



# Portfolio News

A quarterly update from Cambridge Capital Management Corp.™  
professional manager of non-traditional financing sources

Cambridge Capital  
Management Corp.

First Quarter 2012

## SBA 504 Refinancing Program Available Only Until September 27, 2012

A typical small business owner may be the hardest working person we know: a combination of talent, imagination and dedication. They invest a tremendous amount of time and money in their company.

But they may not feel they really own the business. As one business owner told us, "I own my business with..." and he named three banks. "Isn't that the American dream?"

When can a small business owner feel their company truly belongs to them?

The SBA 504 program has helped the owners of more than 1,000 businesses in Indiana open and expand their companies, and now a special, 504 time-limited refinancing option is helping some of them "truly" own their firms.

This newsletter reports on two companies using the SBA 504 refinancing option.

One of them, Jet Star in Zionsville, founded in 1982 by CEO Darryl Guiducci, trucks fuel to the U.S. Department of Defense, various major oil suppliers, and airlines. James Kubacki of STAR Financial Bank says, "Now that refinancing is possible under the 504 program, Jet Star was able to refinance a ballooning loan without having to "right-size" the balance to fit more conservative loan-to-value limitations of conventional financing."

The other example is a funeral home in Demotte purchased about eight years ago by Jason and Leslie Frazier. In 2011, they consolidated their financing with the SBA 504 refinancing option. The Frazier's banker, Stan Lease of Lafayette Bank & Trust, says, "The SBA 504's terms helped the bank offer the Fraziers a loan package that helped them conclude the purchase and make the funeral home truly their own."

"Truly their own." Don't we want all our borrowers to enjoy that feeling? But

increasing loan-to-value ratios, fueled by declining appraisals on property, have impeded the ability of banks to offer affordable commercial financing.

In this economy, we also see situations where a business is "real estate rich" and cash poor and has found it difficult to tap the pent up equity in the real estate they own.

Fortunately, recent revisions to the SBA 504 refinancing program allow an unusual -- but time-limited -- opportunity for lenders to bring their owner-occupied commercial real estate portfolio back into their bank's comfort zone, comply with loan-to-value policies and provide an important tool for their small business clients.

The SBA's new wrinkle on its successful 504 loan program allows businesses to use 504 loans to refinance existing fixed asset debt. Banks making this type of loan can offer their borrowers excellent rates and terms, and allow them to access 90% of the appraised value of their fixed assets. The financial institution can limit its exposure to 50% of the value.

The refinancing loans can be structured like traditional 504 loans. With a traditional 504 loan, a bank provides up to 50% of the project cost and holds the first lien position. The Indiana Statewide CDC provides up to 40% of the project cost and takes a secondary position to the bank loan. The small business borrower must either have at least 10% existing equity in the property or must inject equity of at least 10%. The amount of the bank loan must be at least as much as the 504 loan.

There are few restrictions on the bank's loan with respect to structure or pricing. The bank's rates can be fixed or floating. The only stipulation is that the first lienholder loan term must be for at least ten years for a commercial real estate loan and at least seven years for an equipment or machinery loan. The bank utilizes its own underwriting standards and sets its own amortization, interest rates and fees.

There is no maximum project size for a 504 loan, but the 504 portion of a refinance loan is limited to \$5 million and increases to \$5.5 million for eligible manufacturing companies.

The commercial debt being refinanced must be at least two years old. The borrower must occupy at least 51% of the property, be for-profit and have a tangible net worth of less than \$15 million and after-tax profit of less than \$5 million for the previous two years.

Borrowers must demonstrate that their existing loan or loans are current and that they have successfully made all required payments under original or modified bank terms for the past twelve months.

The loan cannot exceed 90% of appraised value and the proceeds can be used to refinance debt and other eligible business purposes.

Do you have borrowers who could benefit from the new 504 Refinance Loan Program or instances where this program would benefit the bank? For more details, contact Indiana Statewide CDC at (317) 844-9810 to get more information. It is important to act fast; the 504 refinancing option expires September 27, 2012 unless Congress acts to extend it.

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# Indiana Statewide Certified Development Corporation



First Quarter 2012

## Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

### Electro-Spec, Inc. Franklin

In participation with  
**Huntington National Bank**  
Indianapolis



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**Cambridge Capital Management Corp.**

Electro-Spec is critically important to some customers who may not know of the company. Electro-Spec in Franklin is a leading specialty plater, applying plating to components that are barely visible and that fit into pacemakers and defibrillators. **“You don’t want those to fail,”** says Electro-Spec President Jeff Smith.

In addition to medical devices, Electro-Spec applies gold, silver, nickel, copper and Tri-Alloy plating for customers that manufacture auto components, batteries and electrical appliances and equipment.

After expanding three times, Electro-Spec was “landlocked.” It found a newer, larger building nearby with room to spread out. Huntington Bank and Indiana Statewide CDC provided SBA 504 financing so Electro-Spec could purchase the building.

**“The 504 is a seamless process,”** says Smith, a second-time 504 borrower. **“It is great to work with the Indiana Statewide CDC and Huntington Bank.”**

Huntington Bank’s James Aucremanne says, **“This is an excellent loan structure for acquiring a long-term asset.”**

Electro-Spec’s 70 employees are now in a 50,000 square-foot building on 12 acres, after being in a 29,000 square-foot building on two acres.

**“We are expanding as soon as we move in. This is a perfect fit for us,”** says Smith.

Electro-Spec reaches out to customers in North America, Europe and Asia.

The Landree underground coal mine in Greene County started production last year. The mine’s owner, the Lily Group of Sullivan, obtained SBA 504 financing from Citizens National Bank and the Indiana Statewide CDC for purchasing and installing mining equipment.

Rick Risinger, the president of Lily Group, has been a coal mine operator and executive for more than 30 years. He founded Lily Group in 2007 to explore, develop and operate natural resource projects, beginning with the Landree Mine. The 2,800-acre mine is located on an Indiana basin Bituminous coal reserve.

Jeff Pitts of Citizens National Bank worked with Indiana Statewide CDC to offer the loan to the Lily Group.

The Landree Mine constructed a three-tier box cut to access the coal and uses a non-subsidence deep mining method known as Room and Pillar (basically, leaving pillars of coal to support the roof of the mine shaft). The coal is being mined, processed on site and shipped via rail or truck to utility customers.

Coal from the Landree Mine came on the market at the right time. Coal mined by others was contracted to users, so until Landree Mine began shipping new supplies of similar, high quality coal were unavailable to utilities and companies with increased power needs. Production and sales estimates for the Landree Mine are favorable for the next several years.

## Indiana Statewide Certified Development Corporation

Permanent fixed-rate equipment financing for

### Lily Group, Inc. Jasonville

In participation with  
**Citizens National Bank**  
Terre Haute



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The "effective" interest rates include the monthly amortization of the notes and the monthly payment of servicing fees.



### Effective Interest Rate

2012	10-yr.	20-yr.
January	3.818	4.839
February	—	4.711
March	3.826	4.591

Check out our website at [www.cambridgecapitalmgmt.com](http://www.cambridgecapitalmgmt.com)

# Indiana Statewide Certified Development Corporation

First Quarter 2012



The American Petro Cambridge City Travel Center is a welcome stop for drivers along I-70 (exit 137) and Indiana State Road 1 in Cambridge City.

Owner Manjit “Manny” Singh was assisted in opening his four-bay fuel stop and convenience store by financing from Wayne Bank & Trust Company in Richmond and the Indiana Statewide Certified CDC. They provided an SBA 504 loan.

**“Gas station/convenience stores not only keep us going on the road, they provide jobs,”** says Singh. He employs a half-dozen people at the Cambridge City Travel Center and more than 20 overall in other similar stores he has opened in the past three years in central Indiana. Those locations also received SBA 504 financing from Wayne Bank and the Indiana Statewide CDC.

**“There is no other opportunity for small businesses like ours outside the SBA 504 program,”** says Singh.

Dennis King of Wayne Bank and Trust says, **“504 loans really work for entrepreneurs such as Manny. Financing is essential for a growing business and these loans offer a level of security for Wayne Bank & Trust and the borrower.”**

## Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage & equipment financing for

### American Petro

Cambridge City

In participation with

### Wayne Bank & Trust Co.

Richmond



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## Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage & equipment financing for

### Universal Technologies

Jasper

In participation with

### German American Bank

Jasper



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Universal Technologies is a small company with large capabilities. It produces specialty glass, metal, plastics, LED Lighting, and high resolution imaging solutions for the furniture and construction industries. From new designs to work with designers on office remodels, Universal Technologies is often sought for the expertise and attention to detail of its designers and craftsmen.

German American Bank and the Indiana Statewide CDC provided Universal Technologies with SBA 504 financing for a needed expansion.

President Todd Fromme says, **“Universal Technologies used the loan to purchase a building and expand our operations from 3,500 square feet to 22,000. Our sales have been skyrocketing with January recorded as our highest sales month in our five-year history and February was even better.”**

Don Loepker of German American Bank says, **“There is a HUGE change in the economy. Large companies are not as eager to expand, rather they are outsourcing more of their manufacturing to small business. Banks can alleviate some risks and move forward with small businesses by using SBA 504 loans.”**

Fromme says, **“Don Loepker and the Statewide CDC helped answer questions and guide us through the process. As a small business with 5 to 10 employees, we appreciated the time and attention they gave to us.”**

Jason and Leslie Frazier completed the purchase and remodeling of the Frazier Funeral Home and Cremation Services in Demotte with assistance from the SBA 504 program’s refinancing option.

Lafayette Bank & Trust and the Indiana Statewide CDC stepped in with a loan to the Frazier Funeral Home to consolidate financing.

The Fraziers opened their funeral home about eight years ago after buying the Todd Funeral Home. The Fraziers pledged that the Frazier Funeral Home would continue the seven-decade-old legacy of service began by the Todd Funeral Home in 1938.

Jason Frazier says, **“We want families to feel as comfortable as possible when they ask the Frazier Funeral Home to help with their loved ones’ funerals. It takes years to build trust in the community and we are committed to earning the faith and confidence of families in the Demotte area.”**

Stan Lease of Lafayette Bank & Trust in Demotte says, **“The SBA 504’s terms helped the bank offer the Fraziers a loan package that helped them conclude the purchase and make the funeral home truly their own.”**

## Indiana Statewide Certified Development Corporation

Fixed-rate debt refinancing for

### Frazier Funeral Home

Demotte

In participation with

### Lafayette Bank & Trust Co.

Demotte



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# Indiana Statewide Certified Development Corporation

First Quarter 2012



The first thing Jacqueline Eanes wants people to do when they walk into her business, Take Root Country Store, is relax.

**“We are a country home decor and accessory store, and we like people to feel at home,”** says Eanes. Take Root’s stock of primitive furniture, quilted handbags and candles with scents such as spicy marmalade assist in the homey atmosphere.

After operating a mall store, Eanes opened Take Root Country Store along Madison Avenue in Old Greenwood in 2006. Last year, she moved across the street to a bigger building, a former residence with a large front porch.

Derek Phillips of Huntington Bank says, **“The main features of the 504 loan program -- a long term, fixed interest rate and a smaller down payment by the borrower -- are not available through conventional financing. This program is perfect for small businesses such as Take Root Country Store.”**

Eanes says, **“Huntington Bank and the Indiana Statewide CDC were very thorough and very helpful. I don’t think we would have been able to get into our new store without the SBA 504 loan program.”**

## Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

### Take Root Country Store Greenwood

In participation with

### Huntington National Bank Indianapolis



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## Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

### Katherine J. Eynon Orr, DDS, PC Indianapolis

In participation with

### PNC Bank Indianapolis



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Of course, Dr. Katherine Eynon Orr wanted a modern, larger dental office when she bought land and had an 8,000 square-foot building constructed and purchased new equipment and furnishings.

She also wanted to reduce patients’ anxiety about visiting the dentist. Known to patients as “Dr. Katie,” she sat down with architect Jim Mack to design a soothing interior including ceiling clouds, green spaces and warm colors.

Dr. Katie obtained SBA 504 financing from PNC Bank and Indiana Statewide CDC to realize the project. She uses 5,200 square feet (almost four times larger than her previous rented location) and leases out the remaining space.

Dr. Katie, her technician, office manager and assistant handle everything from children’s first exams to adult dentures and implants.

Aaron Irwin of PNC Bank says, **“SBA 504 financing is perfect for a small dental practice such as Dr. Orr’s that needs to have the same state-of-the-art equipment as larger offices.”**

Dr. Katie says, **“This is my second SBA 504 loan. The SBA offers the lowest rates and every penny counts! The people at Indiana Statewide CDC were helpful and accommodating. It was easy.”**

The SBA’s 504 refinancing option has provided benefits to Jet Star in Zionsville. Founded in 1982 by CEO Darryl Guiducci, Jet Star trucks fuel to airlines, airports, military aircraft and automobile fuel retailers in eight states.

Jet Star’s 40 employees and 25 owner-operators provide rapid service to clients such as U.S. Department of Defense, various major oil suppliers, and airlines.

In 2011 Jet Star received SBA 504 financing from STAR Financial Bank and Indiana Statewide CDC.

Jet Star CFO Greg Patchett, C.P.A., CGMA says, **“The 504 financing came at a perfect time for our company. We were able to re-finance an original higher interest rate ballooning real estate debt to a lower fixed rate long-term loan improving cash flow and providing debt stability.”**

James Kubacki of STAR Financial Bank says, **“In the last three years, the adverse economic conditions have driven down valuations in commercial real estate appraisals. Now that refinancing is possible under the 504 program, Jet Star was able to refinance a ballooning loan without having to ‘right-size’ the balance to fit more conservative loan-to-value limitations of conventional financing. The lower long-term fixed interest rate was an added bonus.”**

## Indiana Statewide Certified Development Corporation

Fixed-rate debt refinancing for

### Jet Star Zionsville

In participation with

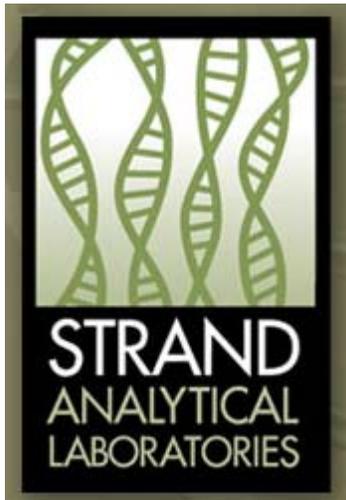
### STAR Financial Bank Indianapolis



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## Success Story



Strand Analytical Laboratories is the first to admit that forensic DNA analysis is more glamorous on TV crime shows than in their labs. But Strand's accurate testing and fast turnaround of complicated DNA samples is an important crime-fighting tool for police departments across the country.

Founded in 2005, Strand is committed to advancing the processing of DNA testing to solve all varieties of crimes. Clients include the Indiana State Police and Los Angeles County Sheriff's Office.

Travis Morgan, Strand's CFO, says, **"It is extremely important work to help police departments identify and convict the right people. Our work has long-lasting ramifications for public safety."**

Morgan's role is also key: Morgan searches for capital to fund Strand's growth. The Indiana Community Credit Corporation and Old National Bank used the Credit Corp's mezzanine capital pool to provide working capital at an important period in Strand's growth. Strand recently completed its obligation to the Credit Corp, making the transition to conventional financing.

Morgan says, **"The Credit Corp was the right financing at the right time for Strand Analytical. We've grown to employ more than 35 laboratory personnel and we handle a heavy case load from police departments from coast-to-coast. The Credit Corp and Old National deserve part of the credit for helping us assist so many law enforcement clients."**

## Success Story

Hardin Geothermals' corporate goal is fairly simple: to reduce the Earth's dependence on fossil fuel by exploiting geothermal energy. The key strategy is to develop, build and circulate the technology to utilities and private customers in North America and the world.

The Indianapolis based company was founded in 1996.

Geothermal heating and cooling systems use electricity powered heat pumps that capture and circulate the Earth's high thermal capacity and constant 50-55 degree temperature as a sustainable energy source. The process is 40-70% more energy efficient than conventional forced-air systems that use outside air sometime subject to extreme temperatures as a resource for cooling and heating.

**"Geothermal technology offers the greatest cost savings in the world market, among all energy-related technological advances over the past 25 years,"** says Rob Lundstrom of Hardin Geothermals.

Indiana Community Business Credit Corporation (ICBCC) provided financing for Hardin Geothermal from the Credit Corp's mezzanine financing pool. The pool is contributed by the Credit Corp's 34 member banks in Indiana.

Under Lundstrom's direction, the Hardin Geothermal Systems are producing energy savings in several communities throughout the Midwest.

### Indiana Community Business Credit Corp.

Successful Exit for

### Hardin Geothermals

Indianapolis



ICBCC managed by:  
**Cambridge Capital Management Corp.**

# Cambridge Ventures, L.P.

First Quarter 2012



Eric Davis' family business is also a labor of love. Davis owns Mary's Seafood & Pastries, a restaurant his grandmother, Mary Bishop, started 30 years ago. Mary is still at the restaurant, working alongside six other employees to cook and serve generous portions of good home cooked food and help neighbors who need a meal.

An unfortunate agreement with an out-of-state mortgage company in the late 1990s threatened Mary's Seafood. Interest and fees escalated until the payoff exceeded the original amount of the loan.

Lynx Capital provided Davis with a loan to buy the restaurant's real estate and building, as well as complete a tax settlement.

**"This is a huge relief,"** says Davis. **"Lynx helped us resolve back issues, improve the building and focus on our future."**

**"Lynx was our lifesaver. We were able to save our business, save several jobs and everybody comes away feeling OK."**

As Mary's Seafood expands, look for new grilled fish dishes and other tasty additions.

## Lynx Capital Corp.

Growth Capital for

### Mary's Seafood Indianapolis



CVLP managed by:  
**Cambridge Capital  
Management Corp.**

## Lynx Capital Corp.

Growth Capital for

### Chaser, LLC Anderson



CVLP managed by:  
**Cambridge Capital  
Management Corp.**

Nammy Eskar is turning around a good business that had fallen on hard times.

Chaser, LLC is a transportation and logistics company engaged primarily in hauling truckload shipments of general commodities in both interstate and intrastate commerce. From its base in Anderson, Chaser delivers to commercial clients across the U.S. Eskar bought the company from Charlie Cheshier last year, branded the company as Chaser, LLC and immediately invested time and money into the turnaround.

Lynx Capital Corporation provided financing for working capital during the critical stages of the turnaround. Eskar says Chaser returned quickly to profitability. **"We made several important changes in the company, but we had a good foundation to start with. Lynx Capital provided tremendous assistance in helping us get our feet on the ground, especially in the fourth quarter of 2011 and the first quarter of 2012. The fourth and first quarters are historically slow for the transportation industry and cash flow is extremely critical"** he says.

Chaser's 40 employees and several owner-operators provide shipping (including refrigerated services) for large customers such as Menard's, Gander Mountain, University Lofts and NAPA Auto Parts.



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