



# GATEWAY

Opportunity Funds

# Grand Junction

A Premier Opportunity Zone  
Investment Project

I N D U S T R I A L

Preferred Return: **8%**

IRR<sup>†</sup>: **26.3%**

Cash-on-Cash Return<sup>‡</sup>: **28.93%**

**TOTAL CAPITAL RAISE: \$8.4M**

See Page 15 for full Financial Summary. <sup>†</sup> EBITDA <sup>‡</sup> 10-Year Averaged

**GATEWAY**  
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# Executive Summary

**Gateway Opportunity Funds has been retained by Foothills Logistics, LLC (“Sponsor”) to develop a qualified opportunity zone investment fund (QOF) for the construction of a modular housing factory, employing the best available technology, that will provide product to multiple, multi-family, workforce and commercial projects.** The factory’s cost is \$26.1 million and will be financed with \$18.2 million of committed debt, and \$7.90 million of net equity. The factory is expected to create 125 new jobs when fully functional.

The facility will be leased to Mosaic Housing, LLC (“Tenant”) (see Exhibit C) on a long term (10yr) lease (see Exhibit D).

The factory is being built in Grand Junction, Colorado on a 15-acre site and will feed out to Las Vegas/Northern AZ, down to TX and east to the Colorado Front Range. The site is part of a 177-acre site acquired by a related entity, controlled by the principle of Mosaic Housing, with a proposed 1,600 residential units, plus 600,000 square feet of commercial and retail on the site. All of the above will be using output from the factory.

A multifamily workforce housing project is schedule to be the first production run for the factory upon completion in 2022.

Under the proposed structure, the Fund will own 80% of the facility which will entitle investors in the Fund to the associated Qualified Opportunity Zone tax benefits. (See Exhibit E – Financials) for full fund structure and detailed financial projections.



# Executive Summary

## MARKET OPPORTUNITY

- According to Freddie Mac, in the United States, as of 4th quarter 2020 there is a **supply shortage of about 3.8 million homes up 52% from the 2.5 million estimate in 2018.**
- While the U.S. housing shortage crisis won't be solved overnight, **modular homes point the way forward.** America's tech giants certainly seem to think so. Between them, **Google and Microsoft have invested a combined \$530 million in modular home building on the West Coast.**
- As adoption increases, modular homes will present a viable way to close the country's current housing gap.

## COMPANY OVERVIEW

- Mosaic Housing ("Mosaic" or "the Company"), headquartered in Colorado, **manufactures and designs large modular construction projects and modular multi-family housing.**
- With **2 manufacturing facilities** in Houston (Built) and Grand Junction (planned), Mosaic will have the capability to build **4 million square feet of modular construction annually.**
- **Founded and led by Stuart Borne** and a professional management team, the Company also has a team of highly experienced construction and manufacturing professionals.

# Grand Junction Industrial Development



**Industrial Factory  
Development Capital  
Requirements**

**\$8.4M Equity**

**Industrial Factory in  
Grand Junction, CO**

208,275 sq. ft. Industrial building for  
Mosaic Housing on a 15-acre parcel

- a. Cost: \$26M
- b. \*10-Year Hold Whole Dollar  
Profit EBITDA: \$44,701,000

Horizontal Infrastructure Started and financed  
with Metro-district.

**10-to-18-month construction period**



# Gateway Opportunity Fund V: Grand Junction Factory

## 10-YEAR FINANCIAL RESULTS

Year	QOZB (EBITDA)	QOZB (Levered)
2022	(Construction)	(Construction)
2023	1,252,960	500,150
2024	1,284,284	354,929
2025	1,316,391	380,520
2026	1,349,301	407,655
2027	1,383,033	436,090
2028	1,417,609	466,799
2029	1,453,049	498,181
2030	1,489,376	528,196
2031	1,526,610	558,902
Liquidation	32,228,435	20,168,262
<b>TOTAL</b>	<b>44,701,049</b>	<b>24,299,684</b>

10-Year Financial Results	
Equity Investment	8,400,000

EBITDA	
EBITDA-10 Year IRR	26.30%
Total Equity Multiple	5.32

Results After Debt Service	
Leveraged 10-Year IRR	14.01%
Total Equity Multiple	2.89
10-Yr. Avg. Cash-on-Cash Yield	28.93%

# Grand Junction Facility

## A STATE-OF-THE-ART FACILITY USING ADVANCED TECHNOLOGY



- **New state-of-the-art production facility** is located on the western slopes of the Rocky Mountains
- **208,275 square foot manufacturing facility** - planned to undertake construction of modular manufactured residential units
- Ability to easily service states from Minnesota to Texas, Iowa to California

### EFFICIENCY, QUALITY & SPEED

#### Mosaic is bringing this European technology to the U.S.

- Mosaic uses Building Information Modeling (BIM) system to digitally model every inch of every home before start of production. BIM allows collaboration by all the different stakeholders.

#### Mosaic technology coats, treats and dries.

- Finished wall panels can be delivered to the floor for module assembly just-in-time.
- This allows for a balanced more direct assembly line.

#### Mosaic's CAD operation is one of the few in the world that utilizes 3-D architectural/engineering drawings AND creates machine code that is WiFi'ed to the floor for fabrication requiring no human intervention.

- Mosaic's automated system can produce 2x-3x the output with half the workforce--up to 2,000 units per year.

# Mosaic Housing

The Leading-Edge Approach on Industrialized Modular Housing for Affordable and Attainable Housing



# MOSAIC HOUSING

Mosaic Housing, LLC is an integrated manufacturing, real estate investment & development company, based in Denver, Colorado, that offers a business-to-business (B2B) housing delivery platform serving Development Partners and Investors. Our firm brings a turnkey solution from concept to occupancy that we call “Housing As A Service”.



All Projects to be **Master Planned Communities** for **200-1000+ Total Housing Units**



Focus on **Employee Housing** for **Top Tier Corporate Partners**, e.g. Alphabet, Google



Factories to Serve a **500 Mile Radius**, Delivering 6 of the **Top 10 Growing Markets** in the US



Corporate and Project **Debt Partners in Place** to Scale



**Land Secured** and/or Under Contract in all **3 Plant Locations** for First Development Projects



**Experienced production builders**, such as Amherst Homes, with current purchase orders (PO's)



**GATEWAY**  
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# Business Strategy

**The United States currently faces a well-documented attainable housing crisis. The cost of living from consumer products to groceries and housing, have increased over the last 20 years, but wages and have simply not kept pace.**

There is little to no inventory in the lower market segments, presenting an opportunity for an affordable solution to builders most everywhere. An estimated 3.8M Housing Supply Shortage in Q4 2020 from Freddie Mac, that's grown 52% from the 2.5M estimate in 2018.

As the population continues to migrate from colder climates with high tax rates to warmer states with favorable tax structures the crisis will only grow. This housing crisis needs to be addressed by something other than standard building practices. These practices have proven over the last decade that they cannot be cost effective to make building the needed housing affordable to buyers while being profitable for builder. Coupled with higher lumber and general material costs and struggling to find works, this crisis needs better solutions.

**Modular building is a proven process**, compared to standard building limitations, which demonstrates they are not able to provide an affordable solution.

The Principal of Mosaic Housing, LLC has extensive experience in modular housing and real estate development. Housing shortages (particularly entry level and multifamily) throughout the country are well known. What may be less well known is how this type of construction is the future from a cost, quality, technology and efficiency standpoint. From the lack of employing available technology in the construction industry over many decades, to the decline of unions and shortage of skilled tradesmen, modular housing is the way many structures will be built going forward. Mosaic Housing foresees multiple factories being built across the country to serve many developers, builders and markets in need of this product to meet the strong need for obtainable housing.

Mosaic Housing currently has a factory in Houston, Texas. Grand Junction, Colorado is the planned opening in 2022.

Mosaic Housing currently has over 4,500 unit orders under Letter of Intent to deliver out of this facility and there are at least 10 other projects and customers who have expressed interest with Letters of Interest for committed production from this factory.

Mosaic's total current development pipeline has almost 8,000 units projected with a total project cost of over \$2 billion.

Stuart Borne, CEO  
Mosaic Housing, LLC

# Proprietary Modular Building Method\*

Mosaic building system represents more than 15 years of R&D of automated building methods, while maintaining an attractive cost profile.

- Employs a proven system, Spida Machinery for panel fabrication, yet to be deployed in a volumetric plant, in the U.S.
- Utilizes proprietary systems to apply and dry coatings for just in time (JIT) production

## Volumetric Modules

Mosaic produces panels in our factory. These panels are assembled into modules in our factory, complete with interior finishes, electrical, plumbing, heating ventilation and air conditioning.

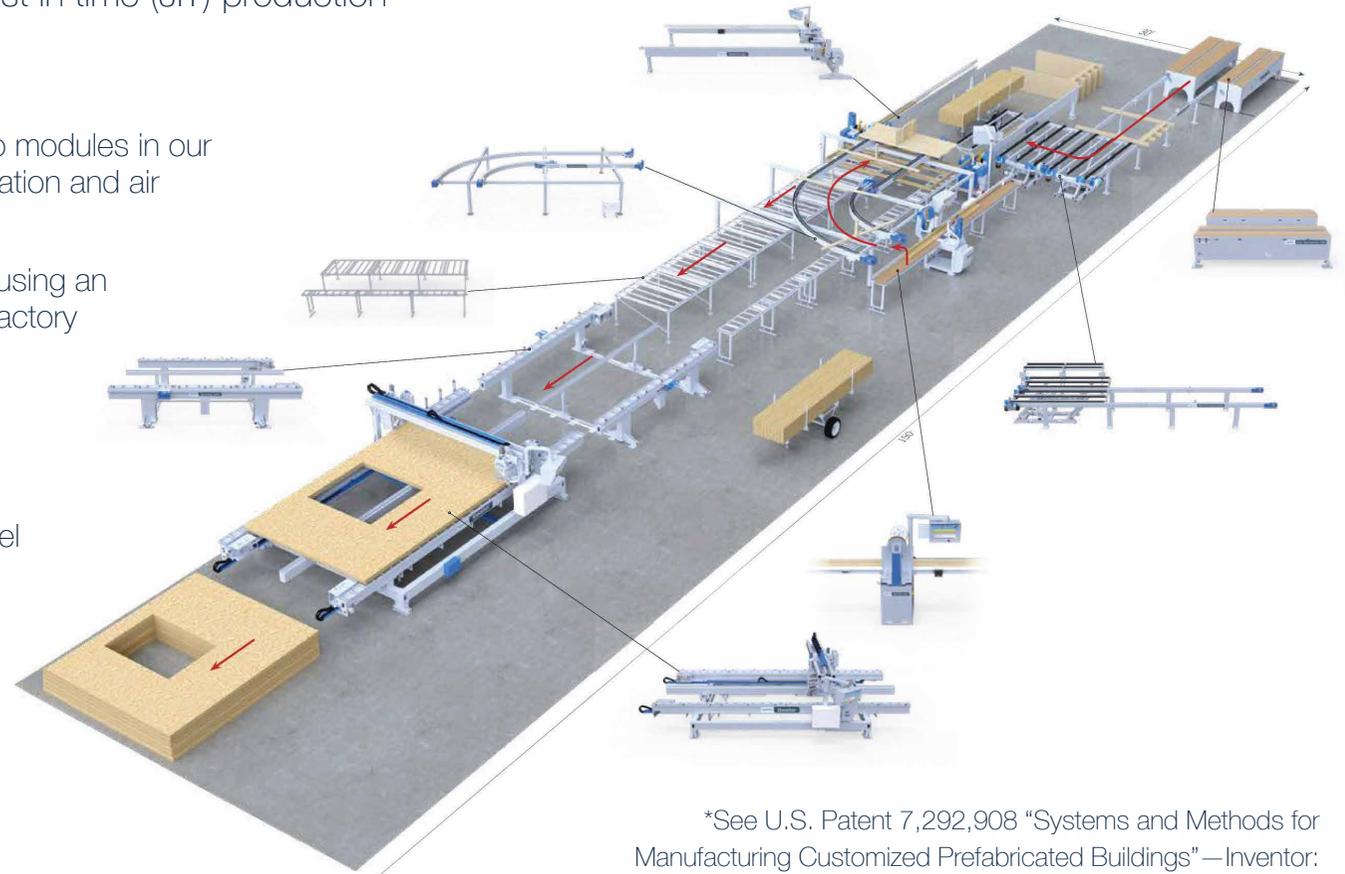
These are shipped to the site and assembled into permanent buildings, using an innovative slide CAM system. Exterior finishes can be completed at the factory or on-site. Improved Labor Cost and Quality Control. Advanced Rapid, Controlled, Mass Production.

## Automation Strategy

We have chosen to automate the wall panels, floors and ceilings to a level that is most efficient for operation at day one.

Automation without the execution risk of excessive robotics integration was the goal to save time and money. This allows us to get up and running this year, while leaving room to improve and automate more in the future.

**Game changing 12 minutes per panel, 40 feet long, 35 multi-wall panels per day.**



\*See U.S. Patent 7,292,908 "Systems and Methods for Manufacturing Customized Prefabricated Buildings" — Inventor: Stuart Borne, Mosaic's Founder and CEO.

# Poised for Significant Growth

Mosaic has traction with its first production facility in place.

## Houston, TX

Built: 2020

Operational: 10/21

Others ready to go:

## Grand Junction, CO

Construction: 2022

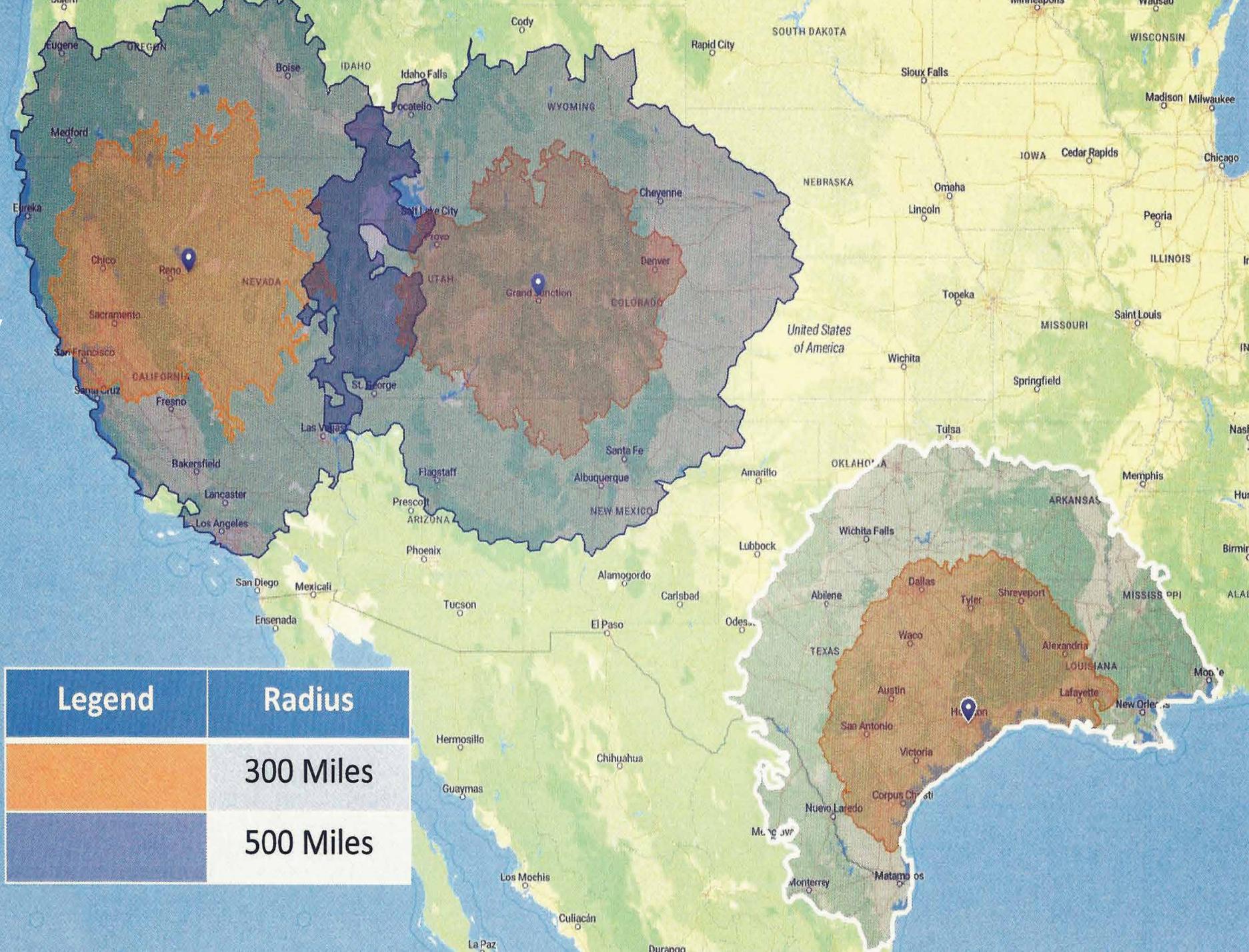
Operational: 12/22

## Reno, NV

Construction: 2023

Operational: 12/23

Legend	Radius
	300 Miles
	500 Miles



# Supply Crisis in Housing

- According to Freddie Mac, in the United States, as of 4th quarter 2020 there is a **supply shortage of about 3.8 million homes up 52% from the 2.5 million estimate in 2018.**
- While the U.S. housing shortage crisis won't be solved overnight, **modular homes point the way forward.** America's tech giants certainly seem to think so. Between them, **Google and Microsoft have invested a combined \$530 million in modular home building on the West Coast.**
- As adoption increases, modular homes will present a viable way to close the country's current housing gap.

## The Starter Home Shortage: A Growing Deficit



Source: Freddie Mac

# MANUFACTURED HOUSING-INDUSTRY OVERVIEW

## General Profile



**22 Million**

People live in manufactured homes



**9%**

Of new single-family home starts



**\$81,900**

Average new home sales price

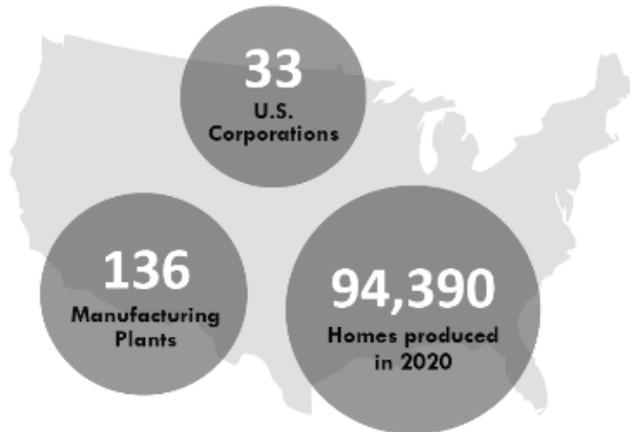


**76%**

Of new manufactured homes titled as personal property (chattel)



## Made in America



## Affordable Homeownership



# Benefits of Modular Housing

DIFFERENTIATOR	STRATEGIC ADVANTAGE	COST ADVANTAGE
Affordability of Manufactured vs. Site-built	Premium price for site-built vs. manufactured continues to increase	Up to \$31.00 per square foot
Labor Costs	Shortage of labor supply has put pressure on site-built margin	\$5.00 - \$10.00 per square foot
Efficiency & Quality	Most building sites generate a significant amount of waste	Up to \$15.00 per square foot
Improvement & Innovation	Automation-driven factor efficiencies	Up to \$10.00 per square foot
Speed to Market	Manufactured housing shortens the overall time to occupancy	50% reduction in construction calendar

# The Modular Advantage

## Sustainability

While modular buildings are generally built to be permanent structures, some designs **can be disassembled**. During construction of modules less waste is produced.

## Quicker Build

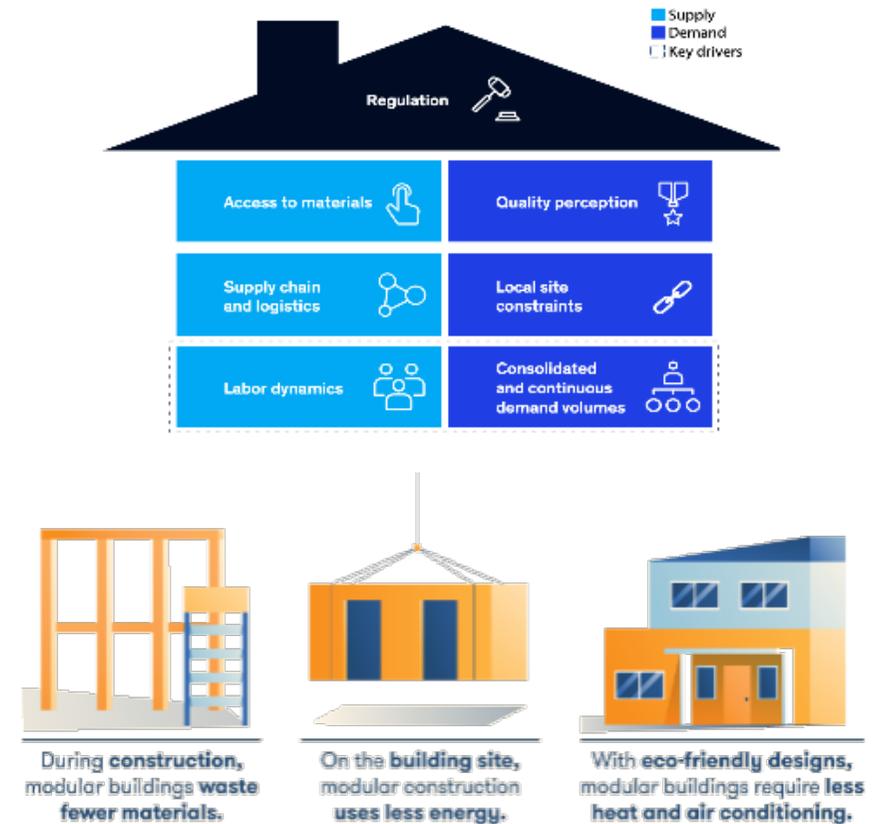
Since modular homes are built in a factory, unfavorable weather conditions don't delay construction. This leads to **30% - 50% faster schedule** with simultaneous site development and offsite modular construction.

## Lower Cost

Using conventional construction methods can cost \$150 to \$250 per square foot if you're building a standard, non-luxury home. Modular construction can **cost 10% to 20% less** thanks to assembly line efficiency.

The modular building industry in the U.S. has doubled in size over the past five years and now accounts for **\$8 billion of revenue annually**.

## Seven factors determine the attractiveness of a market for modular:



# Grand Junction

I N D U S T R I A L  
D E V E L O P M E N T T E A M



**METHOD STUDIO** – Architect and Design of Utah  
[www.method-studio.com](http://www.method-studio.com)



**BIGHORN CONSULTING ENGINEERS** – MEP and Engineering Design  
[www.bighorneng.com](http://www.bighorneng.com)



**AUSTIN CIVIL GROUP** – Civil Engineers/Infrastructure of Grand Junction  
[www.austincivilgroup.com](http://www.austincivilgroup.com)



**FRITSCH LAW / KUTAK ROCK** – Metro District Bonds Attorneys  
[www.fritschelaw.com](http://www.fritschelaw.com) / [www.kutakrock.com](http://www.kutakrock.com)



**STIFEL** – Metro District Improvement Bonds Underwriter/Broker  
[www.stifel.com](http://www.stifel.com)



**CONSTRUCTION/GC** – TBA

# 6-pack Townhomes Design

## Grand Junction, CO



**TOWNHOME UNITS**  
148 TOTAL UNITS

**6 UNIT BUILDING: 12,516 SF**

148 - 3 BED / 3.5 BATH +  
GARAGE & DRIVEWAY  
TYPICAL UNIT SF:  
• 2,086 SF

### PROPOSED UNITS

	LEVEL 1	LEVEL 2	LEVEL 3	UNIT TYPE	UNIT TOTAL
	UNIT SF	UNIT SF	UNIT SF		
UNIT 1	676 SF	705 SF	705 SF	3 BED / 3.5 BATH	2,086 SF
UNIT 2	676 SF	705 SF	705 SF	3 BED / 3.5 BATH	2,086 SF
UNIT 3	676 SF	705 SF	705 SF	3 BED / 3.5 BATH	2,086 SF
UNIT 4	676 SF	705 SF	705 SF	3 BED / 3.5 BATH	2,086 SF
UNIT 5	676 SF	705 SF	705 SF	3 BED / 3.5 BATH	2,086 SF
UNIT 6	676 SF	705 SF	705 SF	3 BED / 3.5 BATH	2,086 SF
<b>TOTAL</b>	<b>4,006 SF</b>	<b>4,006 SF</b>	<b>4,230 SF</b>		<b>12,516 SF</b>

# Apartment Design Grand Junction, CO



	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 4	UNIT TYPE
	UNIT SF	UNIT SF	UNIT SF	UNIT SF	
UNIT 1	1079 SF	1079 SF	1079 SF	1079 SF	2 BED / 2 BATH
UNIT 2	1260 SF	1260 SF	1260 SF	1260 SF	2 BED / 2 BATH
UNIT 3	862 SF	862 SF	862 SF	862 SF	1 BED / 1 BATH
UNIT 4	862 SF	862 SF	862 SF	862 SF	1 BED / 1 BATH
UNIT 5	930 SF	930 SF	930 SF	930 SF	2 BED / 1 BATH
UNIT 6	1079 SF	1079 SF	1079 SF	1079 SF	2 BED / 2 BATH
UNIT 7	1626 SF	1626 SF	1626 SF	1626 SF	3 BED / 2.5 BATH

	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 4	UNIT TYPE
	UNIT SF	UNIT SF	UNIT SF	UNIT SF	
UNIT 8	613 SF	613 SF	613 SF	613 SF	STUDIO
UNIT 9	726 SF	726 SF	726 SF	726 SF	1 BED / 1 BATH
UNIT 10	666 SF	666 SF	666 SF	666 SF	1 BED / 1 BATH
UNIT 11	652 SF	652 SF	652 SF	652 SF	1 BED / 1 BATH
CIRCULATION	1780 SF	1780 SF	1780 SF	1780 SF	
STORAGE	198 SF	198 SF	198 SF	198 SF	
TOTAL	12,606 SF	12,606 SF	12,606 SF	12,606 SF	50,424 SF



# Apartment Design Grand Junction, CO

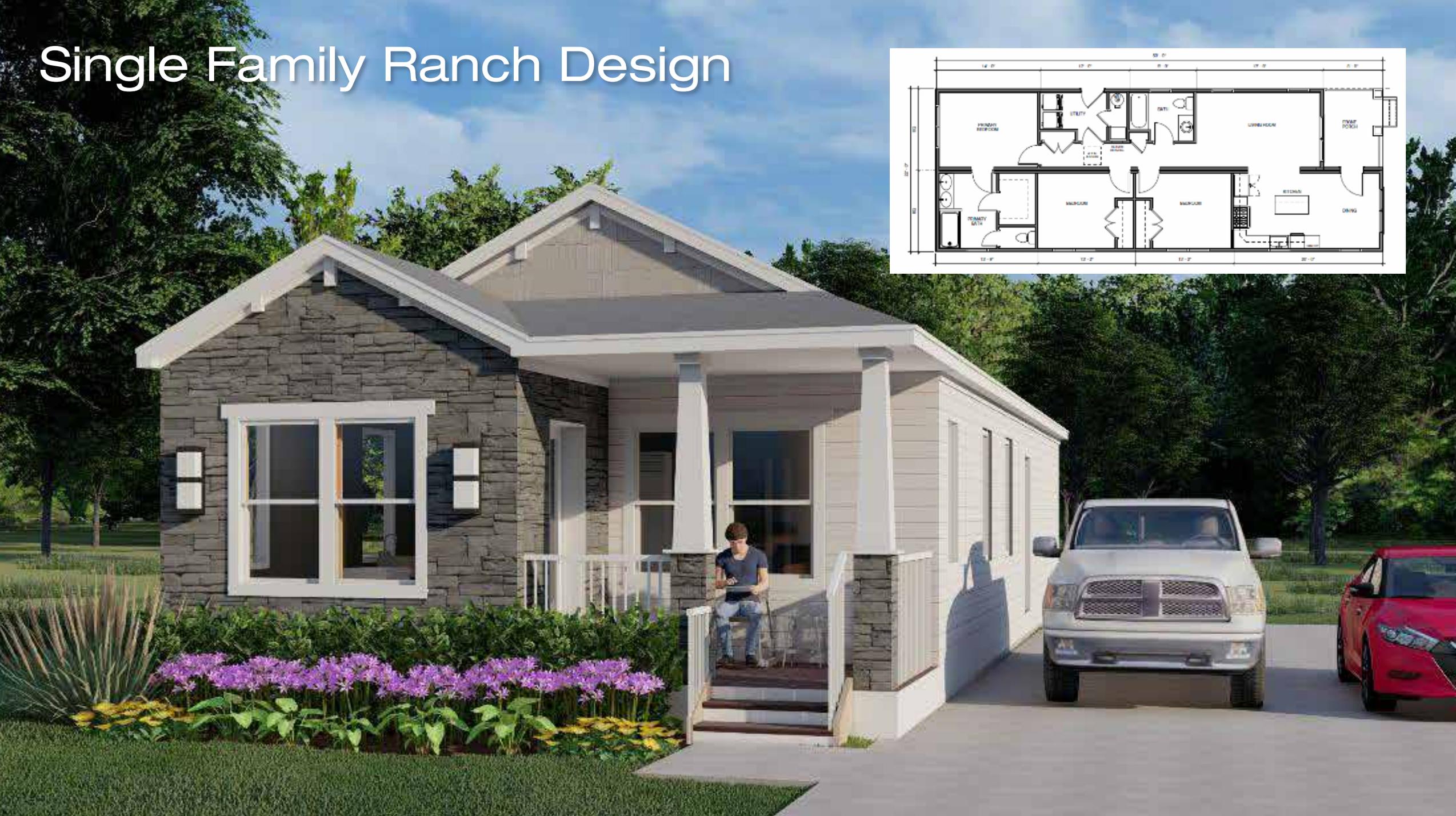


	LEVEL 1	LEVEL 2	LEVEL 3	UNIT TYPE
	UNIT SF	UNIT SF	UNIT SF	
UNIT 1	987 SF	987 SF	987 SF	3 BED / 2 BATH
UNIT 2	742 SF	742 SF	742 SF	1 BED / 1 BATH
UNIT 3	987 SF	987 SF	987 SF	3 BED / 2 BATH
UNIT 4	752 SF	752 SF	752 SF	2 BED / 1 BATH
UNIT 5	686 SF	686 SF	686 SF	1 BED / 1 BATH

	LEVEL 1	LEVEL 2	LEVEL 3	UNIT TYPE
	UNIT SF	UNIT SF	UNIT SF	
UNIT 6	752 SF	752 SF	752 SF	2 BED / 1 BATH
STORAGE	170SF	170 SF	170 SF	
TOTAL	5,076SF	5,076SF	5,076SF	15,228 SF



# Single Family Ranch Design



# Opportunity Zone Benefits

## Three Substantial Tax Benefits For Investors:

### **1 DEFER** Capital Gains

**Tax deferral for any capital gains rolled over in an Opportunity Fund.**

The deferred gain would be recognized on the earlier of December 31, 2026 or the date on which the investment in the Fund is sold.

### **2 REDUCE** Realized Capital Gains Tax

**A step-up in basis for capital gains rolled into an Opportunity Fund.**

The basis of the original investment is increased by 10% if the investment is held by the taxpayer for at least 5 years, and by an additional 5% if held for at least 7 years.

### **3 ELIMINATE** Capital Gains Tax

**Pay no taxes on capital gains from an Opportunity Fund investment.**

The investment must be held for at least 10 years. The basis of such property shall be equal to the fair market value of like investments on the date that the investment is sold or exchanged.

# Grand Junction

I N D U S T R I A L

Part of the Gateway Opportunity Funds  
Family of Investment Funds



**(864) GATEWAY**  
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[www.GatewayOpFunds.com](http://www.GatewayOpFunds.com)

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