



Portfolio News

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

Cambridge Capital
Management Corp.

Second Quarter 2010

Top 10 Myths about SBA

We've all heard the line: "I'm from the government and I'm here to help." The joke is that disaster is soon to follow.

Fortunately, most of the time help really is on the way when a responsible agency such as the SBA steps forward. Still, bankers may have suggested SBA support for a business loan only to have the borrower cringe. Some bankers may even share that feeling.

So it's instructive when a list makes the rounds like a recent summary of top myths about the SBA. It gives us an opportunity to look at a few facts that reveal the SBA's beneficial effects on small business expansion.

For example, it's common to think that the SBA 504 and 7(a) programs exist only for poor credit risks or small companies that have been turned down for conventional bank financing. These programs were created, after all, to assist worthy small businesses that had not

built a lengthy credit record.

The fact is: many of our borrowers are excellent credits risks. They are given the opportunity to choose the 504 program over a conventional loan because of the favorable rate and terms along with the ability to finance up to 90 percent of the project. It is true that a banker may suggest SBA financing to reduce the bank's exposure, but that does not indicate the bank's unwillingness to do the loan itself.

It's fairly common to hear another myth during our first borrower-banker meeting: "This will take way too long." Or, "SBA financing is too complex. I won't understand what I'm getting in to."

They are relieved to know that the whole process is frequently faster than the property appraisal. The average appraisal can consume 4-5 weeks, while a CDC typically packages a 504 loan in as little as a week. Then, the CDC submits the pack-

age to the SBA, which turns around the approval in 2-5 days.

Not only is the SBA built for speed, it has also simplified its loan process. Many lenders handle 504 financing without SBA loan specialists because the 504 process is no more complex than a conventional bank loan. The bank uses its standard loan application forms for its part of the project and turns the paperwork over to the CDC that handles the SBA portion of the loan.

So, the SBA is actually proving itself as a reliable and responsive partner to lenders and small business owners. The SBA has supported more than \$29 billion in small business financing through the Recovery Act and its overall lending is sharply increased for the first nine months of the 2010 fiscal year over the past two years.

It seems that every day the SBA is proving that service trumps myths.



Pictured: Indiana Statewide CDC staff and Board Members enjoyed a walking tour by Tim Chocklett of the Opportunity Buys, Inc. warehouse located in Indianapolis.

Thank you to our borrower, Opportunity Buys, Inc.,
for hosting our June Board Meeting.
Your hospitality is appreciated!

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Lender Incentive Program Update

Time is running out! Our current lender incentive program began October 1, 2008 and will run through September 30, 2010. You will help your community, give deserving businesses a better chance at success, and help build your bank's public image when you utilize the SBA 504 loan program.

In appreciation for allowing us to help, we offer the following:

- 1st loan—\$100
- 2nd loan—\$200
- 3rd loan—\$300
- 4th loan—\$500
- 5th loan—\$750
- 6th loan—\$1,000

If you are not familiar with the SBA 504 loan program, please call us. Sandy McCleese will be happy to meet with you to discuss the 504 loan program highlights. She is also available to go with you to call on prospects and assist them with completion of the loan application.

Call (317) 844-9810 today!

Top 10 Institutions as of 7/9/2010

<u>Bank</u>	<u>Amount</u>
1. First Merchants Bank	\$3,296,000
2. Indiana Bank & Trust	\$2,714,000
3. First Financial Bank—Columbus	\$2,458,000
4. German American Bank	\$2,412,000
5. Monroe Bank	\$1,971,000
6. Shelby County Bank—SCB Bank	\$1,337,000
7. JPMorgan Chase Bank	\$1,110,000
8. United Fidelity Bank	\$1,038,000
9. Harris Bank	\$ 910,000
10. Community First Bank of Howard Co.	\$ 710,000

Bright circus decorations on the walls and an aquarium of colorful fish help entertain and calm children as they wait to see Dr. Jeremy Roscoe in Greenwood.

Of course the main factor in a patient's satisfaction is skilled care and compassionate treatment. On that score, Dr. Roscoe's patients report that Clown Pediatrics is as good an experience as "a visit to the doctor" can be.

Dr. Roscoe recently expanded his six-year old practice with SBA 504 financing from First Merchants Bank and the Indiana Statewide CDC. The loan helped Clown Pediatrics purchase new equipment and remodel the office.

Ten persons are employed at Clown Pediatrics including two nurse practitioners. A second doctor will join the staff next year.

Dr. Roscoe says, "The SBA 504 loan certainly met our needs in terms of a good rate and long repayment time. That, and a low down payment, helped us accomplish what we needed to do to serve our patients."

John Purdie of First Merchants says, "Once again, the CDC and SBA were instrumental in helping us carry out our job of assisting businesses in our South Indianapolis community."

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Clown Pediatrics, P.C.
Greenwood

In participation with
First Merchants Bank
Greenwood



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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

<u>2010</u>	<u>10-yr.</u>	<u>20-yr.</u>
April	—	5.774
May	4.607	5.523
June	—	5.294

Indiana Statewide Certified Development Corp.

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Mike Ruben learned to flip pancakes while working at an IHOP (a/k/a International House of Pancakes) in high school. He also started learning how to run a business. Twenty years later, his newest IHOP is open in Columbus providing jobs for 40 people.

First Merchants Bank and Indiana Statewide CDC are helping Mike buy real estate, the building and equipment with SBA 504 financing.

“We have six IHOPs in Indiana and plan on opening ten more,” says Mike.

“The 504 loan helped me to continue to grow my company. Without the loan, my expansion might not have been possible.”

“The process and service were very good. And the rate from the SBA is second to none with the long 20-year amortization period.”

Joe Cavacini of First Merchants says, **“With the SBA participation in place, the bank’s exposure is decreased, meaning we can lend the borrower money for other projects. Also, the bank feels comfortable with a loan-to-value of 50 percent, allowing us to offer more attractive terms to the borrower.”**

It’s a good bet that some of Mike’s IHOP employees are also in high school. Who knows how many are future entrepreneurs?

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage & equipment financing for

IHOP
Columbus

In participation with
First Merchants Bank
Decatur



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Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Benefits Management Consulting
Lafayette

In participation with
Bank of Indiana
Dana



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Cambridge Capital Management Corp.

Matthew Skiles expanded Benefits Management Consulting with assistance from SBA 504 financing from the Bank of Indiana and the Indiana Statewide CDC.

Benefits Management works with companies and their employees to navigate the maze of health insurance benefits. Founded in 1996, Benefits Management expanded its office and computer capabilities and boosted its staff to nine people in order to handle increased business.

“Health insurance is rapidly changing, and it never gets less-complicated,” says Skiles. **“We appreciate the SBA 504 funding so we could add to our staff and our expertise,”** he says.

Jeff Salesman of The Bank of Indiana, says, **“SBA 504 loans enable us, as the lender, to provide excellent financing at lower cost to the borrower and with less risk to the bank. It’s a great program.”**

You never know what will appeal to a traveler. So owners Tim Knight and Oliver Brown outfitted their Holiday Inn Express in Bedford with many of the standard roadside amenities. They include a refrigerator in each room, TV, and indoor pool.

German American Bank and Indiana Statewide CDC provided SBA 504 financing for the Holiday Inn Express, relying on sound management and a respected brand.

Charles Fleck of German American Bank says, **“The 504 loan enables the owners to focus more resources on bringing the hotel up to speed. The 504 is an extremely valuable job-creation tool.”**

About 15 persons are employed at the hotel.

The Holiday Inn Express is a frequent stop for business travelers to local manufacturers such as GM and the Crane Naval Surface Warfare Center. Those working on the road enjoy the excellent business accommodations including high speed internet service at this totally renovated facility.

Proving that even the little amenities are important, one satisfied customer wrote on the hotel’s message board: **“I’ll not forget the free breakfast with delicious cinnamon rolls.”**

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Holiday Inn Express
Bedford

In participation with
German American Bancorp.
Jasper



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Check out our website at www.cambridgecapitalmgmt.com

Indiana Statewide Certified Development Corp.

Second Quarter 2010



Customers of Caribbean Clean Laundry can drop off their washing or do it themselves.

Owners Connie Medaris, Dusty Blackburn and Sunny Stephenson (Connie is Dusty and Sunny's mother) opened the business earlier this year with partial financing from the SBA 504 program through Indiana Bank & Trust and Indiana Statewide CDC.

"The people we encountered on this adventure from the SBA, the bank and the Indiana Statewide CDC were very kind and accommodating," says Blackburn.

She reports that they used the financing to buy the laundry's washing machines and dryers and that business is growing nicely. No wonder: it offers friendly attendants, a play area for children, a coffee bar, Wi-Fi and TV.

Caribbean Clean Laundry is located along busy U.S. 31 near Taylorsville, just north of Columbus.

Joe Hauersperger of Indiana Bank & Trust says, **"This loan made perfect sense for them. Caribbean Clean Laundry is providing jobs and a needed service to the area."**

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage & equipment financing for

Caribbean Clean Laundry Columbus

In participation with
Indiana Bank & Trust
Columbus



ISCDC managed by:
Cambridge Capital Management Corp.

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Sure Clean Vincennes

In participation with
German American Bancorp.
Vincennes



ISCDC managed by:
Cambridge Capital Management Corp.

Sure Clean is a restoration, construction and cleaning company located in Vincennes.

Owners Mark and Amber Gerkin and Ronald Primus repair structures that have sustained fire or flood damage. They started as carpet cleaners and then branched into new home construction and eventually into total repair and clean up.

German American Bank and the Indiana Statewide CDC worked together on SBA 504 financing that allowed Sure Clean to more than triple its square footage. The company can now park all its temperature-sensitive vehicles and equipment under one roof as well as store furniture from burned or flooded buildings.

Greg Cardinal of German American Bank says, **"We embrace the 504 program at German American Bank. It's a win-win situation. The borrower receives a significant amount of their loan on a long-term fixed rate that most commercial loans cannot offer, and with a smaller down payment. We are able to establish a relationship with the borrower while providing a loan with a 50 percent loan-to-value."**

The Nielsen auto brand is well known in the area along the Lake Michigan shore in northern Indiana. Bob Nielsen served generations of customers, working with the Indiana Statewide CDC to obtain SBA 504 financing when he needed to purchase and expand dealerships.

After 17 years of working for his father, Jeff Nielsen moved into ownership with Nielsen Kia Hyundai in Michigan City. LaPorte Savings Bank and Indiana Statewide CDC assisted with an SBA 504 loan, helping Jeff purchase land and a building.

Jeff Nielsen says, **"I'm pleased with the reaction of our customers, both old and new. It is such a fantastic opportunity because of our vast customer base, our 24 dedicated employees and two exciting and growing franchises."**

"The SBA 504 financing is a great tool to help us at this time, and we're off to a strong start," Nielsen says.

Kevin Beres of LaPorte Saving Bank says, **"This was an opportunity to begin the succession planning for the Nielsen auto business. The SBA 504 program is perfect for this type of loan, and the Indiana Statewide CDC was extraordinary."**

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Nielsen Kia Hyundai Michigan City

In participation with
LaPorte Savings Bank
LaPorte



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Cambridge Capital Management Corp.

Indiana Community Business Credit Corp.

Second Quarter 2010



Tom Klempay, Toron Wilson and Dudley Allen took the long way around before landing in Warsaw to open a new downtown restaurant.

Their restaurant, 8 WW Cuisines (the WW stands for World Wonder), is worldwide in scope, offering menu items originating in Asia, Africa, Mexico and several other locations. The Indiana Community Business Credit Corporation assisted 8 WW Cuisine with financing to help purchase its building in Warsaw.

“**This is a new concept,**” says Klempay. He first entered the restaurant business in Mishawaka and South Bend in the 90s, and then signed on to tour the world with the U.S. Coast Guard for over five years. Then he worked other jobs before returning to restaurant work in Mishawaka.

Wilson, Allen and Klempay met at the Mishawaka restaurant. Allen is the head chef at 8 WW Cuisine. Some of his eclectic offerings were learned as a young man in his native Nicaragua. He calls his hometown, “**The Caribbean side of Nicaragua,**” and the location influences his cooking.

8 WW Cuisines opened in late spring. It now has 15 employees and is considering a catering operation.

Indiana Community Business Credit Corp.

Acquisition Capital for

Wakecom, LLC dba 8WW Cuisines

Warsaw



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

New ICBCC Board Members

Five individuals were elected to the Board of Directors for Indiana Community Business Credit Corp in April.

Elected to a three-year term expiring in 2013:

- **Bill Ammerman**, PNC Bank
- **Andrew Cardimen**, Harris Bank
- **Reagan Rick**, M& I Bank

Elected to a two-year term expiring in 2012:

- **Neil Miller**, 1st Source Bank

Elected to a one-year term expiring in 2011:

- **Richard Barbercheck**, First Financial Bancorp

Our Board Members who continue to serve include:

- **Tony Albrecht**, Lafayette Bank & Trust
- **Brian Chaffin**, Marine Bank
- **Daryl Moore**, Old National Bank
- **Mike Newbold**, The Huntington National Bank
- **J. Albert Smith**, JPMorgan Chase Bank
- **Kevin Smith**, KeyBank
- **Scott Thiems**, Regions Bank

We welcome them and appreciate the commitment of everyone on the board!

ICBCC Loan Committee Members

- **Mike Alerding**, Alerding & Co., LLC
- **Glenn Clevenger**, First Financial Bancorp
- **Oz Morgan**, STAR Financial Bank
- **Gregory O'Connor**, M & I Bank
- **Thomas Schlehuber**, KeyBank
- **Brandon Siegel**, PNC Bank
- **Matt Tuohy**, Indiana Economic Development Corporation

Mike Alerding, Managing Partner of Alerding & Co., has been a member of the Credit Corp loan committee since its beginnings in 1986. Several of Mike's clients have used the program and he

credits the success of many of these businesses to the funding and expertise that the Credit Corp brought to their companies.

“**The Credit Corporation is unique in Indiana because it is a pool of capital provided by bank members. Each bank shares the risks and the rewards of being able to assist deserving and credit-worthy businesses who need growth capital in their formative years or acquisition capital when opportunities arise. Our firm recommends using the Credit Corporation to clients who can demonstrate the business acumen, a viable business plan and a history of success. We have seen the Credit Corporation's partnership with the banks work time and time again to fund Indiana businesses that would otherwise go without the necessary growth capital.**”

Lynx Capital Corp.

Second Quarter 2010



HG Metals is an Indianapolis steel fabrication and construction company that weathered a tough 2009.

"We hung on by our fingernails," says President Cynthia Gardner of her three-year old company.

Fortunately, 2010 got off to a strong start. But last year's slow business left over little cash to fund new projects. So HG Metals applied to LYNX Capital Corporation for growth capital targeted to minority-owned firms.

LYNX working capital funding was put immediately to work, along with the company's 12 employees.

"The LYNX loan means our success," says Gardner.

The family-owned company fabricates steel stairways and guardrails in its 25,000 square-foot shop, and then installs it in such high-profile locations as Lucas Oil Stadium and the Indiana Convention Center. Drivers can see a full quarter-mile of HG Metals' two-line guardrail on the elevated passenger drop-off drive at the new Indianapolis International Airport terminal.

The HG Metals and LYNX partnership will help the company live up to the promise on its website to "deliver a solid solution" to Midwest construction contractors.

Lynx Capital Corp.

Growth Capital for

HG Metals
Indianapolis



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

Lynx Capital Corp.

Growth Capital for

H2H
Indianapolis



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

After several years of gaining visibility and marketing results for other employers, Keianna Rae Harrison and Denise Herd teamed up to form H2H Group, a marketing communications firm in downtown Indianapolis.

In two years, Harrison and Herd built their business by adding clients and staff members, necessitating a move to a larger office. They are now in bright new surroundings and poised to grow with an economic rebound.

Lynx Capital Corp. provided growth financing for H2H.

Harrison says, **"We work hard to focus on clients in the small business, non profit and government sector. We did not want to spend a lot of time on financing. Fortunately, Lynx Capital Corporation made it possible for us to build out our new offices and add two new staff members with a minimum of disruption to our client service."**

Harrison formerly worked for public relations firms in Cincinnati and Indianapolis. Herd gathered experience with a national public relations company.

H2H looks forward to many years of working for clients in Central Indiana, with a timely assist from Lynx Capital Corp.

Cambridge Capital Management Corp.

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