



# Portfolio News

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

Cambridge Capital  
Management Corp.

First Quarter 2016

## Can the SBA 504 Program Refinance Debt?

There are some circumstances when the 504 program can be used

### Available Now

If there is a 504 project that is an expansion of an existing facility the project can also include an additional 50% of other fixed asset debt as part of the eligible project. Let's look at an example.

ABC Company owns an existing building. They are looking at doing a major renovation and expansion at a cost of \$1,000,000. This \$1,000,000 is the traditional 504 project. But ABC Company already has a \$500,000 mortgage on the existing building. Since this debt is less than or equal to 50% of the traditional 504 project, we can roll it into the 504 structure.

The resulting project would look like this:

Existing Debt	\$500,000
Expansion & Renovation	<u>\$1,000,000</u>
Eligible 504 Project	\$1,500,000

Funded as Follows:

Senior Lender	50%	\$750,000
Indiana Statewide CDC	40%	\$600,000
Borrower down payment	10%	\$150,000

The borrower down payment can be cash or equity in the real estate.

Call us now to discuss the current refi program for borrowers that are expanding.

### Coming Soon

Recently Congress passed legislation reinstating the ability to refinance fixed asset debt (even without expansion) utilizing the 504 structure. The regulations for this program have been written and are in clearance. We expect the program will be operational in June.

We *anticipate* the program will have the following parameters:

85% of the debt being refinanced must have been used for eligible fixed assets

The loan must have been outstanding for at least 2 years

The loan must have been current for at least the last 12 months

How can a Bank benefit from this opportunity?

Review existing clients to see if they have equity locked up in existing real estate and could benefit from freeing up capital for other business needs

Is there high priced debt on the balance sheet that could be replaced by attractive 504 terms (20 year fixed rate, currently 4.5%)

Are there new customers that you are courting that would find this structure attractive

We will send out notices as soon as the new program is revealed (hopefully June).

## Indiana Statewide Certified Development Corporation

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



### Effective Interest Rate

<u>2016</u>	<u>10-yr.</u>	<u>20-yr.</u>
January	4.29	4.83
February	—	4.32
March	4.33	4.55

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# Indiana Statewide Certified Development Corp.



First Quarter 2016

Julia and Bryan Bowman have financed two Primrose Schools in Hamilton County with SBA 504 loans from Indiana Statewide CDC.

The couple obtained SBA 504 financing for their third school, Primrose School at West Carmel, through First Financial Bank and Indiana Statewide CDC.

Jeff Magginnis of First Financial Bank says, **“The Primrose project is a great fit for First Financial Bank and the 504 program. All three of the Bowman’s schools were start up locations, so using Indiana Statewide was ideal to support a new business venture that would have been more difficult to finance under traditional bank structures.”**

Primrose School at West Carmel is nearing its capacity of 185 students, each of who participates in a full day of educational and enrichment activities. Students range in age from six weeks through full day kindergarten. Before and after school care is also offered to children up to 12 years old. The school employs 35 people.

Julia Bowman says, **“Our primary focus is to offer a safe, educational and fun environment for children, thus giving parents who work outside the home the peace of mind that their children are being educated and well cared for.”**

Prior to opening their first Primrose School, Julia Bowman was a principal and teacher in Hamilton Southeastern schools for more than 10 years. Bryan Bowman was president of a medical device manufacturing firm until they opened the Primrose School at West Carmel.

## Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage & equipment financing for

**Primrose at West Carmel**  
Carmel, IN

In participation with  
**First Financial Bank**  
Indianapolis, IN



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

## Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

**RZ Automation, Inc.**  
Noblesville, IN

In participation with  
**First Merchants Bank**  
Noblesville, IN



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**Cambridge Capital Management Corp.**

Robotics helps manufacturers produce their products precisely and efficiently. For more than 11 years, RZ Automation in Noblesville has designed and integrated robotic systems that their clients, manufacturers in various industries, use to gain their competitive edge.

Recently RZ Automation moved into a new larger research and manufacturing plant in Noblesville with SBA 504 financing through First Merchants Bank and the Indiana Statewide CDC.

RZ Automation President Tony Hillers says, **“Our new 18,000 square-foot facility helped us immediately, and will continue to help us down the road. We are grateful for the SBA 504 financing and the help of First Merchants Bank and the Indiana Statewide CDC.”**

RZ Automation’s services include turn-key automation systems, including robotics, machine vision sensors, advanced design techniques and simulation.

Jeff Wyatt of First Merchants Bank says, **“RZ Automation is a perfect example of the hometown companies we like to get involved with. For us, Indiana Statewide CDC is a perfect partner.”**

Following ten years of successful dental practice in Muncie, Dr. Christopher Phillips further invested in the community by buying and remodeling the building next door to the one he had been leasing.

Dr. Phillips obtained SBA 504 financing to purchase and remodel his new building into an expanded dental clinic. He worked with STAR Financial Bank and Indiana Statewide CDC for his loan.

Trent Dowling of STAR Financial Bank says, **“Dr. Phillips thought it was a wise business decision to own his own building verses leasing one.”**

By using the SBA 504 program, Dr. Phillips was able to purchase the building and make improvements with a ten percent cash injection while saving money to use to buy upgraded equipment.

Dowling says, **“The CDC and 504 program are great for business and for banks. They help with lowering the down payment for the business while sharing the risk with the bank.”**

Dr. Phillips says, **“I appreciate all the hard work that the ISCDC and STAR bank did. This is wonderful for me and my family.”**

Dr. Phillips’ patients enjoy the care they receive and the friendliness of his staff. Now, they have a new, larger and cheery atmosphere in which to receive dental care.

## Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

**Christopher M. Phillips DDS, LLC**  
Muncie, IN

In participation with  
**STAR Financial Bank**  
Muncie, IN



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# Indiana Statewide Certified Development Corp.



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The chicken-themed restaurant, Zaxby's, opened its first Johnson County location last autumn in Greenwood's Emerson Pointe shopping center.

Thirty-five employees opened the restaurant and business is good, according to Jeff Furlin, president of Barred Rock, Inc., the operating company for the Greenwood Zaxby's.

Lake City Bank and Indiana Statewide CDC helped Barred Rock finance construction and buy equipment with small business loans from the SBA 504 program.

Jennifer Rouse, controller for Barred Rock, says **"The SBA loan has an attractive 20-year fixed rate for our real estate and a 10 year fixed rate for our equipment that helps us stabilize our budgeting."**

Lake City Bank's Tim Schlichte says, **"We are pleased to use the SBA 504 program to assist with mitigating the risk of a restaurant opportunity."**

Zaxby's bills itself as "fast casual," specializing in chicken wings, fingers, sandwiches, salads and sauces. From Statesboro, Georgia where childhood pals Zach McLeroy and Tony Townley started Zaxby's 25 years ago, the chicken-themed restaurants have fanned out to 16 states. Two other Zaxby's in greater Indianapolis are in northwest Indianapolis and Fishers.

## Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage & equipment financing for

**Zaxby's**  
Greenwood, IN

In participation with  
**Lake City Bank**  
Indianapolis, IN



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

## Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

**James H. Hernandez**  
Attorney at Law  
Greenwood, IN

In participation with  
**First Merchants Bank**  
Greenwood, IN



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

James Hernandez used the SBA 504 program to firm up his law practice's future by buying the building he had been leasing for several years.

Hernandez worked with First Merchants Bank and Indiana Statewide CDC on his 504 loan.

Mike Lenahan of First Merchants Bank says, **"The thing that helped SBA's 504 program work for Jim Hernandez's law practice was allowing him to affordably own and remain in his established location in a growing and visible area of Greenwood. This location will also allow him to grow his practice when the time comes. As always, this partnership works best when it works for the business owner."**

Hernandez is in his 26th year of law practice. The IU Law School graduate specializes in civil law, estates, trusts, and tax planning.



Grandview Pharmacy started as a neighborhood drug store in Connersville in 1960. Now known as Grandview Health Services, it provides prescription compounding, pharmaceutical services and equipment to nursing homes and long-term care facilities in dozens of communities.

Recently, Grandview consolidated its multiple capabilities into the new Grandview Health Services Building in Brownsburg. And the company is still owned by the same family that opened that Connersville pharmacy and a few others in eastern Indiana more than 50 years ago.

CEO Mark Prifogle worked with Fifth Third Bank and Indiana Statewide CDC on SBA 504 financing for the company's new headquarters. Using the SBA 504 loan, Grandview purchased the former home of a racing team. Grandview's remodeling converted the building to a modern office, warehouse, packaging and distribution center.

David McNichols of Fifth Third Bank is a veteran 504 lender. He says, **"The long term rate was an important factor for Grandview, as it is for most 504 borrowers."**



## Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage & equipment financing for

**Grandview Pharmacy**  
Brownsburg, IN

In participation with  
**Fifth Third Bank**  
Indianapolis, IN



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# Indiana Statewide Certified Development Corp.

First Quarter 2016



Sheridan's familiar "DQ" in Sheridan has new owners. Jeff and Lucinda Scammahorn bought the Dairy Queen Brazier Burger in downtown Sheridan with a loan from the SBA 504 program from Citizens Bank and Indiana Statewide CDC.

The Scammahorns purchased the building and didn't miss a beat: keeping the year-around restaurant open during the winter. Now, they and the DQ's long-time family clientele are looking forward to a busy spring and summer.

Steve Kaiser of Citizens' Bank brought the SBA 504 project to Indiana Statewide CDC, so the Scammahorns could spread out their cash flow with the benefit of a low down payment and extended, fixed interest rate.



## Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage & equipment financing for

**Dairy Queen**  
Sheridan, IN

In participation with  
**Citizens Bank**  
Avon, IN



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## Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage & equipment financing for

**Point Blank Range & Gun Shop**  
Carmel, IN

In participation with  
**Old National Bank**  
Indianapolis, IN



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

Point Blank Range and Gun Shop, a modern gun sales, training and shooting range, is nearing its first anniversary in Carmel.

Owner Tom Willingham and his business partners worked with Old National Bank and Indiana Statewide CDC on SBA 504 financing to purchase land and build their range.

Old National's James Brown says, "**The 504 loan makes sense for the bank from an underwriting standpoint, and gives the borrower good terms on which to plan his finances. It also helps the bank maintain visibility in the business community.**"

The Carmel location includes a dozen indoor shooting lanes and 5,000 square feet of retail space. It is Point Blank's sixth, joining four in Ohio and one in Kentucky. A Greenwood range is currently under construction.

Point Blank emphasizes safe, indoor recreational shooting and offers sales, title transfers and firearms cleaning. Customers -- ranging from beginners to life-long collectors and shooters -- can also join classes in safety, shooting techniques and maintenance.



Snax in Pax is located in Topeka, the "heart of Amish country" where Snax in Pax' website brags folks observe "life in the past lane."

But the 20-year old company is decidedly in current mode with a recent expansion to double the size of Snax in Pax' manufacturing and warehousing facility and greatly expand their production capacity.

Owner Ruby Higgins obtained loans from the SBA 504 program through STAR Financial Bank and Indiana Statewide CDC to finance the large project.

As the name implies, Snax in Pax produces dozens of varieties of snack foods such as caramel corn, peanuts, corn puffs and fudge. You can find Snax in Pax on store shelves and at the company's store in rural LaGrange County. You can also enjoy Snax in Pax under other names from one of their many customers -- including several familiar names.

Steve Gilbert of STAR Financial Bank says, "**This expansion has taken Snax in Pax to a new plateau in their market, and it has positioned them for significant future growth. The SBA 504 loan is perfect because of its long-term, fixed rates and longer amortization for real estate and equipment.**" It has also enabled Snax in Pax to preserve and enhance its working capital to support new sales and future growth.

The combination of modern production using old fashioned recipes makes Snax in Pax a tasty player in the snack food market.

## Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage & equipment financing for

**Snax in Pax**  
Topeka, IN

In participation with  
**STAR Financial Bank**  
Fort Wayne, IN



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# Indiana Community Business Credit Corp.

First Quarter 2016



Assurance Health System built a psychiatric hospital for senior citizens in Anderson in 2014, funded partially with SBA 504 financing from Indiana Statewide CDC and funding with the Indiana Community Business Credit Corp. The hospital's success led to demand for another location for its services, and Assurance looked for a site in greater Indianapolis.

Later this year, Assurance Health will open a new, 22-bed hospital on High School Road west of Indianapolis. Greenfield Banking Company and Indiana Community Business Credit Corp. are providing financing along with additional financing from the Indiana Statewide CDC.

Assurance Health is unique in its ability to provide psychiatric services to the geriatric community. Most of these referrals come from skilled nursing facilities in the area. After the patients are stabilized, they return to the skilled nursing facility.

Kyle Small, CEO of Assurance Health says, **"The funding will assist Assurance in buying and installing equipment in the new hospital and providing the operating capital necessary to cover start up costs. We appreciate the flexibility and the availability of the Credit Corp. funding. We are also enjoying our working relationship with Greenfield Banking Company and the Credit Corp."**

Adam Schultz of Greenfield Bank says, **"Assurance Health is a good fit due to it being a startup location and a new client to the bank. We utilized the Credit Corp to further strengthen our comfort level with the borrower and collateral position."**

Assurance Health is remodeling and equipping a former church building for its hospital and offices.

## Indiana Community Business Credit Corporation

Provided Growth Capital For:

**Assurance Health  
Indianapolis, IN**

In participation with  
**Greenfield Bank  
Indianapolis, IN**



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## Indiana Community Business Credit Corporation

Provided Growth Capital For:

**Doron Distribution, LLC  
Indianapolis, IN**

In participation with  
**Indiana Business Bank  
Indianapolis, IN**



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**Cambridge Capital  
Management Corp.**

You haven't heard of Doron Distribution in Indianapolis? Do you know about traffic signals? Doron, also known as the Traffic Signal Company, is the major distributor for TrafficWare lights, controls and boxes to Indiana cities and municipalities. TrafficWare is based in Sugar Land, Texas and distributes to over 90 countries on every continent.

The Traffic Signal Company was already over 20 years old when Christine Doron and her family bought the firm in 2002. They've grown the business to reach throughout the Midwest, but still focus on Indiana. That's a lot of street corners and interchanges.

The Indiana Community Business Credit Corp. and Indiana Business Bank provided working capital and equipment funding to assist the Traffic Signal Company.

Christine Doron says, **"The Credit Corp. was very important to help us move back into commercial bank financing."**



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



# Cambridge Ventures, LP

First Quarter 2016



Since 1996, Cambridge Ventures L.P., has funded over \$129 million in more than 55 projects. Impressive figures, sure. Just as important is the “why” and “how” these investments were made.

Cambridge Ventures is a small business investment company that provides growth capital to companies within 200 miles of Indianapolis. CVLP invests in a wide variety of industries; construction, pharmaceuticals, manufacturing, and laboratory analysis. An example of the latter is Strand Diagnostics. Police agencies in Indiana and around the country rely on comprehensive and rapid lab results to help solve crimes. Strand Diagnostics backs up the real-life CSIs. They also help ensure that the lab results you get are really yours using a proprietary DNA Kit.

But whether the CVLP investment target is Strand Diagnostics, North American Cold Storage, or Oak Security; CVLP is looking for the common denominators; strong management team, sound business plan, growth potential, proprietary advantage and location.

Cambridge Ventures provides capital from \$100,000 to \$1 million. But CVLP does not stop with a capital investment. The partners of Cambridge Ventures work with company managers to build lasting value and help the company maximize its opportunities.

CVLP portfolio companies are as different as Indy Elite Garage Doors and Assurance Health Systems. That’s the way CVLP has been building a strong portfolio, and helping Indiana create a strong economy.



# Lynx Capital Corp.



George Pillow led the way. A former high school and college basketball star, Pillow was playing a tougher game in the early 90s; as a minority starting a new small business. His company, Pillow Logistics, was the first borrower from Lynx Capital Corporation. And Lynx Capital was an early arrival on the near vacant landscape of Indiana minority business lenders.

Pillow delivers everything from lab specimens, medical equipment and paychecks in the Midwest. Lynx is Indiana’s leading minority business lender.

In its first 30 years, Lynx Capital has funded \$15.7 million in growth capital to 65 companies. Lynx focuses on existing companies with a minimum three year history and at least five employees, and where the loan will allow the company to grow and ultimately become successful.

Companies such as HG Metals, an Indianapolis metal fabricator. **"We were grateful for our relationship with Lynx,"** says Owner Cynthia Gardner. You may have seen their work; handrails at Indianapolis International Airport, entry arch at White River State Park, steel stair case in the Euler Science Complex at Taylor University.

Lynx starts with a minimum project size of \$75,000. From that point, Lynx is truly a hands-on lender that forms a personal relationship with our borrowers. We meet with boards and owners to provide guidance and tools to help companies handle the growth they are experiencing.

Successful Lynx companies include trucking and transportation companies, construction companies, environmental engineers and other retail and service businesses.



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