



# Portfolio News

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

Cambridge Capital  
Management Corp.

Third Quarter 2014

## SBA 504 Loans More Flexible Than You May Think

Many borrowers or lenders may feel that they are locked in once the SBA 504 loan funds, but that is not necessarily the case. Even if the Senior Lender loan is being paid off or refinanced, if the business is being sold, the 504 Loan does not need to be paid off. There are other options.

Borrowers don't be short-sighted. The 504 loan offers the stability and predictability of a long-term low interest rate and level payment. Even though a lender may be offering a lower rate in the short-term, it will typically only be fixed for 5 years, leaving the borrower to face an unknown rate, and a possible increase, down the road. Therefore, even though it may make sense to pay off or refinance the senior lender's loan, consider all of the benefits of the leaving the 504 loan in place.

Lenders don't take on more risk than you need to. By refinancing only the first mortgage and leaving the 504 loan in place the lender can reduce its risk

on that particular project and leave some room to lend more later if the project continues to succeed. The loan to value requirements may not allow a lender to refinance both loans, but by leaving the 504 in place a lender can still assist the borrower with the refinance.

**SUBORDINATION:** The SBA wants its borrowers to have the flexibility to refinance with a new lender without giving up the low long-term fixed rate it enjoys on the 504 loan. As long as it is a straight refinance, the SBA will typically subordinate to the new lender, which means the 504 loan stays in place and continues providing that steady fixed payment. The SBA will even subordinate to a larger first lien in some circumstances, allowing some cash out. This would be when the additional cash is being applied to improvements to the project collateral or used to purchase additional long-term assets necessary for the operation of the business. The SBA will even allow reimbursement to a borrower for amounts already spent.

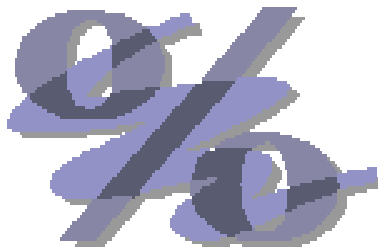
**ASSUMPTION:** Under the right circumstances, the 504 loan may be assumed by a new borrower. This fact should be put right in the marketing materials for the sale of the assets. If a qualified borrower can be brought to the table, one that meets with SBA approval, it is possible for them to step into the shoes of the SBA Borrower and assume the loan. This prevents any pre-payment penalties from occurring and allows the buyer to step into a great rate. As part of the assumption the SBA will subordinate to a new lender in first position.

Whether you are a lender or a borrower, there is a good reason to know the SBA rules with respect to Subordination and Assumption of the 504 loan. Do not just presume that your only option is to pay off the 504 loan, because that is simply not the case. If you ever have a question, please call us first to discuss the options. As always, Indiana Statewide wants to be your 504 expert!

### Effective Interest Rate

2014	10-yr.	20-yr.
July	4.51	4.95
Aug	—	4.96
Sept	4.69	5.00

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



### INSIDE THIS ISSUE

Indiana Statewide CDC	
Tombstones	2 - 4
ICBCC	
New Funding	5
Cambridge Ventures L.P.	
New Funding	6

# Indiana Statewide Certified Development Corp.

Third Quarter 2014



## Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

**Pharmakon Long Term Pharmacy, Inc.**  
Noblesville, IN

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



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Many Midwestern hospitals and military hospitals across the US rely on Pharmakon Pharmaceuticals for the sterile injectable drugs they provide their patients. With a growing client list and increasing customer demand, Pharmakon Pharmaceuticals purchased a 40,000 square-foot building in Noblesville to expand its staff and laboratory capacity.

Pharmakon CEO Paul Elmer received SBA 504 financing from Huntington National Bank and Indiana Statewide CDC to buy and remodel the building.

Elmer says, **“With our new growth, we have about 75 pharmacists and highly skilled technicians employed at Pharmakon Pharmaceuticals. The 504 loan allows for Pharmakon to invest in more state of the art equipment and to expand our training programs. The financing is working well for Pharmakon.”**

Derek Phillips of Huntington National Bank says, **“Paul was looking for a lower down payment and long term interest rate protection and the 504 program provides that.”**

Since starting with five employees in 2003, Pharmakon now employs 275 and will continue to grow in Noblesville.

Kia of Muncie opened in 2011 on the east side. Business was strong, but an opportunity arose to build a new facility at a highly visible, well-traveled intersection on the northwest side of Muncie close to Interstate 69.

KIA of Muncie used proceeds from a SBA 504 loan from First Merchants Bank and Indiana Statewide CDC to acquire a 3-acre property and build a 15,000 square-foot dealership that includes a showroom, service shop and sales and administrative offices. KIA of Muncie currently employs 35 people.

Steve Gates, KIA of Muncie majority owner, began his career in 1965 at his father’s Bud Gates Chevrolet in Indianapolis. He is now partial owner of auto dealers in Indiana and Kentucky. Gates was complimentary of the SBA 504 process and pleased with the favorable, long-term, fixed interest rate, according to Steve Moore, vice president and relationship manager for First Merchants Bank in Muncie.

Moore says, **“The SBA 504 loan allows First Merchants Bank to finance a construction project for a well-respected and well-managed business. The 504 structure helps the company obtain an extended term and amortization. Fixed rate financing allows significant cost-savings and improves the bank’s collateral position. Indiana Statewide CDC is knowledgeable and was extremely helpful with the loan process.”**

## Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

**Kia of Muncie**  
Muncie, IN

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



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## Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

**Nottingham Automotive**  
Richmond, IN

In participation with  
**Wayne Bank & Trust**  
Richmond, IN



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A longtime Richmond car dealer, Nottingham Automotive, is in a new location along U.S. 40 east of downtown.

Nottingham Automotive (formerly known as Covenant Auto Sales) moved into the former Wellings’ Toyota location after purchasing and remodeling the 14,000 square-foot building on the site. The building had been vacant for nearly a decade.

Mark Nottingham, president of the family-owned Covenant Property Managers LLC and Nottingham Realty Group, received SBA 504 financing from Wayne Bank & Trust and Indiana Statewide CDC.

**“This is a big expansion for us, and we were helped tremendously by the SBA 504 loan,”** says Nottingham. He said Nottingham Automotive now employs 18 people and has six work bays in its repair shop and four in its body shop. Nottingham’s family has sold autos in Richmond for 50 years.

Rick Cowen of Wayne Bank says, **“I’m glad we could help Mark Nottingham buy the empty building and fill it up. The borrower’s low down payment and reasonable, long-term fixed rates are features of the 504 program that other loans can’t match. It’s a great program for the borrower and the lender, alike.”**

# Indiana Statewide Certified Development Corp.

Third Quarter 2014



ArcDESIGN's new headquarters reflect the spaciousness and modern functionality of the company's designs for its clients. ArcDESIGN, an architecture and engineering firm with 60 employees recently relocated to Delaware and Ohio Streets downtown, right above the Barcelona Tapas restaurant.

Founding Principal Andrew Hine financed the move and office upgrading with an SBA 504 loan from First Merchants Bank and the Indiana Statewide CDC.

Hine says, "This SBA 504 loan is enabling arcDESIGN to expand our footprint in Indianapolis and preserve our resources for staff growth and training. And we received great service from First Merchants Bank, the Statewide CDC and SBA."

Travis Caulk of First Merchants Bank says, "The SBA's long-term fixed rate loan will provide arcDESIGN's management team with a predictable payment over the next 20 years at an attractive low historical interest rate that is invaluable in a rising interest rate environment."

## Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

**arcDESIGN P.C.**  
Indianapolis, IN

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



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## Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

**Springhill Suites**  
Bloomington, IN

In participation with  
**German American Bank**  
Bloomington, IN



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"Stylish" and "urban" are adjectives Mae Siffin uses to describe the Marriott Springhill Suites hotel she and co-owners Paul Pruitt and Kelly Mulder opened this year in Bloomington.

German American Bank and the Indiana Statewide CDC provided SBA 504 financing to help them open Bloomington's first new downtown hotel in eight years.

Siffin says, "All of our rooms are suites: they are 25% larger than traditional rooms with mini-fridge, microwave, separate living area, custom local art and even downtown views! We offer a free daily hot breakfast and we also serve local brews in The Ave, our lobby bar and lounge."

Business travelers, families moving their students to IU, alumni attending football games and fans following NCAA tournament baseball teams are among guests in the Springhill Suites' first few months, she says.

Mark Franklin of German American Bank says, "The owners are experienced in bringing recognizable, high-quality hotel brands to urban infill sites across the country and the SBA 504 loan is a perfect vehicle to help get them up and running. Springhill Suites has been an immediate hit in Bloomington."

Siffin adds, "The SBA 504 loan is a fantastic financing tool. It is powerful as an ownership group to complete a ground-up branded hotel with certainty on the permanent asset financing with respect to both rate and term."

It's a safe bet that most people attending the, International Auto Show in Las Vegas, or the New York Shoe Expo would have a hard time locating Hobbs, Indiana on a map. They probably wouldn't know Lancaster Management, either, even though they would be standing in the middle of a Lancaster event.

The company Patrick Lancaster started ten years ago constructs staging and displays for trade shows from coast-to-coast. Lancaster recently bought a headquarters building in Hobbs, consolidating two rented buildings elsewhere, with assistance of SBA 504 financing from First Farmers Bank & Trust and the Indiana Statewide CDC.

Tom Dolezal of First Farmers' Bank says, "Patrick was able to solidify the future of his company using the 504's low down payment and long-term fixed rate as tools."

Lancaster also takes to heart the phrase "think globally, act locally." The company's new startup, 4T Embrace, raises and donates money to area families with children facing life-threatening medical conditions.

Though Hobbs, on State Road 19 between Atlanta and Tipton, is hard to find, Lancaster makes sure its influence is widespread.

## Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

**Lancaster Management, LLC**  
Hobbs, IN

In participation with  
**First Farmers Bank & Trust**  
Tipton, IN



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

# Indiana Statewide Certified Development Corp.

Third Quarter 2014



## Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

**RFS Group, LLC**  
Indianapolis, IN

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



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The warehouse at Robinson Facility Supply is one large utility closet containing thousands of janitorial and cleaning products, from degreasers to cement cleaners. Selecting the right products for a client's needs and taking them to the site are what drive Kevin Robinson and his four employees.

Robinson opened his company six years ago after more than 20 years in the janitorial supply business. **"I like to help a customer decide what is best for them,"** he says.

This year, Robinson used SBA 504 financing from First Merchants Bank and Indiana Statewide CDC to purchase the building he's been leasing for almost two years. "It was time for me to invest in something tangible rather than pay rent," says Robinson.

**"The people at First Merchants and the Indiana Statewide CDC were straight-forward with me and helped the transaction move along,"** Robinson says.

Troy Galbraith of First Merchants says, **"Kevin is building a great company because he understands his clients' needs. The 504 loan helps him build on his success and establish a secure future."**

Robinson Facility Supply serves large and small companies in central, northern and southern Indiana. They know to call Robinson's company when they need air fresheners, drain openers, push brooms or anything else.

As the new tax season comes into view, United Accounting Group has moved into a larger, more modern office in Columbus, without changing it's address.

Earlier this year, Shawn Moran CPA received an SBA 504 loan from Salin Bank and Indiana Statewide CDC to purchase and expand his office building a few blocks north of downtown Columbus.

Tyler Nickerson of Salin Bank says, **"The 504 loan's low down payment and fixed, long-term interest rate are helping Shawn preserve capital for running his business. The same features allow Salin Bank to build our loan portfolio and participate in more local business expansions."**

United Accounting Group handles bookkeeping, billing, federal and state tax preparation and filing, incorporation advice, trusts and other financial matters for a client list including individuals and small companies in and around Bartholomew County.

In a community known for its first-rate architecture, United Accounting Service helps clients structure their finances to secure their futures.

## Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

**United Accounting Group, LLC**  
Columbus, IN

In participation with  
**Salin Bank**  
Columbus, IN



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**Cambridge Capital Management Corp.**

## Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

**UN Communications Group, Inc.**  
Carmel, IN

In participation with  
**The National Bank of Indianapolis**  
Indianapolis, IN



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**Cambridge Capital Management Corp.**

We are in the digital communications age, for sure, but UN Communications in Carmel -- a 30-year old printing company -- embraces that concept and runs with it.

Operated by Denise and Jeff Purvis, UN Communications Group works with a major grocery retailer, a large hospital and a wide range of other clients including national associations, and local and regional companies, and nonprofits.

Every client has a niche to fill -- or several niches -- and UN Communications Group helps them reach their markets with digital and wide format printing services, brochures, catalogs, annual reports, banners, vehicle wraps and tradeshow signs.

UN Communications Group recently expanded by buying a new building and equipment in Carmel with assistance from SBA 504 financing through the National Bank of Indianapolis and Indiana Statewide CDC.

**"Print is not dying, it is changing,"** says Denise Purvis. **"The 504 loan will allow UNC Group to continue grow to meet our clients ever-changing needs. We received great service from the National Bank of Indianapolis and the Statewide CDC."**

Doug Cowen of the National Bank of Indianapolis says, **"Denise and Jeff know how to run a business, and they are using a great business tool in the SBA 504 program."**



# Indiana Community Business Credit Corp.

Third Quarter 2014



## Credit Corp. adds Greenfield Banking Co. and Springs Valley Bank & Trust

Greenfield Banking Company and Springs Valley Bank & Trust Company are the newest members of the Indiana Community Business Credit Corp.

The Credit Corp. is Indiana's leading provider of mezzanine funding for small, promising businesses that may need additional financing to supplement what their senior lender is providing.

Greenfield Banking's Bryan Miller and Kenneth Schnaus of Springs Valley Bank each say the Credit Corp. expands the lending capabilities of their banks.

Miller says, **"The Credit Corp. provides access to additional capital for current and prospective clients who can create a better comfort level for the Bank."**

"Schnaus says, **"Springs Valley Bank is fairly small, and the Credit Corp. is another tool to help us remain competitive with other banks."**

Greenfield Banking Company was founded in 1871 at the corner of what became the U.S. National Road and State Road 9 in downtown Greenfield. Today, it serves Hancock County from seven offices, three in Greenfield and one each in Fortville, McCordsville, Cumberland and New Palestine.

Springs Valley may be the only bank founded in a dome, in 1902 in the West Baden Springs Hotel as "West Baden National Bank." French Lick State Bank started in 1903. The two banks grew until they merged as Springs Valley National Bank in 1959. Springs Valley National Bank changed its charter to a state bank in 1979 and became Springs Valley Bank & Trust Co. Its influence now spreads throughout southern Indiana from three offices; one in French Lick and two in Jasper.

Greenfield Banking and Springs Valley Bank & Trust are the 31st & 32nd Indiana banks to provide capital to the Credit Corp's pool of risk capital. The Credit Corp. steps in with additional growth capital from a mezzanine fund when the principal lender is not in a position fund all of a borrower's needs. The pool of funds is in excess of \$26.4 million.

## Indiana Community Business Credit Corp.'s Member Banks

Fifth Third Bank	Evansville	JP Morgan Chase Bank	Indianapolis	Horizon Bank	Michigan City
Old National Bank	Evansville	KeyBank	Indianapolis	Citizens Bank	Mooreville
STAR Financial Bank	Fort Wayne	Marine Bank	Indianapolis	First Merchants Bank	Muncie
<b>Greenfield Banking Co.</b>	<b>Greenfield</b>	The National Bank of Indianapolis	Indianapolis	JPMorgan Chase Bank	New Albany
MainSource Bank	Greensburg	PNC Bank	Indianapolis	Community Bank	Noblesville
BMO Harris Bank	Indianapolis	Regions Bank	Indianapolis	North Salem State Bank	North Salem
Fifth Third Bank	Indianapolis	Salin Bank & Trust Co.	Indianapolis	US Bank	Richmond
First Financial Bank	Indianapolis	Stock Yards Bank & Trust Co.	Indianapolis	1st Source Bank	South Bend
First Internet Bank	Indianapolis	<b>Springs Valley Bank &amp; Trust Co.</b>	<b>Jasper</b>	Wells Fargo Bank	South Bend
The Huntington National Bank	Indianapolis	Lafayette Bank & Trust Co.	Lafayette	Lake City Bank	Warsaw
Indiana Business Bank	Indianapolis	Lafayette Community Bank	Lafayette		

Enverity Engineering is a home grown engineering consulting firm on Indianapolis' north side. Ross Maue was one of four partners establishing Enverity in 2003 and is now the sole owner and president.

Maue worked with Lake City Bank and Indiana Community Business Credit Corp. to help restructure the company and invest in information technology hardware. **"We view the Credit Corp. and Lake City Bank as important resources, not only for financial support, but also for a business advisory role,"** says Maue.

Ryan Hart, assistant vice president and commercial loan officer for Lake City Bank says, **"Enverity was going through an ownership transition and was in the process of implementing new internal procedures and controls to reduce expenses and improve profitability. By working with the Credit Corp., we were able to refinance existing bank debt, extend an operating line of credit to Enverity, and help the company finance technology upgrades. The Credit Corp. also worked with management to implement an advisory board of business people who understand the industry, which adds a great deal of value for the borrower."**

Enverity Engineering is putting its stamp on central Indiana with projects as diverse as the Palladium at the Center for Performing Arts in Carmel, the Ruth Lilly Visitors Pavilion at the Indianapolis Museum of Art, Lucas Oil Stadium and the Sidney and Lois Eskenazi Hospital.

Formerly known as L'Acquis Consulting Engineers, Enverity and its 25 employees are now poised to take on new challenges.

### Indiana Community Business Credit Corporation

Growth capital for

**Enverity Engineering**  
Indianapolis, IN

In participation with  
**Lake City Bank**  
Indianapolis



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**Cambridge Capital Management Corp.**

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

Cambridge Capital Management Corp.  
4181 E. 96th St. . Ste. 200 . Indianapolis . IN . 46240  
317/843-9704  
www.cambridgecapitalmgmt.com

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## Cambridge Ventures, LP.

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North American Cold Storage will offer a complete, modern and efficiently racked facility that should dominate the industry in its market area. The company is based in Woodburn, just east of Fort Wayne.

Ed McCarthy and Scott Parker and Michael Betten formed North American Cold Storage in 2013, pooling their combined 50 years experience in cold storage. When their facility is complete this fall, North American Cold Storage will be the tallest cold storage facility in northeast Indiana and northwest Ohio. Its narrow aisles and two-deep racking and hundred inch openings will allow for efficient operations and the ability to manage large numbers of SKUs with accurate and timely deployment. It will be able to blast freeze and temper 500,000 pounds of frozen food per day.

Cambridge Ventures L.P. is investing in North American Cold Storage to help McCarthy, Parker and Betten conclude their real estate purchase, construct their state-of-the-art building, buy equipment and provide operating capital in the early phases of their company's operation.


Cambridge Ventures L.P. provides small business growth capital from \$100,000 to \$1 million to companies within 200 miles of Indianapolis. Cambridge Ventures invests in a wide variety of industries that have in common: a strong management team, sound business plan, growth potential, proprietary advantage and good location.

North American Cold Storage is expected to hire about 75 workers in the next two years. The company is poised for rapid growth; not only for its modern facility and product handling, but because of its easy highway access and location among growing markets in Indiana, Ohio and Michigan.

**Cambridge Ventures LP**

Provided growth capital to:

**North American Cold Storage**  
Woodburn, IN



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



Owners of North American Cold Storage from Left to Right: Michael Betten, Ed McCarthy, and Scott Parker

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