housing ecosystem lacks the appropriate funding to address current demand.



Source:

<sup>1</sup> Michigan Statewide Housing Plan & United for ALICE and Michigan Association of United Ways, ALICE in Michigan: A Financial Hardship Study, 2021, [https://static1.squarespace.com/static/571bf39ecd060243dd722481/60588ddc11252e23b5e62146b1616436677469/2021ALICEReport\\_MI\\_FINAL-3-15-21.pdf/](https://static1.squarespace.com/static/571bf39ecd060243dd722481/60588ddc11252e23b5e62146b1616436677469/2021ALICEReport_MI_FINAL-3-15-21.pdf/)

<sup>2</sup> Ibid.

<sup>3</sup> Housing Crisis Solution Coalition (HCSC), 2021: NLIHC tabulations of 2020 5-Year ACS PUMS.

<sup>4</sup> MSHDA FOIA Data (1/18/22 and 7/1/22 Supplemental 9% LIHTC Funding Rounds)

# Company Description: Optimum Multi-Family Modular Factory

## Michigan Affordable Housing: KEY STATISTICS<sup>1</sup>



### State Facts

MINIMUM WAGE	\$9.87
2-BEDROOM HOUSING WAGE	\$19.10
NUMBER OF RENTER HOUSEHOLDS	1,124,923
NUMBER OF RENTER HOUSEHOLDS BELOW 30% AMI	319,644
PERCENT OF RENTER HOUSEHOLDS BELOW 30% AMI	28%
NUMBER OF RENTER HOUSEHOLDS BELOW 50% AMI	510,969
PERCENT OF RENTER HOUSEHOLDS BELOW 50% AMI	45%

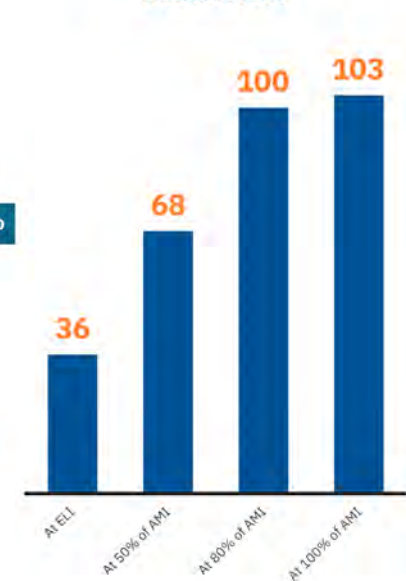
### Affordable Rent for Low Income Households



### Fair Market Rent



### AFFORDABLE AND AVAILABLE HOMES PER 100 RENTER HOUSEHOLDS



<sup>1</sup> National Low Income Housing Coalition – Out of Reach, 2022  
<sup>2</sup> Housing Crisis Solution Coalition (HCSC), 2021: NLIHC tabulations of 2020 5-Year ACS PUMS

# Distinctive Opportunities & Competencies: Optimum Multi-Family Modular Factory

## Affordable Housing Supply Crisis<sup>1</sup>:

AFFORDABLE UNITS BUILT VERSUS NEW AFFORDABLE RENTER HOUSEHOLDS (2000-2020)



The 2022 national hourly wage a full-time worker must earn to afford a rental unit without being “Cost Burdened” is **\$25.82 Per Hour for a modest Two-Bedroom and \$21.25 for a modest One-Bedroom.**<sup>2</sup>  
> Federal Minimum Wage = \$7.25 Per Hour

## Distinctive Competencies

Optimum Modular and Ginosko Development Company’s integrative approach offers *more* production and service efficiencies than both (1) current conventional construction methods, and (2) current modular construction methods. Our methods to save in construction timelines, costs, profit margins, and risks arising from several different areas.

1. The savings between the higher costing, inefficient delivery and mark-up of materials thru distributors, subcontractors, and the general contractor versus the more cost effective and efficient direct relationship between the supplier and Optimum Modular.
2. The savings between the heavily regulated, more costly on-site labor costs against the lightly regulated, lower costing off-site labor within a modular factory.
3. The time, cost, profit margin, and risk savings within all facets of the logistical process, not only in services and materials, but also in communication.
4. The mitigation of implementation risk with greater quality control of construction planning, pricing, and supply chains.

Source:

<sup>1</sup> Housing Crisis Solution Coalition (HCSC), 2021

<sup>2</sup> National Low Income Housing Coalition – Out of Reach, 2022

# Legal Structure of the Business:

Optimum Modular, LLC is formed as a limited liability company organized in the state of Michigan. The company is minority owned with over 96% owned by an African American (Irving Family & Currie Family) and a woman (Mary Tischler).

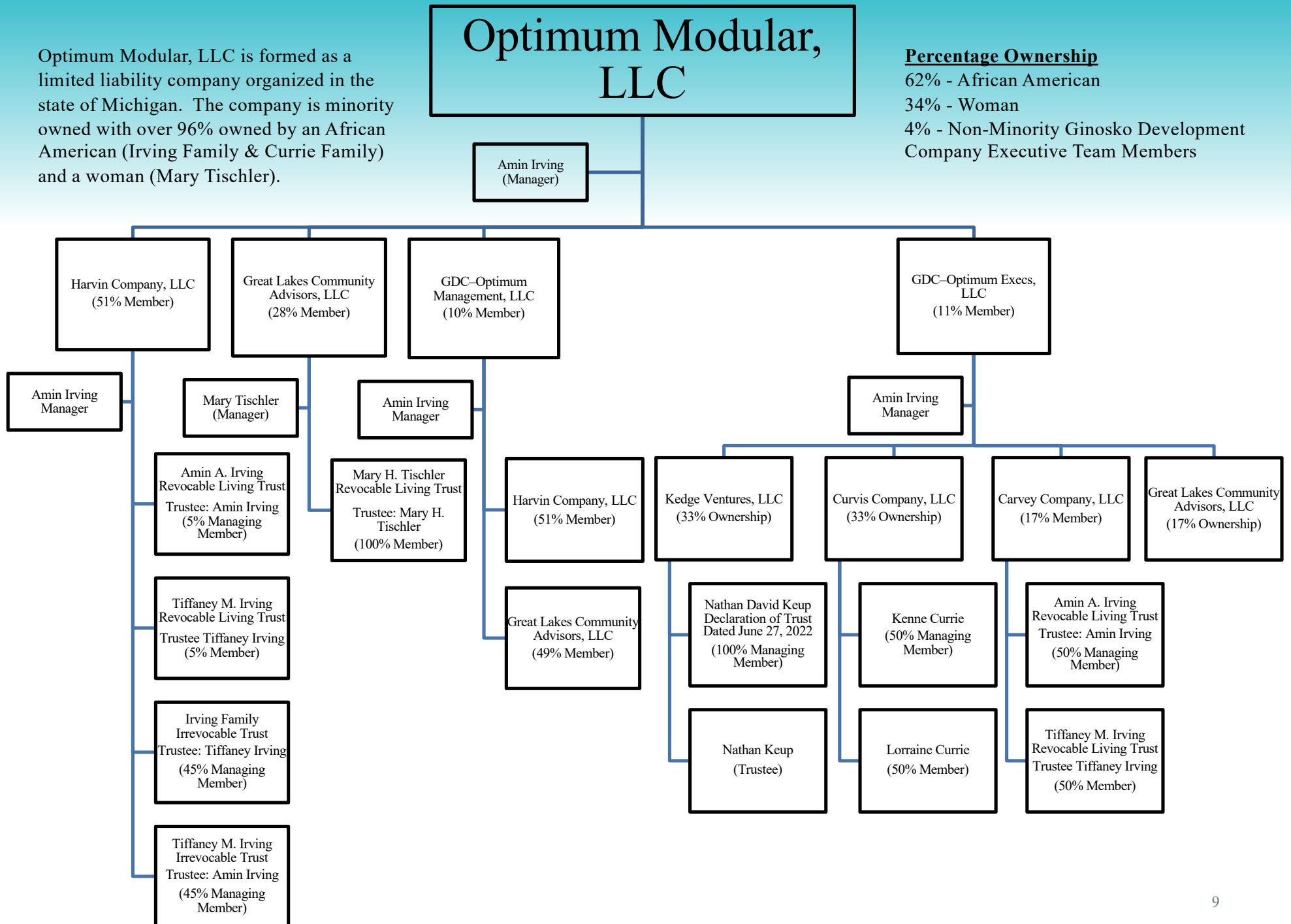
## Optimum Modular, LLC

### Percentage Ownership

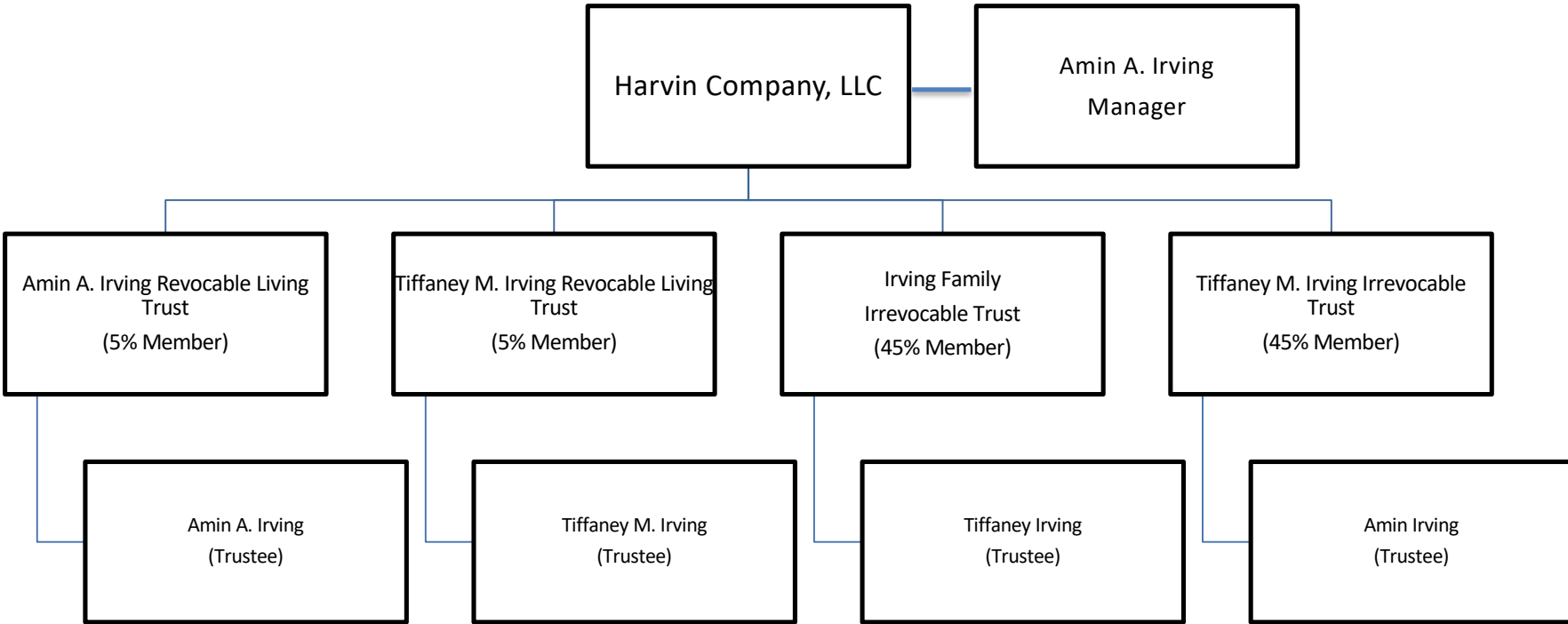
62% - African American

34% - Woman

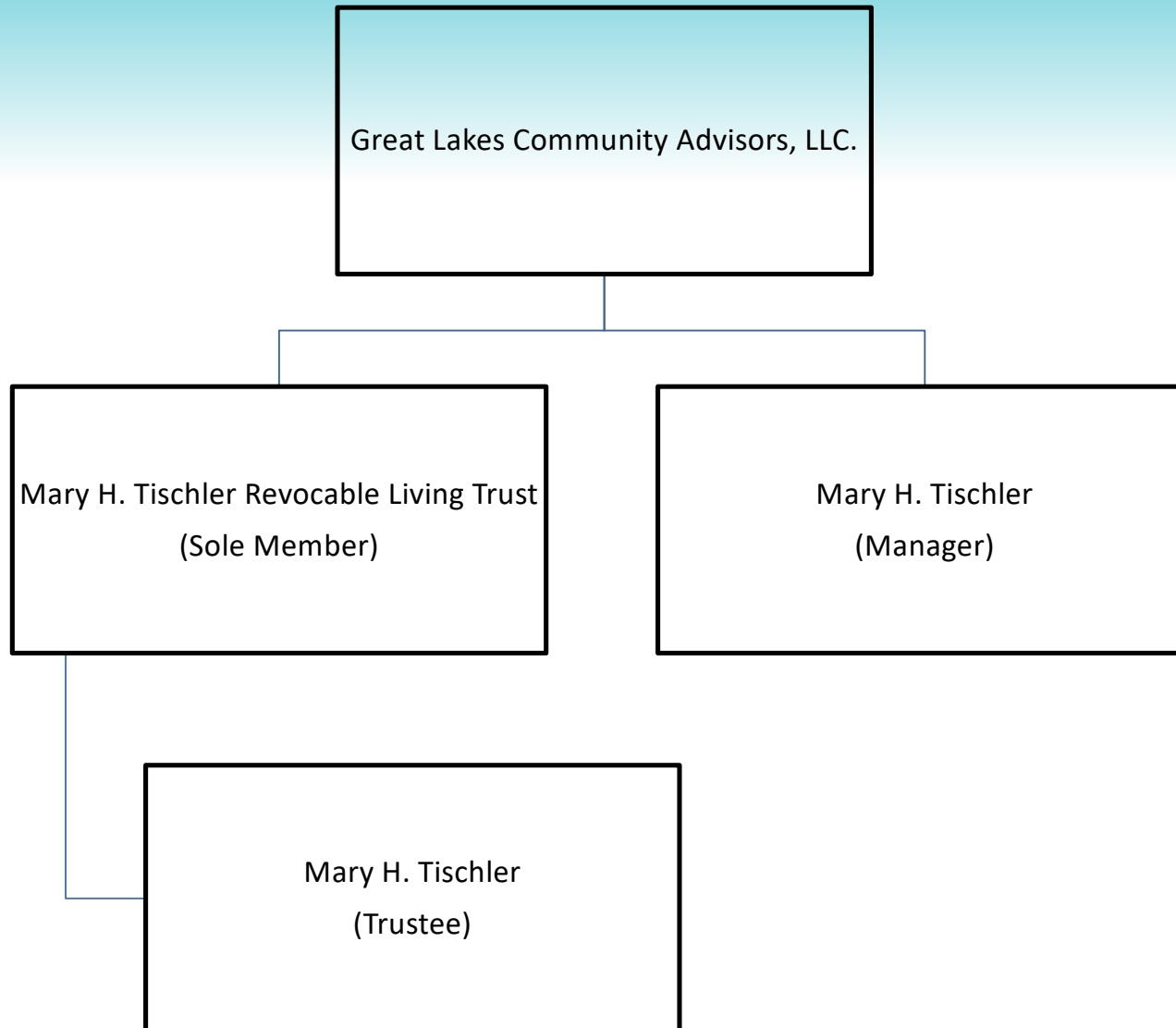
4% - Non-Minority Ginosko Development Company Executive Team Members



Entity Structure:  
**HARVIN COMPANY, LLC**  
Amin & Tiffaney Irving  
As of 1-1-2016 to Present



Entity Structure:  
**Great Lakes Community Advisors, LLC**  
Current



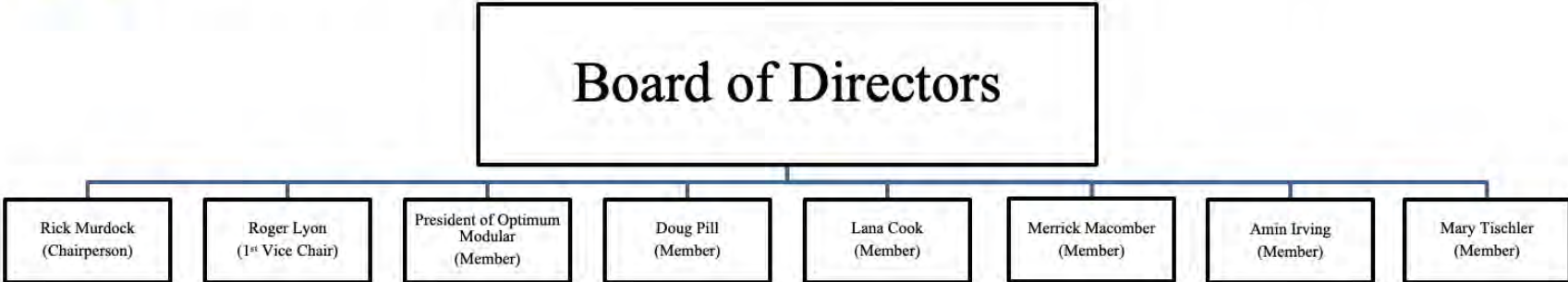
# Board of Directors: Optimum Multi-Family Modular Factory

Optimum Modular’s Board of Directors consists of over 115 years of multi-family modular construction experience and an additional 75 years of multi-family real estate development experience. Board members currently own modular manufacturing facilities, a modular design service firm, and thousands of multi-family apartment units.



GINOSKO  
DEVELOPMENT  
COMPANY

## Optimum Modular, LLC Board of Directors Organizational Chart



# Ginosko Development Company

## Organizational Structure & Governance



Ginosko Development Company is an S-Corporation organized in the State of Michigan. The company is 100% minority owned with 51% owned by an African American (Amin Irving) and 49% owned by a woman (Mary Tischler).

### Percentage Ownership

51% - African American: Amin Irving

49% - Woman: Mary Tischler





## **02: Transaction Structuring & Economics**

# Optimum Modular

(formally know as "Aslan Modular")

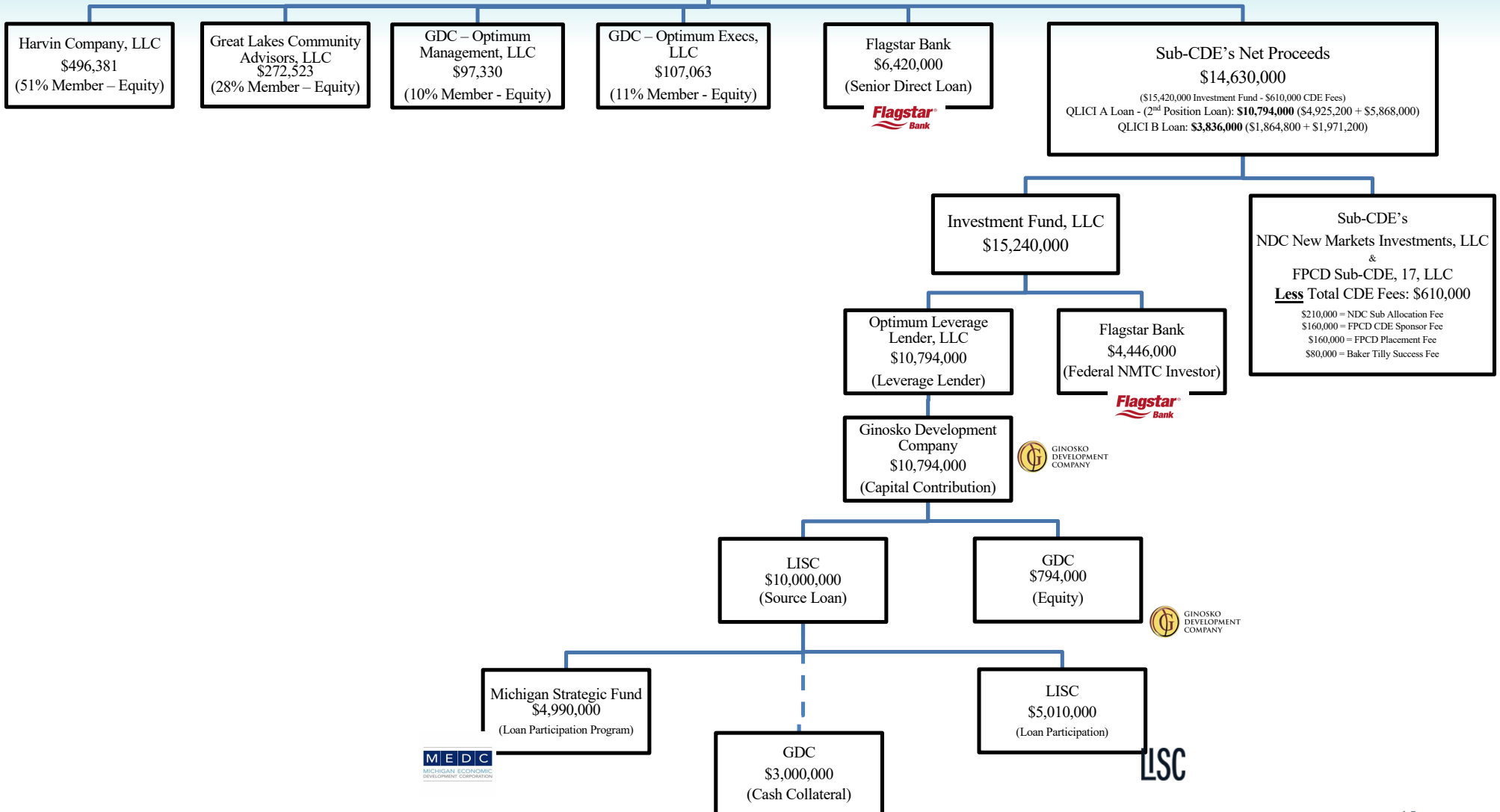
## New Markets Tax Credit

### Capital Structure Flow Chart

(Loan Participation Program)



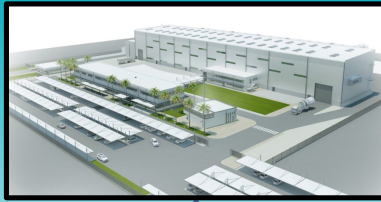
**Optimum Modular, LLC**  
\$22,023,297



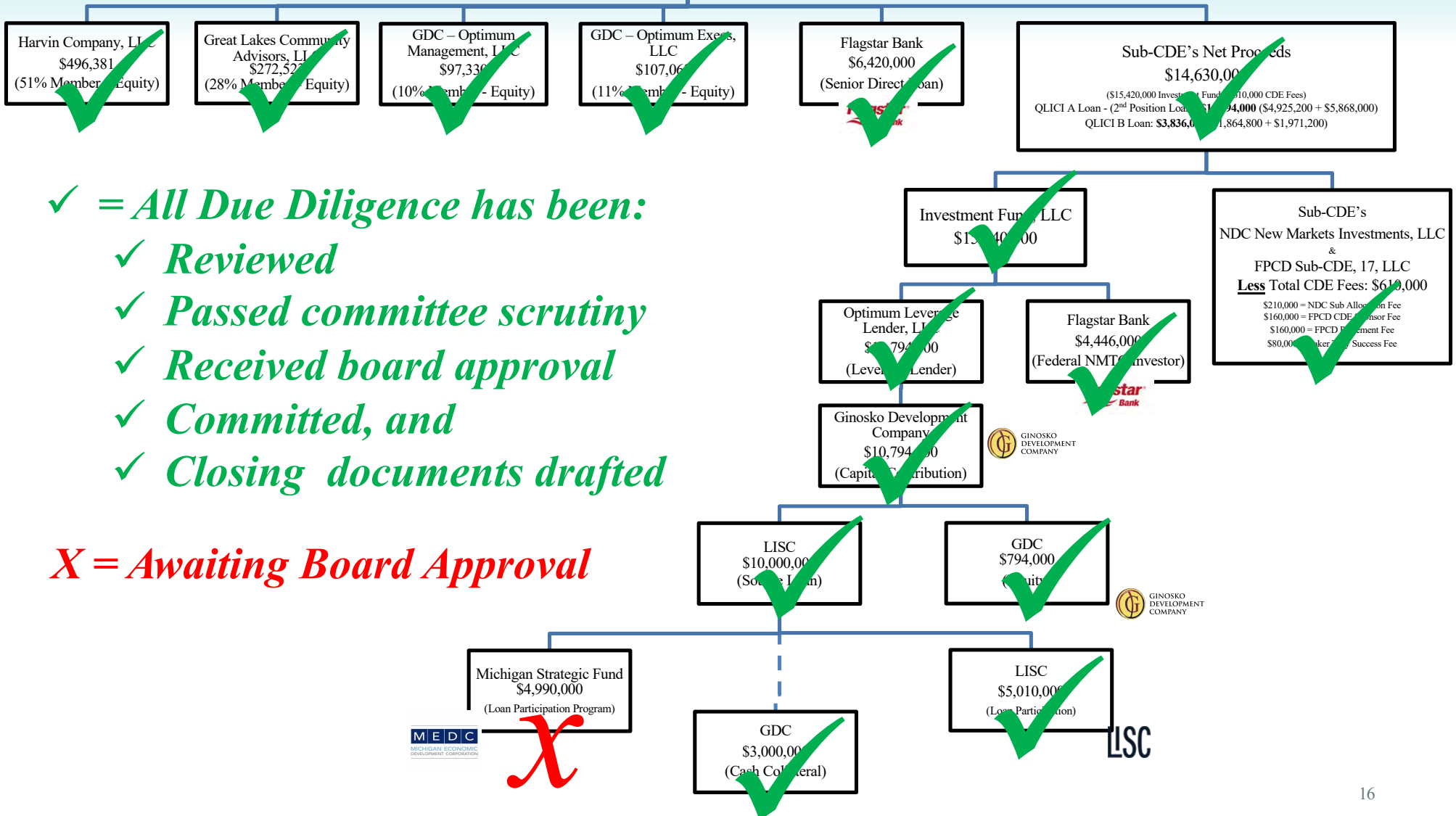
# Optimum Modular

(formally know as "Aslan Modular")

## New Markets Tax Credit Capital Structure Flow Chart (Loan Participation Program)



**Optimum Modular, LLC**  
\$22,023,297



- ✓ = All Due Diligence has been:
- ✓ Reviewed
- ✓ Passed committee scrutiny
- ✓ Received board approval
- ✓ Committed, and
- ✓ Closing documents drafted

**X = Awaiting Board Approval**

**OPTIMUM MODULAR, LLC**  
**SUPPLEMENTAL SCHEDULE OF FORECASTED PROJECT SOURCES & USES**

SOURCES	Pre-Closing	Closing	Post-Closing	Total
NDC QLICI Loan A	\$ -	\$ 4,925,200	\$ -	\$ 4,925,200
NDC QLICI Loan B	-	1,864,800	-	1,864,800
FPCD QLICI Loan A	-	5,868,800	-	5,868,800
FPCD QLICI Loan B	-	1,971,200	-	1,971,200
Harvin Company, LLC Equity	-	496,381	-	496,381
Great Lakes Community Advisors, LLC Equity	-	272,523	-	272,523
GDC - Optimum Mgmt, LLC Equity	-	97,330	-	97,330
GDC - Optimum Exec, LLC Equity	-	107,063	-	107,063
Pre-Development Loan	6,740,550	(6,740,550)	-	-
Flagstar Bank Direct Loan	-	-	6,420,000	6,420,000
<b>Total Sources</b>	<b>\$ 6,740,550</b>	<b>\$ 8,862,747</b>	<b>\$ 6,420,000</b>	<b>\$ 22,023,296</b>
<b>USES</b>				
<b>Acquisition / Demo Costs</b>				
Acquisition of Property	\$ 1,550,000	\$ -	\$ -	\$ 1,550,000
<b>Hard Costs</b>				
On Site Improvements	-	43,416	2,635,195	2,678,611
Sitework - Landscaping & Irrigation	-	-	147,231	147,231
Structures-New	3,784,563	511,695	503,463	4,799,721
Retainage	-	-	559,365	559,365
Contingency	-	4,761	420,233	424,994
Equipment	105,651	20,631	1,173,718	1,300,000
Appliances	-	35	2,145	2,180
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*** Construction Management Fee	-	258,529	2,072,828	2,331,357
Construction Contingency	-	-	1,000,000	1,000,000
<b>Soft Costs / Professional Fees</b>				
Design Architectural Fees	308,706	-	-	308,706
Supervisory Architect Fees	-	1,148	71,182	72,330
Engineering	84,900	2,600	-	87,500
Survey	11,000	39,000	-	50,000
Baker Tilly Environmental Studies Fee	47,234	7,766	-	55,000
Environmental Mitigation	-	2,700	47,300	50,000
Insurance - Builders Risk	169	146,779	-	146,948
Economic Impact Study	-	10,000	-	10,000
Permits & Fees	86,594	112,733	-	199,327
Appraisal / Valuation	4,500	15,500	-	20,000
Accounting & Auditing	-	-	12,000	12,000
Cost Certification	-	-	15,000	15,000
Real Estate Attorney	-	100,000	-	100,000
Modular Factory Setup Consulting Fees	428,430	150,188	-	578,618
Bonding Fee	17,764	-	-	17,764
Soft Cost Contingency	-	-	100,000	100,000
Marketing	4,228	-	115,772	120,000
Tax Credit Application Fees	-	7,000	-	7,000
Start-Up and Organization	138,050	5,450	-	143,500
<b>NMTC Transaction Costs</b>				
NMTC Legal/Accounting and Other Closing Costs	119,261	916,739	-	1,036,000
Baker Tilly Placement Fee	-	80,000	-	80,000
* *** Developer Fee	-	85,668	771,012	856,680
Flagstar Bank Financing Fees - Direct Loan	-	64,200	-	64,200
Construction Loan Inspections - Initial	-	6,000	-	6,000
Construction Loan Inspections - Monitoring	-	-	9,000	9,000
<b>NMTC Interest and Reserves</b>				
NDC QLICI Loan A Interest Payments	-	274	24,626	24,900
NDC QLICI Loan B Interest Payments	-	104	9,324	9,428
FPCD QLICI Loan A Interest Payments	-	326	29,344	29,670
FPCD QLICI Loan B Interest Payments	-	110	9,856	9,966
Flagstar Bank Direct Loan Interest Payments	-	-	68,952	68,952
Pre-Development Loan Fees and Interest Payments	49,500	-	-	49,500
Loan Servicing Fee	-	167	10,000	10,167
Reimbursements for NDC Asset Management Fees	-	3,733	21,000	24,733
Reimbursements for NDC Audit/Tax Preparation Fees	-	-	11,775	11,775
Reimbursements for FPCD Accounting Fee	-	-	21,000	21,000
NDC Asset Management Fees Reserve	-	290,267	(21,000)	269,267
NDC Audit/Tax Preparation Fees Reserve	-	94,200	(11,775)	82,425
** Flagstar Bank Direct Loan Debt Service Reserve	-	1,150,230	-	1,150,230
** Taxes and Insurance Escrows	-	800,000	-	800,000
<b>Deposit / (Withdrawal) Disbursing Account</b>	<b>-</b>	<b>3,882,700</b>	<b>(3,882,700)</b>	<b>-</b>
<b>Total Uses</b>	<b>\$ 6,740,550</b>	<b>\$ 8,862,747</b>	<b>\$ 6,420,000</b>	<b>\$ 22,023,297</b>
NMTC Legal/Accounting and other Closing Costs consists of:				
Fund Legal/Accounting Reporting	-	150,000	-	150,000
Borrower Legal	14,547	135,453	-	150,000
Flagstar Bank Legal Fees	-	300,000	-	300,000
CDE Legal	55,000	45,000	-	100,000
Tax Advantage Group	15,000	210,000	-	225,000
Novogradac & Company LLP - Forecast	22,214	26,286	-	48,500
MEDC Legal	-	50,000	-	50,000
Novogradac & Company LLP - Reasonableness Report	12,500	-	-	12,500
	<b>\$ 119,261</b>	<b>\$ 916,739</b>	<b>\$ -</b>	<b>\$ 1,036,000</b>

\* Post-closing developer fee payments will be made into a Flagstar Bank account

\*\* At closing, reserves will be funded into a blocked account at Flagstar Bank in connection with the Flagstar Bank Direct Loan

\*\*\* The Developer Fee and Construction Management Fee will be paid from equity and Direct Loan proceeds only.

# New Markets Tax Credit Program

## History

- Federal tax credit started in 2000
- Designed to promote economic development in the nation's economically distressed communities

## Impact between 2003-2015

- Supported over **5,000** projects, including more than **2,000** community facilities
- Provided subsidy for projects totaling over **\$81.6** billion
- Created more than **1,000,000** jobs

## Benefits to Projects

- **Subsidy:** Boosts available capital by 20-25%
- **Long-Term Financing:** Very low-cost, patient capital with 7+ year term
- **Permanency:** After 7 years, the additional capital converts to permanent equity

# New Markets Tax Credit Program

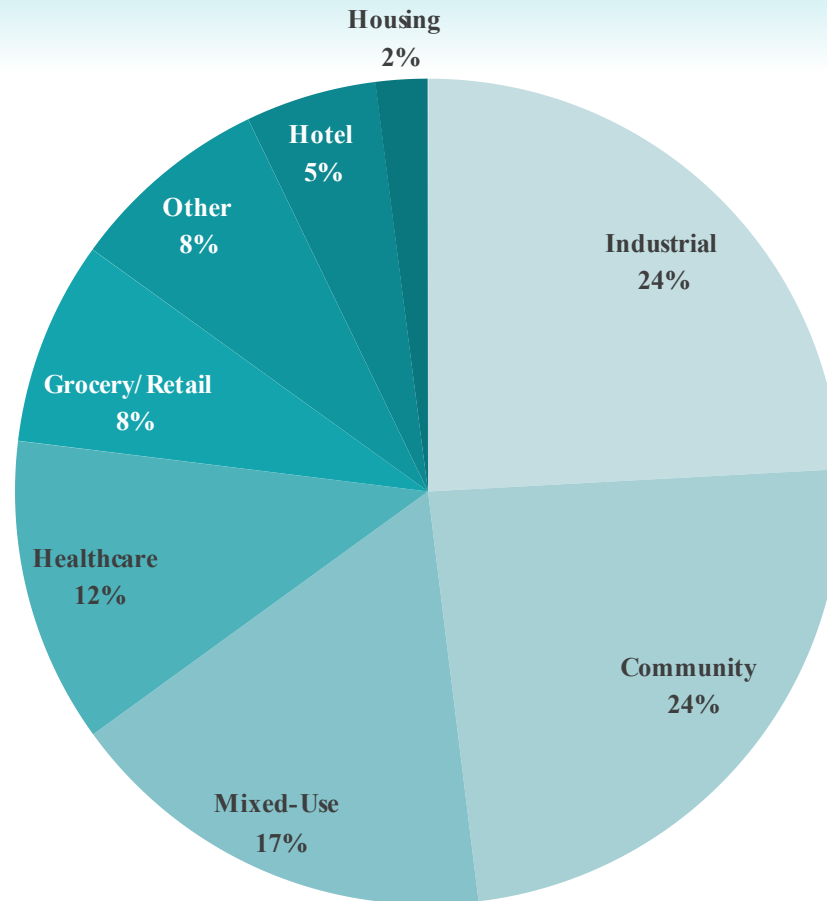
## Program Basics

### NMTC Goals & Objectives

- To attract private investment, the NMTC Program permits institutional investors to receive a credit against federal income taxes for making qualified equity investments (“QEIs”) in CDEs.
- For every dollar invested into the CDE, a 39% federal tax credit is generated over a 7-year period (the “NMTC Compliance Period”).\*
- CDEs use the QEIs to make investments in, or loans to, businesses located in low income areas.

\* The credit rate is 5% in each of the first 3 years and 6% in each of the final 4 years (of the original investment). Please note that a project cannot invest its own federal NMTCs.

# What Types of Projects do NMTC's Support?



Source: New Markets Tax Credit Coalition. NMTC Economic Impact Report (2003-2015). December 2017

# How Does a Project Qualify for NMTC's?

- In most cases, the NMTC Program utilizes geographic qualification based on census tract
  - Qualifying census tracts have either:
    - A poverty rate that exceeds 20%, or
    - Median income is below 80% of the greater of:
      - Statewide median income, or
      - Metropolitan area median income
  - About 39% of all census tracts are eligible; about 36% of US population lives in eligible census tracts
- While a census tract will qualify if it meets one of the above, most CDEs that receive credits (the “Allocatees”) commit to serve areas of higher distress.
- In fact, over 70% of NMTC investments have been made in highly distressed areas.



# What Makes A Good NMTC Prospect?

## Location

- Projects must be located in a Low-Income Community, defined as a census tract that meets one of the following criteria according to the 2011-2015 American Community Survey:
  - Median Family Income of 80% or less of Metro Median
  - Poverty rate of 20% or greater
- To be attractive, a project also needs to be located in an Area of Severe Distress (multiple definitions/paths to qualify)
- Mapping Tool: <https://www.novoco.com/resource-centers/new-markets-tax-credits/data-tools/nmtc-mapping-tool>

## Impact

- The most attractive projects offer strong community impacts with robust documentation

## Readiness

- Other financing sources (the Non-NMTC subsidy) need to be available as cash at NMTC closing
- Project needs to start spending NMTC proceeds upon closing
  - Real estate projects need to be in ready to begin construction at closing (e.g., building permit, contractor engaged, etc.)
  - Operating businesses need to have a clear plan to begin spending proceeds

## Need

- Projects must have a demonstrated need for NMTC subsidy—the “But For”

## Size

- Projects are typically \$5MM+ in total project cost

# What Constitutes Areas of Higher Distress?

- Census tracts with a median family income less than 60%;
- Tracts with poverty rates greater than 30%;
- Census tracts with unemployment rate at least 1.5 times the national average;
- Tracts located in counties not contained within a Metropolitan Statistical Area (MSA)\*;
- Projects serving Targeted Populations.

*\*Many CDEs commit to at least 20% of their investing in non-metropolitan census tracts*

*\*\*CDEs that wish to be classified as a Rural CDE must commit that at least 50% of their QLICs will be to projects located in tracts not contained within a MSA.*

# The NMTC Application Process

- NMTC Allocation Application: Highly Competitive
  - 2019: 206 CDEs applied requesting \$14.7 billion. Only 76 CDEs received an allocation award (36.9%).
- NMTC Application has five main sections:
  - Business Strategy
  - Community Outcomes
  - Management Capacity
  - Capitalization Strategy
  - Information Regarding Previous Awards
- Applicants tend to score better if they can “tell a good story.” This involves:
  - including a detailed pipeline of projects
  - having a good description of track record
  - telling the value added by NMTC subsidy within the service area
  - matching up the CDE (or its controlling entity’s) request for allocation to track record

# 03: Project Benefits & Strategy

# High Level Benefits:

## Optimum Multi-Family Modular Factory

### Jobs:

Job Category	Year 1	Year 2	Year 3
Clerical	4	4	4
Craftsman/Skilled	88	98	125
Managerial	11	11	11
Operators/Semi-Skilled	2	2	2
Professional	4	4	4
Sales	2	2	2
Technical	10	11	12
<b>Total Full-Time Jobs</b>	<b>121</b>	<b>132</b>	<b>160</b>

Job Category	Year 1	Year 2	Year 3
Clerical	\$242,080	\$385,815	\$395,230
Craftsman/Skilled	\$4,825,028	\$6,919,694	\$9,183,395
Managerial	\$1,086,360	\$1,267,209	\$1,297,217
Operators/Semi-Skilled	\$148,367	\$190,100	\$194,952
Professional	\$355,943	\$252,612	\$258,894
Sales	\$164,415	\$174,416	\$178,785
Technical	\$930,625	\$948,268	\$1,059,300
Payroll Taxes	\$410,127	\$588,174	\$780,589
Workers Comp	\$482,503	\$691,969	\$918,340
Benefits	\$1,013,760	\$1,411,200	\$1,800,000
<b>Total Wages (Annual)</b>	<b>\$9,659,208</b>	<b>\$12,829,457</b>	<b>\$16,066,702</b>

**Are there any ongoing operational benefits to low-income tenants to living in this type of housing? E.g. lower utility bills, improved indoor air quality, more square footage per dollar of rent, etc.?**

- Yes, in the sense that all the efficiencies resulting from a modular build directly passes to the end-user whereby the development can:
  - In general, each module has its own independent walls, floor, and ceiling. This means deeper floors and thicker walls compared to traditional construction. Which is beneficial in terms of acoustics, energy efficiency, and thermal comfort.
  - Service deeper income targeting (more 30% AMI units as opposed to 60%)
  - Service the much needed “Missing Middle” market (60.1% AMI to 120% AMI), which currently does not have a direct government subsidy or lending program in place to facilitate development.
  - Reduce market rate rents, thereby being more competitive to the existing market.
  - Assuming market rents remain the same, there would be an increase in unit size for the same rents as the existing supply.
  - Provides the opportunity to build low-income housing in higher-value markets as the project can afford a high land price.

**Would any positions be appropriate for unskilled new-hires?**

- Yes, Optimum Modular will support and grow the community by hiring the majority of its labor force from outside the construction industry. Many new hires will be enrolled into apprenticeship programs which will allow them to transform from unskilled to skilled tradespersons. In addition to those hired for modular plant=line construction jobs, general laborers, cleaners, and other unskilled positions will be required as is typical in plant labor force.

# High Level Benefits:

## Optimum Multi-Family Modular Factory

### Other Benefits:

- ✓ Increase 4% LIHTC Direct Loan production for MSHDA *without gap financing!*
- ✓ Optimum Modular will have \$2,000,000 in Budgeted Reserves that will be deposited into the Banks holding accounts.
- ✓ Banks & Investors will have an even more nimble approach to meeting CRA needs.
  - Should a CRA need arise in a particular area, the Ginosko-Optimum Method can quickly analyze and create a multi-family housing community to meet that CRA need with its Replicable 4% LIHTC Model.
- ✓ Diversified approach to increasing Returns.
- ✓ In the future, the Bank will have an opportunity to INCREASE its LIHTC IRR's through a "Direct Investment" by only utilizing LIHTC Syndicator's in an Asset Management and Compliance Role.
  - ✓ Upper-Tier Reserves stay with the Bank.

# High Level Benefits:

## Optimum Multi-Family Modular Factory

### Other Benefits:

**Have you identified any programs through which you will hire particularly disadvantaged workers? What typical barriers to employment would they be overcoming?**

- ✓ Yes. Optimum Modular and Ginosko Development Company are members of the Michigan Minority Contractors Association to specifically tap into disadvantaged workers.
  - ✓ For over 10 years, Ginosko Development Company has diligently strived to uphold certain municipal requirements, like the City of Detroit's Executive Order 2007-1 require at least 51% of the workforce come from City of Detroit residents. This has led Ginosko Development Company to establish programs that identifies disadvantaged workers and assist them in obtaining the proper thresholds to participate in a Federally funded project.
- ✓ Some of the barriers the workers would be overcoming may include:
  - ✓ The barrier of penetrating existing established subcontractor to general contractor relationship that negates the need for "new" subcontractors to enter the market.
  - ✓ The barrier of being required to "float" payments for 60-Days while draw requests are being approved by various gov't agencies.
  - ✓ The need to travel to various locations for jobs, which may limit opportunities for individuals with certain scheduling requirements.

**Will there be any targets for acquisition of supplies from minority-owned businesses, female-owned businesses, and/or veteran-owned businesses? If so, what is the annual dollar amount goal for each of these business types?**

Yes, Optimum Modular has minority supplier requirements as follows:

Minority-Owned – 10%

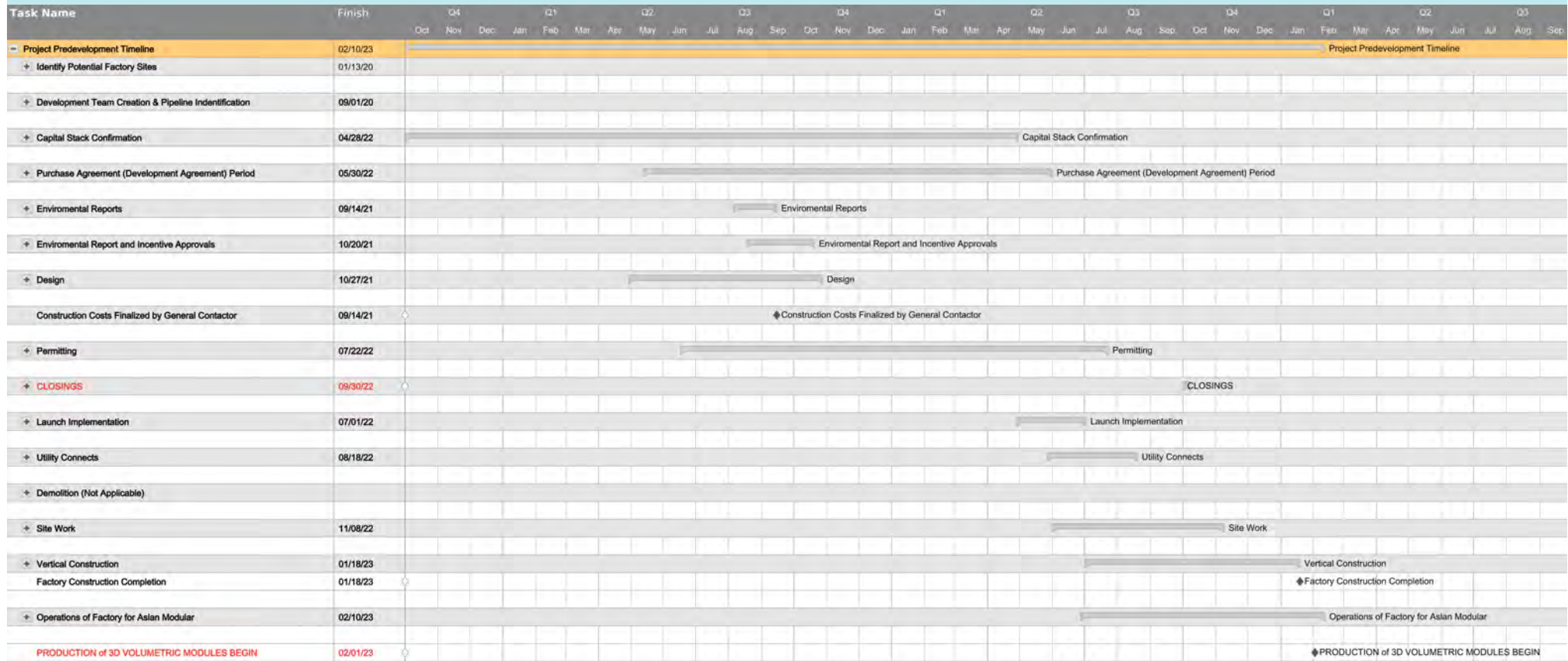
Female Owned – 8%

Veteran Owned – 2%

# 04: Timeline



# Where We Are Now & Where We Are Going: Optimum Multi-Family Modular Factory





Ginosko Development Company

[www.Ginosko.com](http://www.Ginosko.com)

**Optimum Modular, LLC**  
**Executive Summary**

Vertically Integrated Business Expansion Strategy

*Confidentiality Notice: This communication, and/or attached document(s), contains information from Ginosko Development Company that is confidential and/or may be privileged. The information is intended only for the individual(s) named on this communication. If you are not an intended recipient, you are hereby notified that any disclosure, copying, distribution, or the taking of any action in reliance upon this communication is strictly prohibited. If you have received this communication in error, please notify the sender immediately and destroy the communication and/or all copies that were sent to you in error. Thank you.*

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## **Purpose of the Plan**

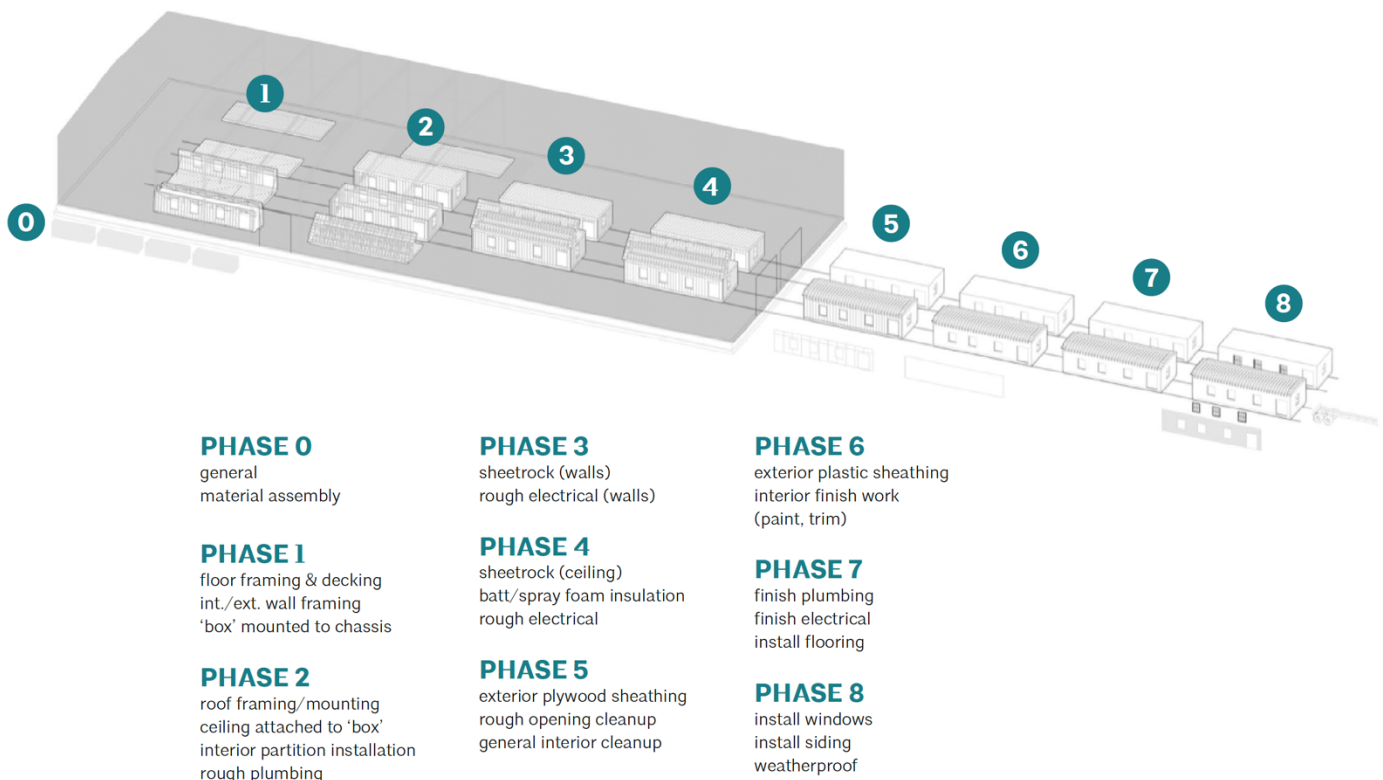
The purpose of this Optimum Modular, LLC (“OM”) Business Plan is to mitigate the risks of effectuating a Multifamily Modular Manufacturing Facility in Michigan by:

- documenting the operational plan for controlling the business, and
- attracting lender(s), equity investors, as well as Federal, State, and Local capital to the endeavor.

## **Company Description**

Optimum Modular is a vertically integrated, construction oriented, business expansion of Ginosko Development Company. In broad terms, Optimum Modular will be producing standardized modules (“Lego Blocks”) of an apartment building in an off-site factory, then connect those Lego Blocks on-site at a final destination. It is simply a different and more efficient process to assemble the materials and components of a building. When implemented effectively this approach has been shown to result in a higher-quality building, delivered in a shorter time frame, with more predictable costs, and fewer environmental impacts.

### **ASLAN MODULAR MANUFACTURING PHASES**



Permanent Modular Construction (PMC), or 3D Volumetric buildings are subject to the same building codes and requirements as structures built on-site, depreciate in much the same manner, and are classified as real property. Optimum Modular will provide construction-related services for the successful design, manufacturing, delivery, installation, and finish-out of the multifamily buildings.

Many industries regularly use permanent modular construction, including schools, banks, restaurants, hospitals, hotels, medical clinics, and housing. The industries that fall within Optimum Modular’s services are numerous (as measured by the North American Industry Classification System, or NAICS), but the most common categories associated with the PMC industry include:

- 236116 New Multifamily Housing Construction
- 236220 Commercial and Institutional Building Construction
- 321992 Prefabricated Wood Building Manufacturing

## Modular Building Basics

In broad terms, multifamily 3D Volumetric Permanent Modular Construction (PMC) consists of:

1. **Producing *WHOLE* building units (aka: “Lego blocks”, “3D Volumetric Units”, “Modules”, or “Pods”) constructed off-site in a controlled assembly line setting.**
  - fully furnished modules produced in a factory, which could constitute an apartment unit, a stairwell, or part of a room, that can be assembled on-site like a series of Lego bricks.
2. Transported to the construction site on a flatbed trailer.
3. Modules are lifted into their final location on a foundation.
  - Modules can come together in a number of ways to create an incredible variety of spatial forms.
4. Modules are finished (aka: “Buttoned-Up” or “Stitched Together”) on-site at the final location.

## The Modular Building Process

1. Modules Built in Factory



3. Craned and Connected



5. Completed Building



2. Shipped by Truck to the Project Site



4. Siding & Roofing Outside, MEP & Finish Inside

## How Optimum Modular, LLC relates to Ginosko Development Company

- Ginosko Development Company (GDC) is a real estate development company that oversees and selects all facets of a real estate endeavor, including but not limited to (1) determining what land to build upon, (2) what construction company to use, (3) what lender to use, (4) how to properly interact with the Federal, State, and Local officials, (5) what property management company to use, (6) what architectural firm to use, and (7) crafting what the overall strategy will be for a real estate endeavor.
- **Ginosko Development Company seeks to vertically integrate its operations by incorporating a Multifamily Modular Factory to produce its replicable new construction real estate strategies.**
- Founded by Amin Irving and John Hayes in 2002, Ginosko Development Company began by recognizing the growing demands of preserving and establishing safe, sophisticated, quality residences for the full spectrum of socio-economic households.
- Ginosko Development Company, thru affiliated entities, has amassed a real estate portfolio of over 3,100 units totaling over \$450 Million in capitalized value.
- Ginosko Development Company has developed a replicable new construction business model that is mostly insulated from the ups-and-downs of economic cycles as GDC properties predominately service low-income families. Since, the risk of uncertain pipeline has greatly reduced, Optimum Modular is primarily insulated from the need to compete with and depend upon other factories for business as it will be the exclusive modular provider for Ginosko Development Company.



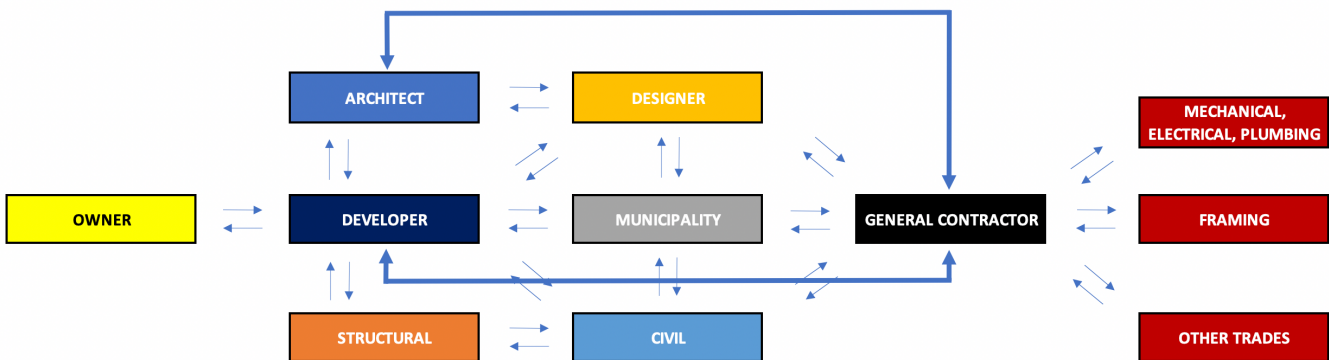
**Distinctive Competencies**

Optimum Modular and Ginosko Development Company’s integrative approach offers *more* production and service efficiencies than both (1) current conventional construction methods, and (2) current modular construction methods. Our methods to save in construction timelines, costs, profit margins, and risks arising from several different areas.

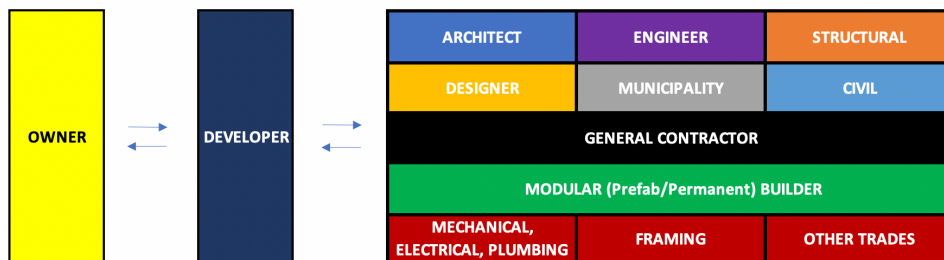
1. The savings between the higher costing, inefficient delivery and mark-up of materials thru distributors, subcontractors, and the general contractor versus the more cost effective and efficient direct relationship between the supplier and Optimum Modular.
2. The savings between the heavily regulated, more costly on-site labor costs against the lightly regulated, lower costing off-site labor within a modular factory.
3. The time, cost, profit margin, and risk savings within all facets of the logistical process, not only in services and materials, but also in communication.
4. The mitigation of implementation risk with greater quality control of construction planning, pricing, and supply chains.

Given these trade-offs, the Optimum-Ginosko approach to new construction projects will maximize cost savings by controlling the highest proportion of service and labor-intensive activities within the context of the greatest levels of repeatability.

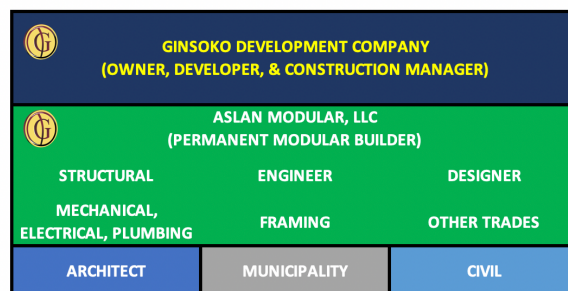
**Current CONVENTIONAL Construction Structure**



**Current MODULAR Construction Structure**



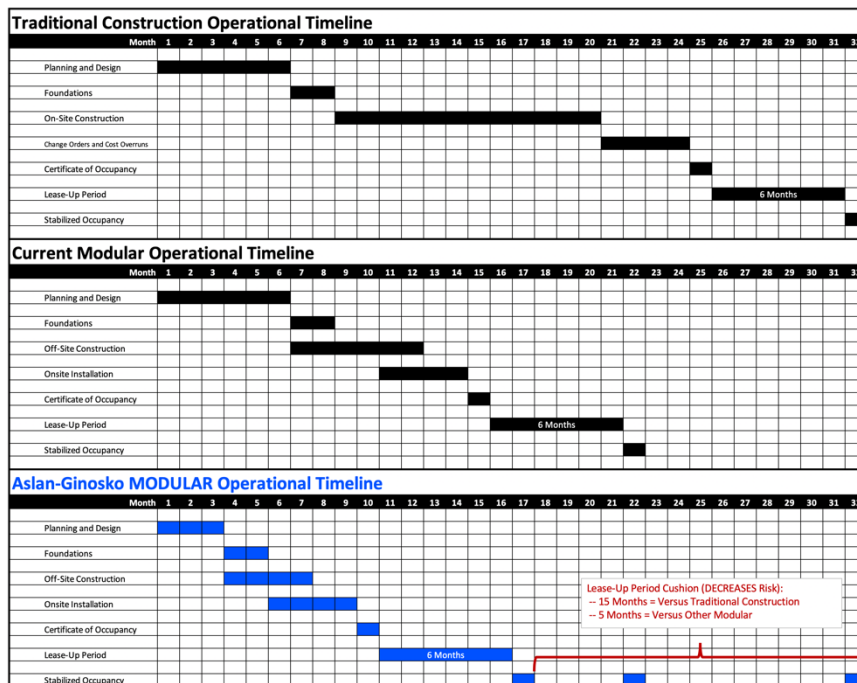
**Aslan-Ginosko MODULAR Construction Structure**



There are many competitive advantages that the vertical integration approach between Optimum Modular and Ginosko Development Company maintains over not only traditional construction methods but current modular manufacturing structures where there still exists a separation between the owner, developer, general contractor, and modular manufacturer.

- Eliminates Multiple Layers of Fees
  - Optimum Modular and Ginosko Development Company realized the tragic opportunity for modular manufacturers, architects, general contractors, and construction managers to increase their profit margins in the modular manufacturing space without any benefit being passed onto the owners, developers, or allocators of precious government subsidies and contracts. Even if the entire construction industry transitioned to permanent modular construction, instead of passing those time and cost savings on to the owner, third party construction teams will simply increase their profit margins to achieve pricing levels similar to that of traditional construction methods. Hence the reason many people only hear of costs savings in the context of time, and not cost savings in the context of profit margins or supply chains. Moreover, 3<sup>rd</sup> Party modular manufacturers only sell the savings of time to developers and owners, keeping the increased profit margin for themselves. The Optimum-Ginosko approach not only saves a project in time, but it also shares the increased profit margin savings with the developer, owner, and ultimately the end user. Therefore, we will have a competitive advantage by capitalizing on the efficient use of Federal, State, and Local resources with the marketing strategy of not only time, but holistic cost efficiency and resiliency.
- Ability to Satisfy Customer Needs
  - Optimum Modular has a distinct competitive advantage because the customer (Ginosko Development Company) is essentially one with the service provider (Optimum Modular). Instead of the myopic approach of maximizing profit margins for the general contractor and the modular manufacturer, there is a holistic approach to profitability that includes the owner's goals and objectives.
- Mitigate Skilled Labor Shortage Risks
  - Optimum modular as well as Ginosko Development Company virtually insulate themselves from skilled labor shortage risks as we only have to hire one labor force of specialty tradespeople for a myriad pipeline of projects. Whereas, under current conventional methods, general contractors and specialty trades are newly hired every single time a new project commences.
- Quick and Nimble Market Penetration
  - Optimum Modular already has 2 years of committed pipeline projects with an additional 3 years of off-market pipeline projects in the works, mitigating the risk of high initial overhead costs.
- Track Record and Reputation
  - Executive team and Board Members have previous experience in starting over 15 Modular Manufacturing firms globally.
  - Executive team and Board Members have a combined experience of successfully operating modular manufacturing facilities for over 115 years.

- Implementation Efficiencies
  - Unlike traditional modular builds, where a lot of time and consternation is dedicated to establishing which party is responsible for the modular components (financial cost and liability risk) at each point in the development process, the Optimum-Ginosko method has already mitigated those roles and responsibility risks.
  - Also resolved are the construction tolerances and interface details of how components fabricated off-site will connect to elements built on-site.
  - Moreover, sequencing has already been well-planned and clearly addressed during the concept phase, unlike traditional modular builds where sequencing discussions begin at the Design Phase.
  - Optimum Modular and Ginosko Development Company have already addressed the critical step in clearly defining roles and responsibilities ensuring that all costs and responsibilities are agreed upon and captured prior to Ginosko Development Company's internal Investment Committee meeting. Lastly, the liability is greatly reduced as the owners of the apartment community also hold a majority ownership in Optimum Modular.
  
- Timeline Efficiencies
  - When it comes to maximizing the benefits of modular construction, timing is very important. The schedule efficiencies can be reduced or lost if the overall process is not well organized. Unlike the traditional modular approach where a detailed timeline with milestones are simply created in a vacuum between the Modular Manufacturer and General Contractor, the Optimum-Ginosko method already has an agreed upon timeline that was created by ownership, the VP's, and the design and production team within Optimum Modular during the Concept Phase of a project.



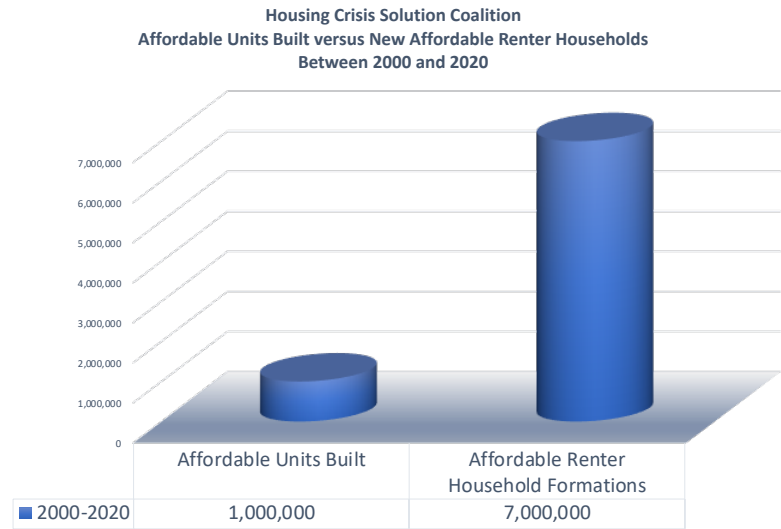
All of these competitive advantages and operational efficiencies allow for a more conservative deal that produces the same, if not better financial returns than a traditional construction or other 3D volumetric builders. The Lease-Up cushion alone puts an Optimum-Ginosko development at a major advantage not only to hedge against market risk, but it allows us to implement more rigorous leasing standards that increases the likelihood of a more stabilized community.



**Market Analysis**

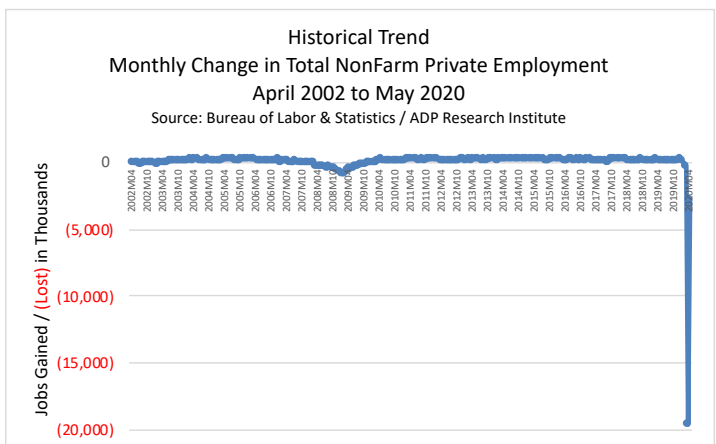
Ginosko Development Company’s vertical integration strategy with Optimum Modular has identified unique strategies to decrease the housing cost burden of renters, especially low-income renters. According to a recent report called “The State of the Nation’s Housing 2018” issued by the Joint Center for Housing Studies of Harvard University (JCHS), homeownership rates among young adults are even lower than in 1988, and the share of cost-burdened renters is significantly higher, with almost half of all renters paying more than 30% of their income for housing. *Soaring housing costs are largely to blame.* The national median rent rose 20% faster than overall inflation between 1990 and 2016 and the median home price rose 41% faster. While better housing quality accounts for some of the increased costs, higher costs for building materials and labor, limited productivity gains, increased land costs, new regulatory barriers, and growing income inequality all played major roles as well.

Perhaps it should come as no surprise that the multifamily sector was the fastest growing sector for the modular industry in 2018. **Total production of multifamily modules more than doubled from 1,136 units in 2017 to 2,314 units in 2018.** *California, Massachusetts, Florida, New York, Washington, New Jersey, and Colorado were the top seven states (in order) with the most modular multifamily units - which we believe is the precursor for what's to come in the Midwest* that Optimum Modular will be well positioned to capitalize upon - indicating a huge market opportunity for an industry that can deliver on speed to occupancy. The cash flow difference alone is enough to encourage many developers to consider modular construction. The added benefits of cost certainty, quality, and worker safety make this an obvious growth market for the modular industry.



- **Anticipated Changes within the Market & COVID-19 Impact**

According to the Bureau of Labor and Statistics, COVID-19 facilitated the loss of over 22 Million jobs in April and May of 2020 alone. Given COVID-19, the US is beginning to see that GDP has exchanged resiliency for efficiency, however we anticipate market and regulatory corrections. Optimum Modular seeks to capitalize on global supply chains being domesticated, which will lead to a surge in incentives for purchasing items manufactured in the US. Furthermore, the significant spike in unemployment due to COVID-19 will increase the need for affordable housing. History points to increased government incentives to help stabilize economic woes and we believe Optimum Modular is well positioned to supply the growing demand of low-income and affordable housing due to COVID-19 unemployment spikes.



- Optimum’s Specific Target Market

For the purposes of this endeavor, *Optimum Modular will primarily focus its efforts on the Low-Income Housing Tax Credit (LIHTC) Industry* with Ginosko Development Company (“GDC”) being the primary customer supporting the solvency of Optimum Modular through replicable non-competitive 4% LIHTC new construction communities.

- Critical Needs within Target Market

The National Low-Income Housing Coalition (NLIHC) reports a shortage of seven million available and affordable rental units for America’s Extremely Low-Income (ELI) renters in its annual report, “The Gap: A Shortage of Affordable Homes 2019,” released on March 14, 2019 indicates that this shortage leaves only 37 available and affordable rental units for every 100 ELI renter households. ***The Coalition found that no state or major metropolitan area has an adequate supply of rental housing for its poorest renters.***

**Lowest-Income Renters Increasingly Outnumber the Supply of Units They Can Afford**



Notes: Extremely low-income renter households earn no more than 30% of area median income. Affordability is defined as paying no more than 30% of income for rent and utilities after adjusting for household size. Unavailable units are affordable but occupied by higher-income renters.  
Source: JCHS tabulations of National Low Income Housing Coalition, *The Gap: A Shortage of Affordable Homes 2018*.

- Major Customer Groups

Outside of Ginosko Development Company, the Major Customer Groups are as follows:

- **Businesses:**
  - Housing Commissions ripe for HUD’s Rental Assistance Demonstration Program.
  - Non-Profits seeking a “turn-key” solution for their Low-Income Housing Tax Credit Project.
  - For-Profit LIHTC Developers seeking to lower construction costs.
  - “Un-Vertically” integrated Real Estate Development Companies
  - Colleges and Universities
  - Hotel and Motel Chains
- **Government Agencies:**
  - Military Units of Government seeking to update their housing stock.
  - FEMA in cases of Post-Disaster Housing
- **Consumers:**
  - Communities (Municipalities and Neighborhoods) of Low-Income Housing Tax Credit eligible families seeking unburdened rental housing.
  - Owners ranging from families seeking to diversify their investment holdings by owning small 2-Plex’s to large institutional Real Estate Investment Trusts building 4,000-unit apartment communities.

- Competition

The existence of 3D volumetric modular construction in the context of multifamily housing poses a real threat to general contractors, construction managers, and specialty trades (subcontractors) alike. This is primarily due to the fact that these professions will no longer be in control of:

1. Raw material purchases and mark-ups.
2. Labor rates and crew sizes.
3. Project selection.
4. Bonding and Insurance mark-ups.
5. Other scrupulous mark-up schemes and change orders.

## ***Sales Strategy***

- **Marketing Penetration Strategy**

Optimum Modular is in a unique position in that it is simply a business expansion of Ginosko Development Company and only needs to penetrate to one particular Company to mitigate startup risk and build a solid foundation for the first two years of operations; therefore in the context of business expansion, Optimum Modular has already penetrated the market. It is also anticipated that Ginosko Development Company’s replicable 4% LIHTC New Construction Model will sustain operations throughout the life of the company. However, in a traditional sense, a modular manufacturing company’s go-to-market strategies include deeper partnerships with owners, developers, construction firms, and financiers.

Should Optimum Modular seek to expand its business operations, a good starting point is identifying the segments of a Developer and/or Owner portfolio growth strategy where volume, repeatability, and retained ownership come into play. This will be designed as a “product core” that remains consistent across all Developers and Owners. These strategies will then be tailored for the Optimum Modular approach (for instance, tailoring the ground floor and exterior designs for a particular Developer or Owner, reducing the use of basements, and changing room widths to maximum road transport limits, yet minimizing variability within the core structure). Using Permanent Modular Construction (PMC), while offering a degree of customization—such as enabling customers to choose some interior finishes and altering the façade and layout, will be crucial to satisfying both end customers and local authorities.

In the event that GDC’s replicable 4% LIHTC strategy is not sustainable, Optimum Modular has also identified and secured a series of off-market projects fit for 3D volumetric production. These projects are projected to sustain Optimum Modular for an additional three years of operations, resulting in a total project pipeline of five (5) years of revenue before having to market to additional 3<sup>rd</sup> party entities.

- **Growth Strategy (Internal)**

The internal growth is directly dependent upon Ginosko Development Company’s ability to secure additional locations to build upon. As of June 18, 2020, Ginosko has identified over 159 parcels actively available for sale that fits the land use, price, land size, employment, and demographic characteristics within an 800-mile radius of the modular facility.



- **Growth Strategy (External)**

Optimum Modular also has a horizontal growth strategy (providing the same product to different users) in addition to GDC’s replicable 4% LIHTC strategy. Optimum Modular has identified and secured a series of off-market projects fit for 3D volumetric production.

These projects are projected to sustain Optimum Modular for an additional three years of operations, resulting in a total project pipeline of five (5) years of revenue before having to market to additional 3<sup>rd</sup> party entities.

- **Growth Strategy (Vertical)**

Optimum Modular’s vertical marketing strategy (providing the products at different levels of the distribution chain) involves ownership and control of other aspects of the Modular process, including but not limited to:

- Delivery
- Crane Setting and Installation
- Finishing and Mechanical, Electrical, and Plumbing (MEP) field work.

- **Resiliency Strategy**

According to Dodge Data & Analytics 2020 SmartMarket Report on Modular Construction, the chart at right shows the top 5 building types identified by architects and engineers. Design firms are extremely positive about the role of modular on multifamily projects going forward.

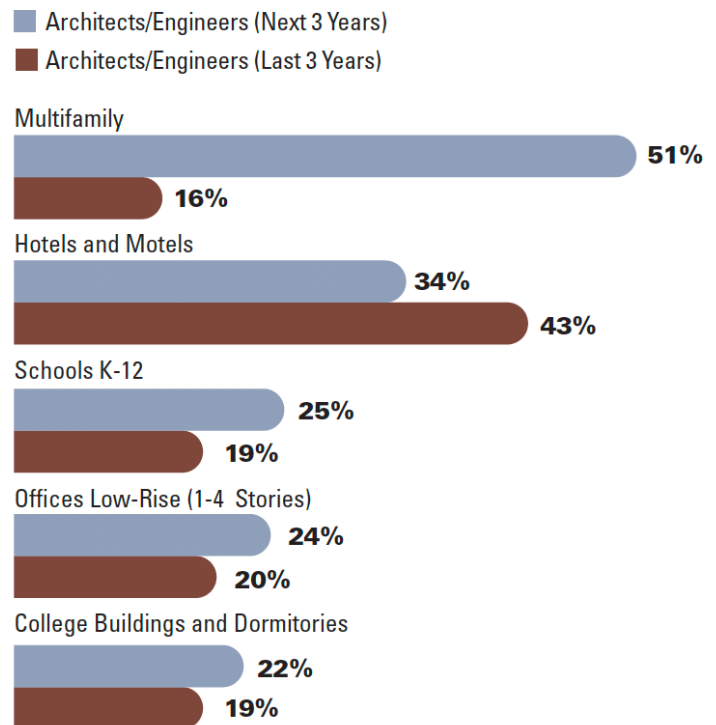
This speaks to the sentiments of owners in their conversations with architects and engineers for future deals. The graph above is a clear indication that owners and developers alike, especially in the multi-family housing market, there is an ever increasing need to create a product that is more efficient and cost effective than traditional housing norms.

The primary factors that will lead to Optimum Modular’s success are:

1. Ginosko Development Company has a non-competitive replicable Multifamily Modular product that it can “drop” anywhere where certain market dynamics thrive.
2. Ginosko Development Company’s ability to secure available opportunities that fit the land use, price, land size, employment, and demographic characteristics within an 800-mile radius of the modular facility.
3. Perpetual supply of low-income renters.
4. As a vertical integration arm of GDC, Optimum’s replicable product being produced without the multiple layered mark-ups associated with traditional construction methods. Allowing for a much more cost-efficient product which puts GDC at a distinct competitive advantage when obtaining federal resources.

**Architects/Engineers’ Top 10 Most Frequent Building Types for Using Permanent Modular Construction** (Forecast for Next 3 Years Compared With History of Last 3 Years)

Dodge Data & Analytics, 2020



**Operations**

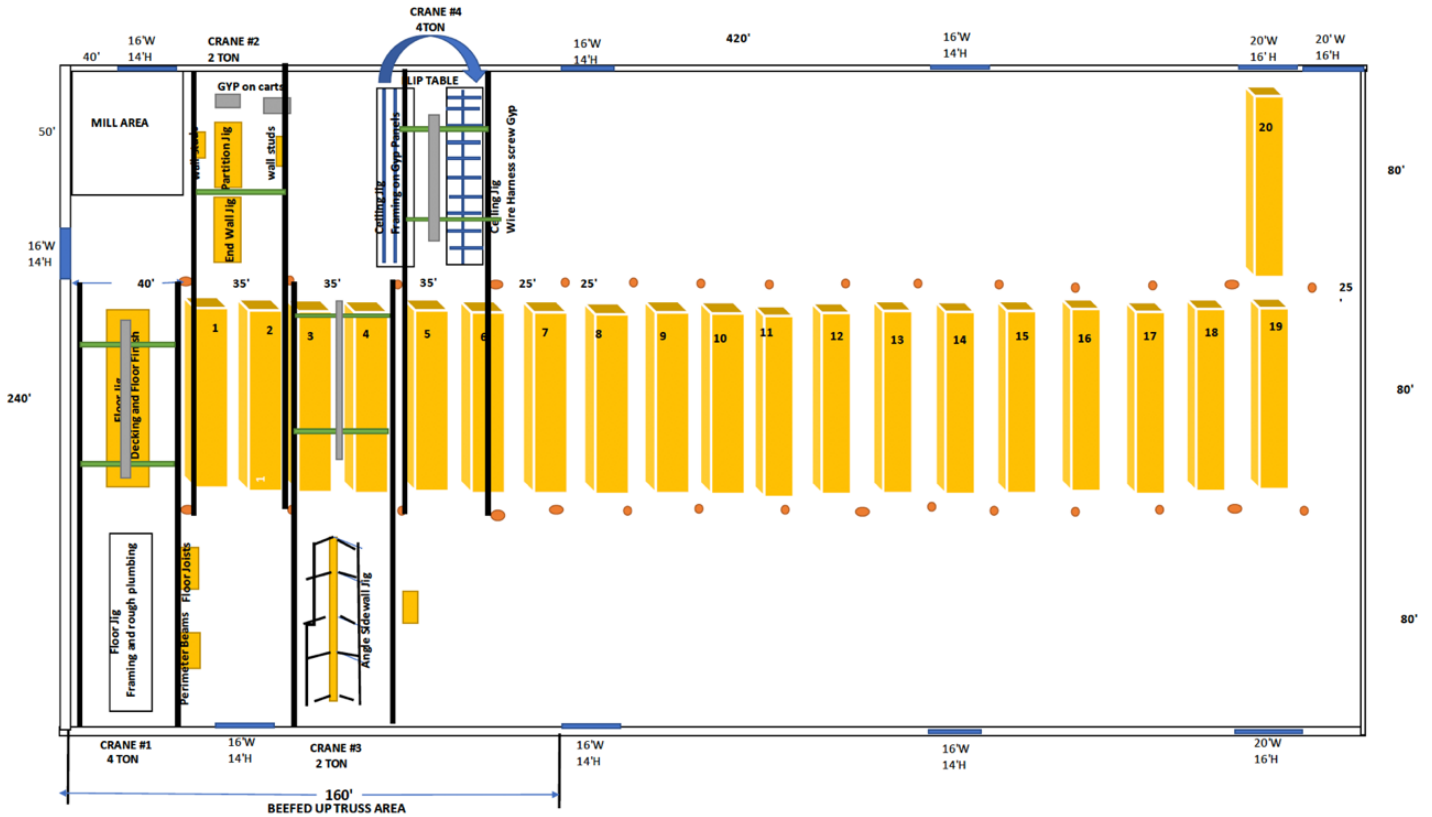
The success of a Permanent Modular Construction (PMC) approach is contingent on how well information is shared between the various parties involved, especially the owner, developer, the design team, the modular manufacturer, and the on-site construction management team. With modular construction it is especially important to demarcate work that will occur off-site from that which will be performed on-site as well as to specify who “owns” each module when. Fortunately, the Optimum-Ginosko method integrates the owner, developer, major components of the design team, and the modular manufacturer all under “one-roof”, greatly reducing implementation and liability risk. The Optimum-Ginosko approach to modular operations is separated into three (3) phases:

1. Concept Phase
2. Design Phase
3. Production Phase

Optimum Modular has chosen the linear production approach as it is a methodology that maximizes efficiency and minimizes trade disruption. Furthermore, the linear production approach has a proven track record across many industries. We have 20 workstations that a module passes through prior to exiting the factory. Every single production station will have its own operating and procedural manual that details safety protocols,

equipment to be used, exactly what needs to be assembled, why it needs to be assembled, and how it needs to be assembled.

Our assembly line for the *permanent* factory located at 16500 Wahrman Rd, Romulus, MI 48174 is as follows:



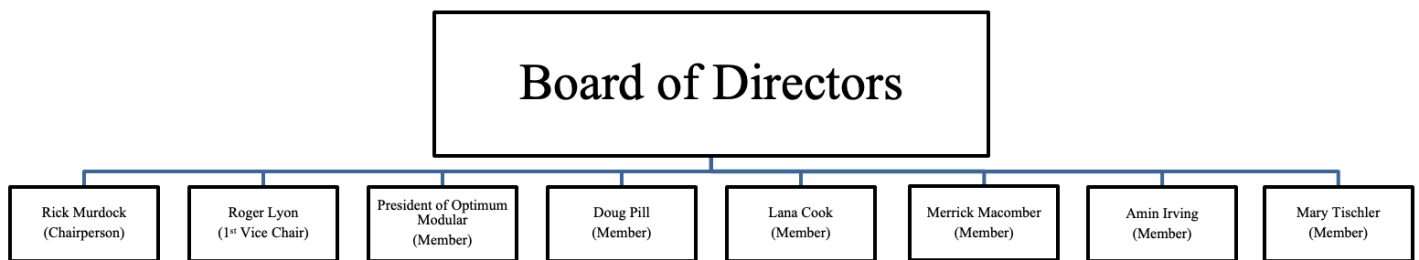
- Board of Directors**

Optimum Modular’s Board of Directors consists of over 115 years of multi-family modular construction experience and an additional 75 years of multi-family real estate development experience. Board members currently own modular manufacturing facilities, a modular design service firm, and thousands of multi-family apartment units.



**GINOSKO  
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COMPANY**

**Optimum Modular, LLC**  
Board of Directors Organizational Chart





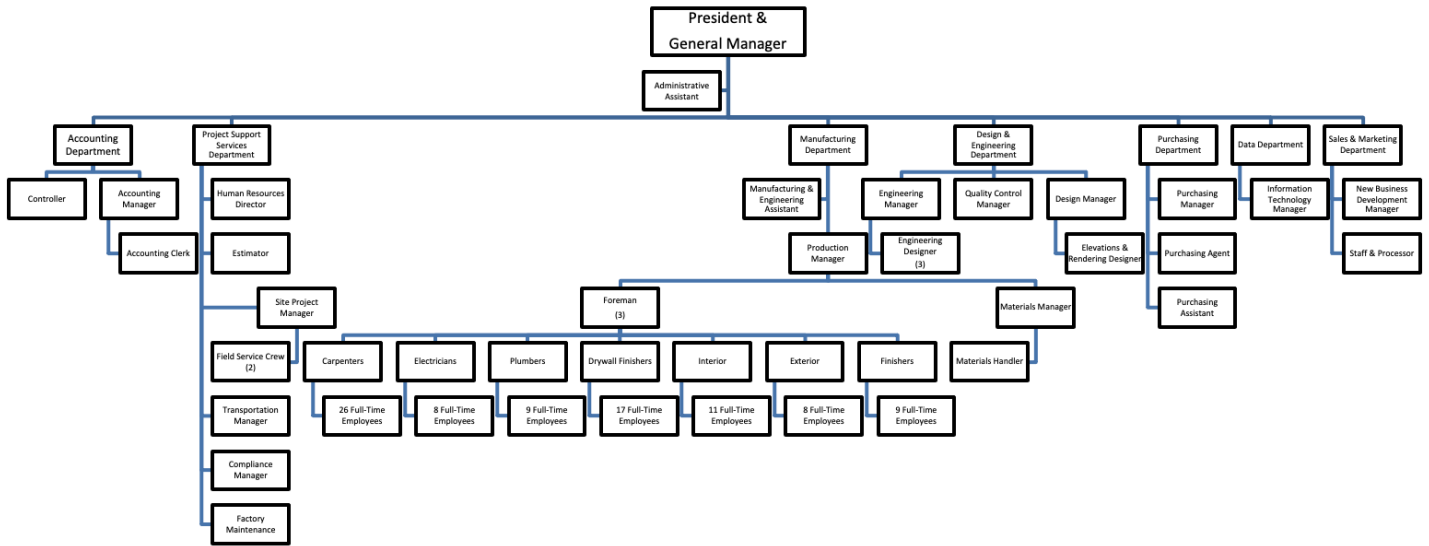
- Management Staff Structure

Optimum Modular’s management team will consist of well-experienced professionals throughout the modular manufacturing industry. Optimum Modular has identified and will utilize the recruitment of a staffing agency that specializes in modular manufacturing employees to assist in the recruitment of not only the Management team, but skilled and semi-skilled candidates from production and supply-chain environments. Optimum Modular’s organizational chart is as follows:



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**Optimum Modular, LLC  
Organizational Chart  
(Year 1 = 121 Full-Time Employees)**

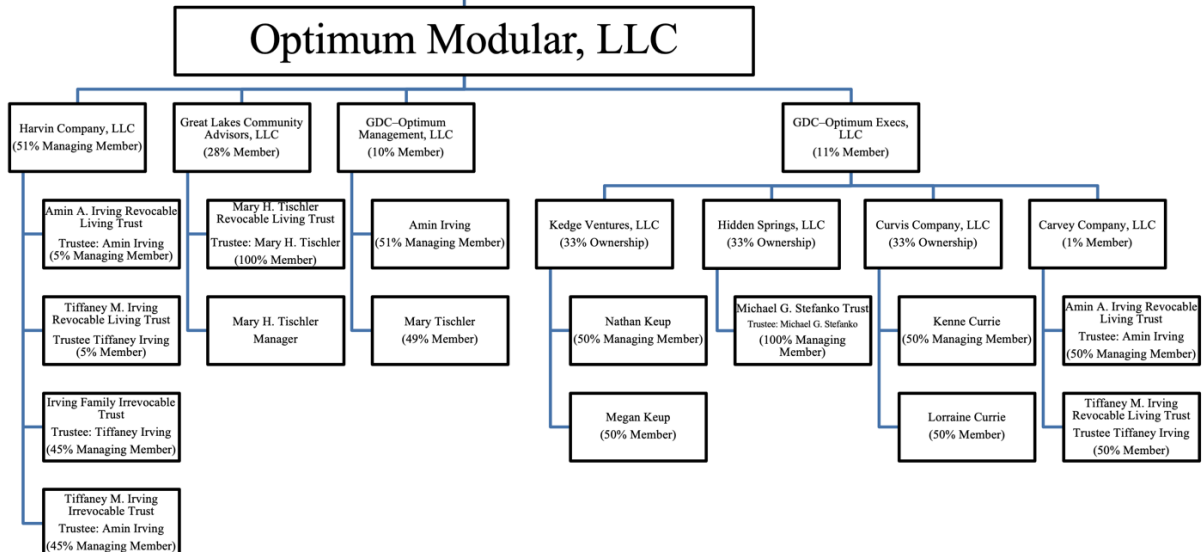


- Legal Structure of the Business



**GINOSKO  
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COMPANY**

**Optimum Modular, LLC  
Ownership Organizational Chart**



Optimum Modular, LLC is formed as a limited liability company organized in the state of Michigan. The company is minority owned with over 79% owned by an African American (Amin Irving) and a woman (Mary Tischler). Although not yet certified as a minority owned business and a woman owned business, Optimum Modular, LLC seeks to obtain those certification designations.

- Percentage Ownership
  - 55% - African American
  - 28% - Woman
  - 10% - President of Optimum Modular
  - 7% - Non-Minority Ginosko Development Company Executive Team Members

### ***Financial Data***

Optimum-Ginosko underwriting model incorporates all activities associated with the project, from acquiring and developing the real estate to operating the actual business.

Optimum Modular Underwriting Model includes:

- Real Estate:
  - i. Acquiring the land.
  - ii. Demolishing the existing building.
  - iii. Erecting the permanent factory.
  - iv. Collecting lease revenue (as well as additional proceeds) from Optimum Modular.
- Operations:
  - i. Purchasing the all equipment necessary for the assembly line.
  - ii. Hiring all of the staff.
  - iii. Effectuating operations.
  - iv. Establishing proper working capital reserves.
- Sources & Uses of Funds
  - *Available Upon Request*
- Strategy Period Month-By-Month Source & Use of Funds
  - *Available Upon Request*
- 10 Year Profit and Loss
  - *Available Upon Request*
  - **Total Income** is a function of an Optimum Modular, LLC production escalation up to **900** apartment units *per year* beginning in 2023.
    - According to CoStar, on average there are **123,136** new construction garden style multi-family units produced *per year* in an 800-mile radius of the Optimum Modular factory.
    - This means that the Optimum Modular underwriting model anticipates a **0.73% capture rate**.
- Distributable Cash Flow Waterfall
  - *Available Upon Request*
- Equity Investor Benefits Schedule
  - *Available Upon Request*
- Exit (Sale) Analysis
  - *Available Upon Request*