



Portfolio News

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

Cambridge Capital
Management Corp.

Third Quarter 2020

New Record Bond Sales in September

Big national SBA 504 news in September! Bond sales to fund SBA 504 loans reached the highest volume of loans ever with **over \$1.3 Billion!** That represents \$3.2 Billion in total projects across the U.S. and that is in just one month!

The 504 loans that funded in September again received incredibly low rates, the second lowest in history. This national news, and our telephone inquiries from around Indiana, further prove that business owners are flocking to the 504-program to lock in low, fixed rates to position them for the future.

Congress created The SBA 504 Program more than 30 years ago. Back then, members could not have foreseen the 2020 pandemic, but they unknowingly provided a lifeline that, hopefully, pulls thousands of small businesses through these turbulent waters.

And the following SBA 504 fundamentals are always relevant:

- SBA 504 loans can finance fixed assets including real estate, construction, remodeling, and new equipment.
- You can finance real estate projects at fixed rates below prime for up to 25 years.
- 504's may also be used to refinance existing fixed asset debt.
- Ownership drives SBA 504 loan applications. How many times have borrowers told you this; "I feel great knowing that I *own* my building. I'm no longer throwing away money on rent."

Call us and let us work together on helping your borrowers achieve their own new records by accessing great rates for a great loan program! **(317) 844-9810**

**RECORD
BREAKING**



Indiana Statewide Certified Development Corporation

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>
July	2.40	2.35	2.41
August	—	2.21	2.27
September	2.29	2.37	2.41

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Indiana Statewide Certified Development Corporation

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The gas station/convenience store in the 5600 block of North Michigan Road in Indianapolis has been a familiar stop-off for many motorists for about a decade.

The store is brighter and fresher-looking now. Sukhwinder “Sunny” Singh and Jagjit Singh purchased and refurbished the location and renamed it “Arcadia Food Mart.” The two Singh’s received SBA 504 financing from First Merchants Bank and Indiana Statewide CDC to buy the property. They own another Arcadia Food Mart in the town of Arcadia in northern Hamilton County.

Mark Tillman of First Merchants Bank says Sunny Singh has a long relationship with the bank. **“Sunny owns several gas station/convenience stores in Indianapolis, Anderson and Muncie areas. He has used the SBA 504 program for some of these. Sunny is a good example of the effectiveness of the SBA 504 program in helping grow his businesses.”**



Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Arcadia Food Mart, Inc.

Indianapolis IN

In participation with

First Merchants Bank

Portland, IN



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Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

California Custom Fruits & Flavors

Greenwood, IN

In participation with

Citizens Business Bank

Pasadena, CA



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The refreshing fruit flavor in yogurt or a strawberry sundae comes straight from the field, via California Custom Fruits and Flavors. Southern California was, as you would expect, the company’s home base. Rose Ann Hall started California Custom Fruits and Flavors in 1986.

In 2020, the company opened its second facility, a 130,000 square-foot fruit processing plant in Greenwood. Citizens Business Bank of California worked with Indiana Statewide CDC to provide SBA 504 financing to California Custom Flavors.

Mark Hyde of Citizens Business Bank says, **“We don’t do many loans out-of-state, but Indiana Statewide CDC did a great job of guiding us throughout the process. The 25-year amortization is helpful to California Custom Flavors and to our bank.”**

Eighteen people are employed at California Custom’s Greenwood plant and the company expects to grow the payroll in the next two years.



Semi-trailer trucks dispatched from Elite Carrier are rolling from the eight-year-old trucking company’s new and larger headquarters. They deliver dry goods to distributors and stores all over the country, says founder and owner Harjinder Singh.

Singh needed room to grow his company’s fleet; to go beyond twelve employees and ten, 50-foot semi-trailer trucks. He bought land and a building on Indianapolis’ far west side and remodeled the structure to include an office, garage and — a first for Elite Carrier — a repair shop.

Singh received SBA 504 financing for the project from Fifth Third Bank and Indiana Statewide CDC.

Jacob Brown of Fifth Third Bank says, **“Elite is a good 504 candidate because their industry experience and recent sustainable growth has provided them the ability to fill a need in the market. Since the growth was so rapid, they do not have the net worth of more established companies, making a traditional loan structure not an option.”**

Singh says, **“A conventional loan would not have been enough for us to complete our purchase and remodeling. We are very happy with the 504 loan.”**

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Elite Carrier, Inc.

Indianapolis, IN

In participation with

Fifth Third Bank

Indianapolis, IN



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Indiana Statewide Certified Development Corporation

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Freddy's Frozen Custard & Steakburgers serves up steak burgers, hot dogs, French fries and freshly churned frozen custard in a 1940's and 1950's atmosphere. Blake Epperson is part of an ownership team that operates three Central Indiana Freddy's locations, including the newest one at Michigan Road and 97th Street in Carmel. Eighty-five people are employed at the Michigan Road location.

A loan from the U.S. Small Business Administration 504 program from CrossFirst Bank and Indiana Statewide CDC helped the owners purchase land and build a 3,600 square-foot building with seating for 108 customers.

Epperson says, **"The SBA 504 loan (for this project) allowed us to conserve capital by requiring less equity in the financing of this project."**

CrossFirst Bank is based in Leawood, Kansas, which is also hometown for Freddy's chain of 300 locations in 32 states. Jason Shaffer of CrossFirst says, **"We utilize the SBA 504 program for many of our clients. Indiana Statewide CDC made this an easy transaction for us, even at a considerable distance."**



Indiana Statewide Certified Development Corporation

Permanent fixed-rate real estate & equipment financing for

Freddy's Frozen Custard & Steakburgers Carmel, IN

In participation with
CrossFirst Bank
Wichita, KS



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Indiana Statewide Certified Development Corporation

Permanent fixed-rate equipment financing for

Exeon Processors, LLC Jonesboro, IN

In participation with
First Merchants Bank
Wabash, IN



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Exeon Processors and its predecessor have operated a wire reclamation facility for more than three decades in Jonesboro, a city with fewer than 2,000 residents. So it was big news when Exeon opened a new production line next to its existing plant and added 15 employees in 2020. Forty-four people are now employed at Exeon.

First Merchants Bank and Indiana Statewide CDC provided the SBA 504 loan to help Exeon buy new equipment.

Steve Lundergan, an Exeon owner and vice president, says, **"The 504 loan is more cost effective for us, and the process was excellent and timely."**

First Merchants Bank's Bill Needler says, **"Exeon is an important corporate citizen in Grant County and a perfect example of how this SBA 504 loan program helps create new jobs."**

The City of Jonesboro and the Grant County Economic Growth Council also assisted Exeon by providing property tax abatement. Mayor Bob McNutt says, **"Jonesboro is happy to work with a such a quality company in helping make this investment a reality."**

Exeon Processors describes itself as a "wire chopper." The company buys used insulated copper wire and bare copper items and removes the insulation and other extraneous material. It sources millions of pounds of cathode and copper scrap for cable and electronics manufacturers in the U.S.

Jones Family Mortuary has been owned and operated by Jeffrey K. Jones and his wife, Lorri Jones since 1974. The church next door to their funeral home became available in 2006. They saw the property as an opportunity to expand into the banquet business. It is one of the few banquet facilities in Mooresville and hosts approximately 60 events and additional community meetings per year.

Jeff and Lorri's son, Jeffrey F. Jones has been working in the funeral business since 1998. This year, he bought the funeral home part of the business from his parents. An SBA 504 loan from Citizens Bank and Indiana Statewide CDC helped Jeffrey F. Jones buy the funeral home and retain its employees. Now, even though the two businesses have different owners, the Jones Family Mortuary and the Jones Crossing Banquet and Event Center facilities remain side-by-side on East Allison Road in Mooresville.

JONES FAMILY
MORTUARY

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Jones Family Mortuary Mooresville, IN

In participation with
Citizens Bank
Indianapolis, IN



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Indiana Statewide Certified Development Corporation



Third Quarter 2020

Excavation, erecting and maintaining cell phone towers, cable splicing and wetland maintenance; all these services are providing by JDH Contracting in Plainfield.

John Harris founded his company in 1995. His 150 employees provide services, above and below ground, to various utilities, municipalities, cellular carriers, tower owners, law enforcement agencies and radio equipment companies.

Now, Harris is using SBA 504 loans from STAR Financial Bank and Indiana Statewide CDC to refinance equipment and real estate assets for his two operating companies; JDH Contracting, Inc. and Northern Lights Locating and Inspection, Inc.

By re-financing with SBA 504 loans, Harris is re-aligning the balance sheets of his two companies. Going forward, his annual debt payments are sharply reduced, allowing him to use a greater portion of the companies' appraised value to pay for other expenses incurred by the companies. The improved cash flow allows Harris to add 33 new employees over the next two years.



Indiana Statewide Certified Development Corporation

Real Estate & equipment debt refinancing for

JDH Contracting, Inc.
Plainfield, 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

Upstream Health & Wellness, LLC
Portage, IN

In participation with
1st Source Bank
Valparaiso, IN



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Upstream Health & Wellness, a family medical practice in Portage specializing in Endocrine related matters and diabetes management, has opened a new and larger office across the street from its original location.

Dr. Robin Anderson is Upstream's lead practitioner. She and her husband, Rick Anderson, received a loan from the SBA 504 program to help build and equip Upstream Health's new facility. 1st Source Bank and Indiana Statewide CDC provided the SBA 504 loan.

Dr. Anderson says the new space is needed to continue Upstream Wellness' growth. "We offer IV vitamin infusions and a licensed mental health counselor in addition to our diabetes services" and Rick Anderson says, "The SBA 504 loan offers us a lower down payment and low, fixed interest rate. Both features help us do more with our budget."

Lisa Misch, 1st Source Bank Assistant Vice President and business loan officer, says, "At 1st Source, our mission is to help our clients achieve security, build wealth and realize their dreams. The SBA 504 program allows us to offer an option to our clients that might make a better fit for them to achieve these goals and to help position them to have a successful future."

Town Mart is a BP gas station and convenience store at the intersection of State Highway 135 and 252 in Trafalgar, a town of 1,100 people, in Johnson County.

Owner Paramjeet Guraya purchased and remodeled the station with an SBA 504 loan provided by First Merchants Bank and Indiana Statewide CDC.

Troy Galbraith of First Merchants Bank says, "The SBA 504 loan is crucial for a borrower such as Paramjeet. The loans low-fixed rate gives her a consistent repayment figure each month, and the low-down payment was also attractive."

Guraya also owns a gas station and convenience store in Morgantown (Morgan County) seven miles southwest of Trafalgar along SR 135.



Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Town-Mart
Trafalgar, IN

In participation with
First Merchants Bank
Greenwood, IN



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Indiana Statewide Certified Development Corporation

Third Quarter 2020



Generating steady growth by providing warranted cars at reasonable prices, that is the goal of Evolution Autos, according to owner Hisham Alkhatib. He started Evolution Autos in Franklin in 2014, moved to a larger lot later and to a still-bigger lot in Whiteland in 2020.

First Merchants Bank and Indiana Statewide CDC provided SBA 504 financing to Alkhatib to buy Evolution Autos' newest lot, a 1.8 acre spread holding up to 100 vehicles along U.S. 31 in Whiteland.

Alkhatib says, **"Our newest lot allows a bigger display and we've added an under-the-hood mechanic, detailer and salesperson."**

"Right now, we have more than 90 cars, pick-up trucks, and SUV's to select from, and access to many other vehicles. And we guarantee our buyers will find their best price right here," Alkhatib says.

John Ditmars of First Merchants Bank says, **"The SBA 504's requires low down payments from small-business owners and offer fixed, long-term, and low interest rates, plus protection for bank lenders. These features make a big difference for lenders and the borrowers."**

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Evolution Autos LLC

Whiteland, IN

In participation with

First Merchants Bank

Greenwood, IN



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Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Sprowl Funeral & Cremation Care LLC

Indianapolis, IN

In participation with

Old National Bank

Indianapolis, IN



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Lloyd Sprowl, his sister Lori Sprowl Hobbs and her husband Gary Hobbs own Sprowl Funeral & Cremation Care on Indianapolis' west side. Lloyd and Lori have a combined 20 years in the funeral business.

Old National Bank and Indiana Statewide CDC provided a loan from the SBA 504 program to build and equip the new funeral home.

Lloyd Sprowl says, **"The loan provides small business owners like me access to capital that is backed by the SBA. Therefore, the loan creates a credit enhancement vehicle for me that gets my regular bank more comfortable in providing this loan."**

Old National Bank's Jason King says, **"This project for Sprowl Funeral & Cremation Care is a good SBA 504 project because the 504 structure reduces the amount of equity needed from the borrower while allowing a long-term, fixed repayment rate to help finance a new company that will provide a needed service in our community."**

Sprowl Funeral has two full-time and several part-time employees. "We are sensitive to the traditional and non-traditional needs of our community. This was helpful during the pandemic lockdown when we could not provide the open visitations that we grew up with. We serve all races, genders, religious, non-religious and persons from variable social class systems."

Lori Sprowl Hobbs says that, as far as they know, Sprowl Funeral Home is the first African American owned funeral home to be built from the ground up in Indianapolis in at least 60 years.

For the last two years, Education Depot of Washington Pointe, is meeting a crucial need for children from low-and-middle-income homes in and near Marion County's Warren Township.

Education Depot offers childcare and pre-school programs for children ages six weeks to six years. After-school care is provided for ages 6-12.

Founders Glenn Farmer and Kam Cheung modeled the operation after Farmer's parents Jackson, Mississippi's childcare center. Farmer's parents operated the center for more than a decade until Farmer purchased it when they retired. Farmer is a former commercial banker in Indianapolis. He says he is using his family's school in Mississippi as a model for his Indianapolis school.

The Education Depot of Washington Pointe has a capacity of nearly 90 children. It hires experienced teachers, Farmer says. **"The most important thing our teachers will possess is the passion to help kids move forward,"** he says. Farmer makes one point clear; **"Education Depot doesn't do baby-sitting,"** he says.

Due to its focus on safety and cleanliness, Education Depot has increased its enrollment during this year's pandemic.

Indiana Statewide CDC, through the SBA 504 loan program, and with the Community Investment Fund of Indiana and Lynx Capital Corporation, provided the funding for Education Depot to acquire, remodel and equip its building.

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Education Depot of Washington Pointe Inc.

Indianapolis, IN

In participation with

LYNX Capital Corp.

Indianapolis, IN



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Indiana Statewide Certified Development Corporation

Third Quarter 2020



Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Milto Cleaners and Laundry, Inc.

Indianapolis, IN

In participation with

PNC Bank

Indianapolis, IN



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Philip Milto, Sr. started Milto Cleaners more than 45 years ago. Today, Philip Jr. and his brother Tony operate the business. It's still family-owned and claims it's Central Indiana's only Sanitone certified master dry cleaners. The four Milto Cleaners locations are in southern Indianapolis and Greenwood, but Milto trucks are seen all over Central Indiana as they pick up customers' dirty items and return them after cleaning.

Milto's customers began asking for the convenience of more services in one place. Milto Cleaners shopped for and bought and will remodel a 9,000 square-foot building that is half-again the size of its former location. The larger space allows Milto to expand its fabric restoration services and begin to restore electronics, including TVs, from fire, smoke and water damage.

Philip Milto, Jr. is working with PNC Bank and Indiana Statewide CDC on SBA 504 financing for the project.

Dawn Morris of PNC Bank says, "The SBA 504 loan program is a great way for the customer to secure a 20-year fixed rate loan."



New products are rolling off a second production line at Indianapolis' Frontier Paper & Packaging. First Internet Bank and Indiana Statewide CDC provided SBA 504 financing for the company's new production line.

Chuck Fippen of First Internet Bank says, "Frontier Paper is a fantastic example of a long-term local business that has evolved with the times and the economy as they have continued to retain and expand their workforce."

The new production line allows Frontier Paper's owner James Branham to expand the company's variety of products, including boxes, temperature-sensitive packaging, envelopes, labels, spill control materials, paper, stretch wraps and tape.

Fippen says, "The SBA 504 loan assisted Frontier in the large investment of hard and soft costs necessary for the new equipment and automation features."

"First Internet does not have a 'one size fits all' approach. We were able to offer a perfect SBA 504 package for Frontier, featuring the long-term, low fixed rate and low-down payment. Experience and delivery are key for our business owners. Working with great partners like Indiana Statewide CDC allows us to be nimble and consultative throughout every interaction we have with our clients."

Indiana Statewide Certified Development Corporation

Permanent fixed-rate equipment financing for

Frontier Paper & Packaging

Indianapolis, IN

In participation with

First Internet Bank

Fishers, IN



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PROTECTING YOUR PRODUCTS

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Cambridge Capital Financing Programs Help Aerodyn Engineering Grow

Aerodyn Engineering LLC started in 2002 on Indianapolis' west side. Launched from this base, Aerodyn established a worldwide reputation for designing and manufacturing prototypes for new products such as aircraft engines, locomotives, mining equipment and automobiles.

Led by founder and president Dave Lawrence and a staff of 130, Aerodyn now a large testing laboratory in Whitestown (Boone County) and added manufacturing space in its westside Indianapolis plant.

The unique and versatile funding programs of Cambridge Capital Management Corp. were crucial in helping Aerodyn Engineering expand to meet the demands of its growing markets.

In 2020, Indiana Statewide Certified Development Corporation worked with First Merchants Bank to refinance equipment loans utilizing the SBA 504 Refi Option. Aerodyn gained lower-rate financing and longer terms providing a significant improvement in the company's cash flow. This funding was complimented with additional funds from Indiana Community Business Credit Corporation and Cambridge Ventures L.P.

Earlier, Aerodyn funded real estate purchases in 2007 and 2017 with SBA 504 loans. In 2019, Cambridge underwrote a New Market Tax Credit financing for the City of Indianapolis through IR CDE Three. Aerodyn used this financing to access additional working capital and restructure some debt.

In all these transactions, each fund took the appropriate risk and position on the balance sheet providing an eloquent and timely financing package to meet the company's needs.



Cambridge
Ventures, LP
2020

Indiana Community
Business Credit
Corp.
2020

Indiana Statewide
Certified
Development Corp.
2020

IR CDE
Three
2019

Indiana Statewide
Certified
Development Corp.
2017

Indiana Statewide
Certified
Development Corp.
2007

Community Investment Fund of Indiana

Third Quarter 2020



Cambridge Capital Management Corp.

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Lake County Economic Development Group Relies on CIFI to Deliver COVID 19 Aide

The Community Investment Fund of Indiana (CIFI) is helping deliver economic relief to Lake County small business impacted by the Covid-19 Pandemic.

Funding for CIFI loans to Lake County businesses comes from a grant of \$215,000 from Lake County Community Economic Development Department (LCCEDD).

Phil Black, CIFI executive director, says, **“Small businesses without access to bank financing have been hit hard by this year’s Covid-19 Pandemic. This funding from LCCEDD creates a loan source with reduced interest rates to small businesses owned and operated by low-and-moderate-income entrepreneurs who face unprecedented challenges caused by Covid-19.”**

LCCEDD is a unit of Lake County government. It focuses on housing finance and loans to established industrial or commercial businesses, using the Lake County Revolving Loan Fund.

The LCCEDD grant to CIFI is from a Federal Community Development Block Grant. LCCEDD does not have the capacity to underwrite and manage a portfolio of small business loans. CIFI makes the loans for Covid-19 relief and handles collections.