

2017 AI Tech Case Studies

#1 Contracting Company: The company had outgrown its existing headquarters and identified a larger facility to purchase for future expansion. They shopped their project to several local lenders. The bank that involved the AI Tech Fund ultimately won the deal for two reasons: (1) a lower equity requirement allowed the borrowing company to save for relocation costs, and (2) lower exposure on the real estate helped the new bank get comfortable with additional capital needed for an Operating Line. Both mortgages were closed simultaneously to eliminate the need for bridge financing, with the AI Tech portion exempt from mortgage tax and closing costs kept to a minimum.

Total Project Costs of \$1,475,000 funded via:

Bank 1 st Mortgage	\$700,000
AI Tech Fund (2nd Mortgage)	\$480,000
Owners' Equity	\$295,000

#2 Manufacturing Company: A local manufacturer had recently secured a contract with an international entertainment and hospitality conglomerate. While they incurred significant contract-related production costs in the prior fiscal year, they had yet to realize associated revenues, negatively impacting their most recent financial statements. The company projected a sizeable increase to its workforce based on future contract work. The AI Tech Fund financed \$400,000 in new equipment to help the business increase production floor efficiency and better handle the high volume needs of their contract customer. The bank retained the deposit and line of credit relationship, and the company is on pace to create 25 new manufacturing and order fulfillment jobs.

Total Project Costs of \$1,000,000 funded via:

AI Tech Fund (1st UCC Position)	\$400,000
Equipment Leasing Company	\$400,000
Owners' Equity	\$200,000

#3 Retailer, Transfer of Ownership: A longtime retailer and fixture of the community was changing ownership. The buyers were advised to limit their equity toward both the business purchase and the real estate purchase. All parties came up with a structure allowing the AI Tech Fund to participate and ultimately help the buyers save on closing costs and improve their working capital position for the transition to new ownership. The seller financed the majority of the business sale on a privately-held note and the business retained 6 existing jobs while adding 2 new positions in the first year under new ownership. The real estate was financed with a bank in 1st mortgage position (50% loan-to-value, secured by an SBA guaranty under the 7a program) and the AI Tech Fund taking a 2nd position mortgage.

Total Project Costs (Real Estate Only) of \$255,000 funded via:

Bank 1 st Mortgage	\$127,500
AI Tech Fund (2nd Mortgage)	\$102,000
Owners' Equity	\$25,500
