



# Portfolio News

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

Cambridge Capital  
Management Corp.

First Quarter 2020

## Help your borrowers protect their present and future with SBA 504 Loans

No business owner penciled the coronavirus into their 2020 business plan. Now many are swimming for their lives in choppy waters.

The current environment may result in uncertain times through the end of 2020 and perhaps into 2021. But we have financial tools to help business owners who need to look ahead to expansion projects, even if their companies are currently operating on reduced schedules or temporarily shut down.

The SBA 504 program is built to provide low, long-term interest rates for borrowers who need to buy equipment or new facilities. The 504 loans give borrowers the confidence that they will retain the current low repayment rates in the future when rates are higher. That feature alone is a kind of lifesaver to borrowers even — and especially — in these uncertain times.

The coronavirus and its multiple effects, including rate cuts by the Fed and the unsettled markets have caused a *flight to quality*. In our case, quality is represented by the bonds that we sell to fund our 504 loans. These bonds have the full faith and credit of the United States behind them. This security makes them very attractive for those that are concerned about uncertain times. This includes the borrower and the bank lender. The beneficiaries of that security are our small business borrowers who benefit from historic low rates in our program. And, you may remind your borrowers and prospects that these rates can be locked in for as long as 25 years!

We don't know the length of the coronavirus crisis, but entrepreneurs are an optimistic bunch and are still planning for what happens next, including planning for their continued growth and expansion.

So, when your borrowers and prospects wonder how you can help them; offer our SBA 504 loan product as a way they can protect their companies now and prepare for recovery when it arrives.

The "effective" interest rates on SBA 504 loans include the monthly amortization of the notes and the monthly payment of servicing fees.



### Effective Interest Rate

<u>2020</u>	<u>10-yr.</u>	<u>20-yr.</u>	<u>25-yr.</u>
January	3.80	3.64	3.71
February	—	3.39	3.46
March	2.85	2.81	2.88

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# Indiana Statewide Certified Development Corp.

First Quarter 2020



It was a big move for Brawley & Associates CPA when the company bought and occupied its new building in Greenwood.

Jerry Brawley started Brawley & Associates in 2005 and had been leasing space all along. In late 2019, SBA 504 financing from Busey Bank and Indiana Statewide CDC helped him buy and remodel an office building.

Ann Kavalec of Busey Bank says, **“Busey Bank is proud to partner with the SBA’s 504 program. This type of financing allows businesses to secure a fixed rate on a portion of their debt for up to 25 years. With the SBA 504, expenses are more predictable, and budgeting and business planning can be done with confidence.”**

Brawley & Associates includes three CPAs and support staff that assists personal and business clients with taxes, bookkeeping, retirement and planning for business growth.



## Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

**Brawley & Associates, PC**  
Greenwood, IN

In participation with  
**Busey Bank**  
Carmel, IN



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## Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

**Indiana Baseball Academy L.L.C.**  
Westfield, IN

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



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It’s baseball season year-around and 24/7 inside Indiana Baseball Academy on East Main Street in Westfield.

Owner Justin Kamm opened Indiana Baseball Academy (IBA), a training facility for baseball and softball players, in September. After buying a 15,000 square-foot building that houses the academy, Kamm purchased and installed indoor turf and batting cages with an SBA 504 loan from Huntington National Bank and Indiana Statewide CDC.

Kamm says, **“The 504 loan’s low-down payment and low fixed repayment rate are helping us add more state-of-the-art technology and instruction tools for our athletes.”**

Huntington Bank’s Brian Burrell says, **“The SBA 504 loan rates are at historic lows and Justin will keep that rate for the extended life of the loan.”**

Burrell adds, **“The 504 loans are important to Huntington’s overall small business loan offerings. They strengthen the cash flow of a business and its ability to continue growing and expanding the services they offer.”**

Kamm says that baseball and softball players from nine-years-old to college age and 27 full teams currently train at IBA. Kamm is an experienced baseball coach. IBA’s 16 contract employees include a strength and speed coach who formerly worked for the Atlanta Braves and Ball State University.

Jatin Patel built his newest hotel along I-65 in northwest Indiana at the Remington interchange (Exit 201). His Holiday Inn & Suites opened last summer. It features in-room WIFI and small kitchen units, along with a hotel business center, breakfast service and a swimming pool. Twenty persons are employed at the new hotel and Patel is an in-house manager/owner.

Patel obtained SBA 504 financing from Kentland Bank and Indiana Statewide CDC to buy land and build his Holiday Inn & Suites. He now owns seven hotels at the six interchanges covering 40 miles between Remington and Lowell. This is his third SBA 504 loan.

Patel says, **“The 504 loan process is very smooth, and I like the low down payment and long-term, fixed rate.”**

Craig Hooker of Kentland Bank says, **“The SBA 504 program is a great tool for Kentland Bank to assist our customers in realizing their goals. Our relationship with the SBA allows us to work with clients if they experience cyclical economic downturns. The end result has always been positive for the client and the bank.”**



## Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

**Holiday Inn Express & Suites**  
Remington, IN

In participation with  
**Kentland Bank**  
Rensselaer, IN



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# Indiana Statewide Certified Development Corp.

First Quarter 2020



At 75-thousand square feet, Fleece Performance Engineering's new manufacturing facility in Pittsboro dwarfs the size of the company's previous locations in Brownsburg and North Salem. The new headquarters has development, production and work areas, assembly and testing, a larger warehouse, four engine dynamometers and two-story office space.

An SBA 504 loan from Centier Bank and Indiana Statewide CDC helped owners and founders Brayden and Chase Fleece purchase the 52-acre property in Pittsboro and build and equip the new plant.

Fleece says, **"The 25-year fixed rate loan is one of the SBA 504 loan's largest benefits to me. We may not have been able to do this project with a conventional business loan."**

Derek Phillips of Centier Bank says, **"The 504 loan gives the customer a great, long term, fixed rate, and the bank gets a satisfied long-term customer."**

Fleece Performance Engineering, Inc. designs and builds aftermarket parts for the automotive industry. Products include turbochargers, fuel pumps, and a large range of problem solver parts. Its two sister companies, Freedom Racing Engines, Inc. and Fleece Performance, LLC, share space in the new facility. Freedom Racing Engines brings engines and cylinder heads to the automotive aftermarket. Fleece Performance, LLC is a full-service shop for diesel pickup trucks and cars.

The three companies employ 50 people and expect to add more people and manufacturing equipment.

## Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

**Fleece Performance Engineering, Inc.**  
Pittsboro, IN

In participation with  
**Centier Bank**  
Carmel, IN



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## Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

**E & H Industrial Services, Inc.**  
Indianapolis, IN

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



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After increasing employment five-fold to 25 in just five years, E & H Industrial Services in Indianapolis needed more space. So, the company bought and moved to a larger 10-thousand square-foot headquarters building with SBA 504 financing from STAR Financial Bank and Indiana Statewide CDC.

E & H is an industrial maintenance contractor serving manufacturing, heavy industrial, distribution, and food processing industries in the Midwest. Its services include general contracting, pre-engineered metal building supply and erection, welding, and metal fabrication.

Owner Phil Knickrehm says it was important for E & H's down payment on its SBA 504 to be lower than the company would have obtained from a conventional commercial loan. He says, **"As with any company, cash flow is critical to maintaining a healthy business. The low-down payment requirements of this loan allowed us to keep cash in the business for operations. The loan process was smooth and seamless for us, which I am thankful for as this is our first SBA loan."**

Jennifer VanHandel of STAR Financial Bank says, **"The SBA 504 loan is helping this community business purchase a building with less money down, achieving their dream of ownership."**

Knickrehm adds, **"We are now up to 30 employees and added 10 percent to our revenue in 2019 vs. 2018."**

Brothers Stephen, Michael and David Griffy call themselves "track guys." All three participated in track and field at Clinton Central High School and two competed on college varsity teams.

Fittingly, they are third-generation owners of Richey Athletics of Frankfort, a national manufacturer of track and field equipment including high jump and pole vault standards and pits. Their grandfather started the company in Michigantown (also in Clinton County) in 1962. The Griffy's succeeded their grandfather in 2007.

Richey Athletics latest jump was to buy and remodel a 70,400 square-foot building next to the Frankfort airport along SR 28. It doubles the size of Richey's former buildings in Frankfort and brings manufacturing and distribution, and all 26 employees, under one roof with room to grow.

The Griffy's obtained SBA 504 financing from The Farmers Bank and Indiana Statewide CDC to buy the building.

Drew Cripe of The Farmers Bank says, **"This SBA 504 loan helps Richey Athletics maintain more working capital. It also helps a home-grown business fill a vacant building in a visible corridor of our community."**

Michael Griff says, **"This loan requires a smaller down payment and offers a long-term, fixed repayment rate; both features unavailable in a regular commercial loan. We made this leap sooner than we would have otherwise been able to."**

## Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

**Richey & Son, Inc.**  
Frankfort, IN

In participation with  
**The Farmers Bank**  
Frankfort, IN



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# Community Investment Fund of Indiana



Rose Family Counseling Center (Rose) provides emotional support and assistance for parents who need help with child-raising and homemaking skills. Rose Family Counseling operates six treatment facilities in Lake County.

A working capital loan from Community Investment Fund of Indiana will help Rose reach out to more families who need help.

Rose Chief Executive Officer Sherlonda Nixon says parents may come to Rose Family Counseling voluntarily, or under orders from Lake County courts.

Nixon started Rose Family Counseling in early 2018. Initially, Rose generated revenue from clients and referrals. Rose is expanding, Nixon says, because the demand for therapeutic counseling is greater than the capacity of Lake County and Northwestern Indiana support agencies. And Rose recently was awarded new contracts from two area providers of support for children and youth with behavioral and emotional challenges.

Nixon says CIFI's new working-capital loan is helping Rose hire and support additional counselors and staff in the time gap between providing services, invoicing the referring agencies and receiving payment.



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### Portfolio News

Published quarterly by  
Cambridge Capital Management Corp.  
Editor: Angie Jordan

PRSR STD  
US Postage  
PAID  
Indianapolis, IN  
Permit No.  
9313



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## LYNX Capital Corp.



### Horizon Bank invests in minority lender LYNX

Financial resources available to Indiana minority business owners got a boost when Horizon Bank provided \$100,000 to Lynx Capital Corporation.

Horizon Bank Central Indiana Regional President Dan Hampton says, **“Horizon Bank has a long history of assisting small businesses and we share that passion with Lynx Capital Corporation. Horizon’s investment in Lynx will help many of our minority-owned business neighbors start and grow their companies. This investment helps us reach out to some of the underserved communities in our market”**

Many of you know (and have worked with) Lynx Capital as a lender and advisor to Hoosier businesses owned by minority group members. Cambridge Capital Management is Lynx’ professional manager. Lynx funds projects of at least \$75,000 to companies with five employees or more and that have been open for a minimum of three years.

Jean Wojtowicz, executive director for Lynx, welcomed Horizon Bank’s investment, saying, **“Lynx has provided more than \$7 million in loans to more than 90 minority-owned businesses since 1991. Horizon Bank and Lynx recognize that businesses owned by minorities need access to expansion capital designed specifically for them. A more diversified business economy is good for all of us.”**

