



Portfolio News®

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

Cambridge Capital
Management Corp.

First Quarter 2022

Variety of options

In small-business lending, we always plan for unusual situations. We may have a Plan B. What about Plans C, D and E? In other words, we don't know the future but we try to be ready for it. That's more important than ever now that the phrase "uncertain times" seems to describe everyday life.

We anticipate that rising interest rates will affect our lending activity this year. We — and you — had a great story to tell for several years and our small-business borrowers have reaped the benefits of all-time low rates.

Let me say this— we still tell a great story, and we have a great SBA 504 loan to offer borrowers! This is true even if interest rates climb — perhaps a quarter-point at a time — as long as the Fed feels it is appropriate.

Most of you know the importance of a lending program that allows small-business owners access to fixed-rate financing of up to \$5 million for major fixed assets. Some of your 504 borrowers have used your financing support as a foundation for building their companies to become major players in your market. They provide jobs, goods and services and perhaps become long-term commercial customers.

We offer stories in this newsletter about several businesses that are using SBA 504 loans from Indiana bankers. And we offer examples of other lending programs that we can access for you at Cambridge Capital Management. They include: The Indiana Community Business Credit Corporation, manager of a pool of risk capital provided by more than 30 Indiana banks to supplement conventional financing with additional growth capital; Lynx Capital Corporation for minority business owners; the Community Investment Fund of Indiana, a source of funding for Indiana's smallest businesses; and Cambridge Ventures, a source of growth capital.

We look forward to working with you. Together, we can remove some of the uncertainty from your borrowers' business lives.



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>2022</u>	<u>10-yr.</u>	<u>20-yr.</u>	<u>25-yr.</u>
January	3.079	3.070	3.216
February	—	3.454	3.598
March	3.820	3.766	3.929

Inside This Issue

Indiana Statewide CDC Tombstones	2-5
ICBCC	5
CIFI	6

Indiana Statewide Certified Development Corp.

First Quarter 2022



Owners Ilya and Angela Grabovsky have grown Pete's Service Center, a neighborhood classic car repair shop, into a larger facility offering repairs, refueling, restoration and long-term storage. The new Pete's Storage and Restoration is housed in two buildings just east of 56th and Keystone in Indianapolis.

The Grabovskys worked with STAR Financial Bank and Indiana Statewide CDC on SBA 504 financing in 2020 to buy and remodel the buildings for their new business. More recently, they closed the original Pete's Service Center at 49th and Pennsylvania about two miles away, and combined the two operations. The name "Pete" in the new and old businesses refers to Pete Kahlo, who opened Pete's Service in 1955.

Pete's expansion has been fueled by customer demand for restoration and storage of European and classic cars.

Derek Jones of STAR Financial says, "Pete's Service had long needed a place for secure storage and additional work. The SBA 504 loan was structured to accommodate the Grabovskys' need to stretch the remodeling out for several months until every aspect of the project was accomplished."

The Grabovskys have used two other SBA 504 loans to assist them in establishing Angela's other business, Ameriprise Financial.

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Pete's Storage & Restoration, Inc.
Indianapolis, IN

In participation with
Star Financial Bank
Indianapolis, IN



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Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Legacy Courts
Lafayette, IN

In participation with
State Bank
Zionsville, IN



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You don't have to be a skilled athlete to come "ready to play" at Legacy Courts in Lafayette. For several years, athletes from varsity to beginner have learned new skills and teamwork on Legacy Courts' four state-of-the-art basketball and volleyball courts. They offer instruction and clinics as well as supervised team leagues and tournaments.

Four businessmen in Lafayette recently used SBA 504 financing from State Bank and Indiana Statewide CDC to help them buy Legacy Courts. It was a smooth transition from owners who built Legacy Courts to the new team. David Sharp, one of the new principals, says, "We took ownership of the facility in May and continued the same operation. We have added additional programs and expanded what was existing."

The SBA 504 loan from State Bank and Indiana Statewide CDC paid for Legacy Courts' 40,000 square-foot building and interior furnishings and equipment.

State Bank's Collin Shipman says, "This is a good SBA 504 project because it achieves the purposes of the SBA 504 program. That is; allow owners a way to retain cash for their business and give banks protection for part of the loan."

LEGACY COURTS



PLAY LIKE A PRO!
LAFAYETTE, IN



Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

One Sensible Solution LLC
Indianapolis, IN

In participation with
STAR Financial Bank
Indianapolis, IN



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One Sensible Solution has grown as individuals recognize their need for better emotional health. One Sensible Solution was founded by two licensed therapists and social workers, Julie Kavanaugh and Angel Maschino. They leased space in southeast Indianapolis for several years and are now buying the building with SBA 504 financing from STAR Financial Bank and Indiana Statewide CDC.

Kavanaugh and Maschino have four full-time employees and contract more than 20 other licensed therapists.

“We have found a growing need for personal and marriage counseling,” says Kavanaugh. “We listen and then help. Through a combination of therapeutic techniques, our therapists help a client identify limiting beliefs and outmoded coping mechanisms that may block achieving overall happiness. Many of our clients report rapid progress.”

One Sensible Solution accepts conventional insurance, self-pay, Medicaid and HIP. All client/therapist communications are confidential.

Future plans for One Sensible Solution include buying a building on the north side of Indianapolis.

Mike Constable of STAR Financial Bank says, “**One Sensible Solution is in a growth phase right now and the 504 product has allowed for more working capital to remain in business while the company continues to expand. Angel and Julie were able to bring less equity to close and obtain a competitive long-term blended rate as they look to continue to gain market share in the community.**”



A major change is happening with new Japanese dining experiences at Muncie’s DoMo Japanese Kitchen and Sushi.

DoMo is now located at Wheeling and McGalliard roads in a larger completely remodeled building. Owner Mihwa Yang’s restaurant now offers more grilled items, drive-thru and — most notably — hibachi food grilled in the kitchen, not at diners’ tables. The purpose, says Yang, is to lower menu prices bringing DoMo dining to a wider audience. DoMo is now closer to Ball State’s campus than its original location near the Muncie Mall.

Yang worked with First Merchants Bank and Indiana Statewide CDC for SBA 504 financing to buy and remodel the building.

First Merchants’ Brian Haughn says, “**The SBA 504 loan is very good for Mihwa, because its low down payment and longterm fixed rate favorably impact her balance sheet. The 504 also helped us work with her over the long period of time the building was being remodeled. The project was delayed several times due to the pandemic and labor shortages.**”

DoMo has been a favorite Muncie dining destination since Wang opened it as a steakhouse and hibachi restaurant in 2005. Yang believes her new fast-casual concept, which still includes dining in, better meets the needs of current customers.



Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Domo Japanese Steakhouse & Sushi
Muncie, IN

In participation with
First Merchants Bank
Muncie, IN



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Indiana Statewide Certified Development Corp.

First Quarter 2022



A major addition opens up more space for training at Roundtripper Baseball Academy in Westfield's Grand Park.

Owner
Christopher Estep

opened Roundtripper in 1993. In its 59,000 square-foot indoor facility, Roundtripper offers a full diamond, pitching and batting cages and a fitness center. More than 100 athletes may train and play at a time and hundreds of thousands sharpen their skills each year. Dozens of teams compete in baseball and softball tournaments on Roundtripper's outdoor diamonds. Estep says baseball and softball players who have trained at Roundtripper play in high school and college programs and several, including Tucker Barnhart, Lance Lynn and Drew Storen, play — or have played — major league baseball.

In 2021, Roundtripper completed an expansion with SBA 504 funding from Regions Bank and Indiana Statewide CDC. The new indoor space adds 40,000 square-foot to Roundtripper's capacity by creating a new infield and outfield practice area, additional batting cages, concessions, spectator space and instructional rooms.

Joe Pace and Gary Greene of Regions Bank worked with Estep on the SBA 504 loan.

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Roundtripper Baseball Academy
Westfield, IN

In participation with
Regions Bank
Indianapolis, IN



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Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Wine Market & Table
Indianapolis, IN

In participation with
Stock Yards Bank and Trust Company
Indianapolis, IN



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Fountain Square needed a place to “hang out” with friends, wine and small plate food. That’s what Kristen Bowers observed when she moved to the neighborhood a few blocks southeast of downtown Indianapolis.

She and co-owner Zachary Davis opened The Wine Market in 2017. It became a magnet for late-afternoon and evening wine, food and conversation. Bowers says, “There were tons of brewery options in Fountain Square at the time but few wine options.”

Success followed and demanded more space. In 2021, Bowers used a SBA 504 loan from Stock Yards Bank and Indiana Statewide CDC to buy and remodel a building that had been vacant for several years. The new Wine Market & Table has a bigger dining room, a full kitchen, ample outside space and off-street parking. And it’s just steps from the original Wine Market. Easy for old friends and plenty of room for new customers.

Isabel Hawkins of Stock Yard Bank says, “It’s a very nice place. **The SBA 504 loan was perfect for Kristen, and her new location is doing well.**”

Bowers says, “**Banks were more willing to talk with us when the 504 loan protects part of their investment. And the low interest rate is also attractive to us.**”

wine market
& table

Indiana Statewide Certified Development Corp.

First Quarter 2022



A home-grown Grant County company that manufactures synthetic lumber from recycled plastics is opening a new continuous panel lamination production line. Earthwise Plastics will add about eight employees to its current 52-employee roster.

Earthwise Plastics' CFO Andy Miller obtained a SBA 504 loan from Community First Bank and Indiana Statewide CDC to purchase and install the new equipment in its Gas City plant.

About 97 percent of the material in Earthwise Plastics' products is recycled from High Density Polyethylene (HDPE) which comes from sources such as milk cartons and other consumer and industrial goods. Earthwise Plastics are used in outdoor furniture, decks, docks, semi-trailer trucks and dump trucks. The company's plastic boards are UV protected and will not splinter or crack. They come in seven colors that will never need staining, sanding or repainting.

Miller says, **"Our SBA 504 loan allows us to lower our debt exposure to Community First Bank which, in turn, provides opportunity for us to have more borrowing ability for additional major expenses and working capital."**

Jonathan Malin of Community First Bank says, "It is very satisfying for Community First Bank to help a local company, Earthwise Plastics, manufacture environmentally sustainable products for customers around the world. **The SBA 504 loan is perfect for this project.**"

Earthwise Plastics used SBA 504 financing a few years ago to buy and remodel its manufacturing plant in Gas City. Grant County resident Roger Dyson started Earthwise Plastics about 15 years ago. Now, its main products are sold internationally.



**EARTHWISE
PLASTICS**

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Earthwise Plastics, Inc.
Gas City, IN

In participation with
Community First Bank of Indiana
Kokomo, IN



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Indiana Community Business Credit Corp.

First Quarter 2022



Majestic Stone Imports, Indianapolis

Majestic Stone Imports sells and installs high-quality marble, granite, quartz and other stone materials in homes, restaurants and other commercial facilities in the Midwest. It has accomplished nearly 20,000 projects during its over 30-year history.

The company, is owned and operated by Bob Brown, Cynthia Brown and Chris Brown, Majestic Stone operates out of their downtown Indianapolis facility and has a second location in downtown Kansas City, Missouri.



As a part of their growth strategy, Majestic Stone Imports entered into a banking relationship with Greenfield Banking Company to provide permanent working capital. Indiana Community Business Credit Corporation (ICBCC) is participating in the financing structure.

Majestic's real estate affiliates continue to have favorable financing through the Indiana Statewide CDC's SBA 504 program. These loans were used to acquire the building at Majestic's corporate home in downtown Indianapolis and purchase the regional fabrication shop in Kansas City.

Community Investment Fund

First Quarter 2022



CIFI: a way for bank lenders to help businesses grow

We don't need to be told that the pandemic was lethal for small businesses. Those owned by minorities were particularly hard hit. For example, African American entrepreneurs closed their doors during Covid-19 at more than twice the rate of their White counterparts. Black-owned businesses declined by 41 percent between February and April 2020, compared with a 17 percent decline among White-owned businesses.

Most communities look to business leaders, including local bank lenders, to be among the parties that lend a hand in recovery.

A few signs of hope are springing up in Indiana. Several new projects are being assisted by the Community Investment Fund of Indiana (CIFI), a private non-profit lender certified by the U.S. Department of the Treasury as a designated Community Development Financial Institution.



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Just getting started: a shopping strip in Gary owned by an adjacent African-American church; one of Tippecanoe County's few beauty supply shops catering to minority women; an African American-owned women's boutique located in Merrillville; and a gourmet coffee shop in Brownsburg. CIFI partnered with bank lenders and federal and private grants to boost these promising ventures. Additionally, new loan activity in support of the growth of existing Indiana businesses included assistance to expand the fleet of an Anderson-based trucking company.

Here's a chance for your bank to be involved. Look around. Find projects that can thrive if you help. And, if you've worked with CIFI before, you already know that banks can benefit through the Community Reinvestment Act (CRA) for the investment of resources they make in CIFI.

CIFI has invested nearly \$3.6 million in Indiana communities during the last several years. Due to its partnership with Cambridge Capital Management, CIFI has worked in tandem with Lynx Capital Corporation to deploy even more financial resources to minority-owned businesses throughout the State.

You can reach Phil Black (philblack@capitalizingindiana.org) at our CIFI statewide office in Indianapolis; 4181 E. 96th Street, Suite 200, Indianapolis, IN 46240 (317) 960-3710.

Or, contact Chareice White (cwhite@capitalizingindiana.org) at CIFI's regional office in Lake County; 5233 Hohman Avenue Suite 112 Hammond, IN 46230, 219-803-6553

It's Spring. Let's grow!