



Portfolio News®

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

Cambridge Capital
Management Corp.

Third Quarter 2021

Enhanced Refinance Opportunities Through ISCDC

Updated regulations from the SBA offer us more opportunities to use SBA 504 refinancing for our small-business borrowers.

The SBA 504 structure can now be used to refinance existing debt as long as 85% of the proceeds were originally used for fixed assets. If the loan includes refinancing any government guaranteed debt, we must show that there will be “substantial benefit” to the borrower. Generally, this can be demonstrated if there is a 10% savings in the payment. The borrower will benefit from a long-term, fixed rate which has historically been below prime. A refinance project always begins with the appraised value. In many cases, the borrower can take some cash out, up to 20% of the appraised value, to support their eligible business expenses.

There are other technical changes that we will be happy to talk about with you. But the bottom line is that the SBA is making it easier to provide our borrowers with constructive financing that will help their company succeed in tough times. And Congress has made the funds available for us to fulfill the promise.

All the reasons to propose SBA 504 loans are still clear. SBA 504 loans allow borrowers a lower-than-market down payment coupled with a long-term, fixed rate repayment period. And there is built-in protection for the bank lender since they are generally at only 50% loan to value.

In partnership with a bank lender, Indiana Statewide CDC provides SBA 504 financing for fixed assets — real estate, machinery, and equipment. Whether making the move from leased space to owning a building; expanding or improving operations; or purchasing new equipment, the 504 loan can be a powerful financing tool, and the new refi regs enhance its power.

Indiana Statewide CDC and dozens of banks in Indiana have been providing loans through the 504 program for over 35 years, assisting more than 1,700 companies.

Stories in this newsletter describe two recent specific cases in which companies are using 504 refi loans to reduce their monthly expenses and conserve on-hand cash for other business purposes.

Please discuss the 504 refi possibilities with your borrowers. And then call us. We look forward to customizing a plan that will help you and your client!

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>2021</u>	<u>10-yr.</u>	<u>20-yr.</u>	<u>25-yr.</u>
July	2.60	2.69	2.82
August	—	2.75	2.87
September	2.69	2.86	2.98

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Indiana Statewide Certified Development Corp.

Third Quarter 2021



Philip Milto, Sr. started Milto Cleaners more than 45 years ago. Today, Philip Jr. and Tony operate the business which is still owned by the family and known as 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' items to be laundered and return it after cleaning.

With customers wanting the convenience of more services in one place, Milto Cleaners bought and remodeled a 9,000 square-foot building—50% larger than its former location. The larger space allows Milto to expand its fabric restoration services and begin to restore electronics, like 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.



Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Milto Cleaners and Laundry
Indianapolis, IN

In participation with
PNC Bank
Indianapolis, IN



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Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Quick Turn Anodizing
Edinburgh, IN

In participation with
Regions Bank
Birmingham, AL



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Anodizing is an electrolytic process that thickens the natural oxide coating on the surface of metal parts. Quick Turn Anodizing is a highly successful company with its main plant in Edinburgh.



Quick Turn President J. Lee Powell and Vice President Trace Powell used SBA 504 financing from Regions Bank and Indiana Statewide CDC for buying equipment to complete an expansion.

Charles Conn of Regions Bank says, "The Powells are completing Quick Turn's fifth expansion in the last two years. They are good managers and intent on providing high-quality work to their customers. **The SBA 504 loan allows them to retain capital to expand their capacity for work.**"

Quick Turn's recent projects (including work at its plant in Guthrie, Kentucky) produced hard coating parts for medical, military and electronic projects. Quantities ranged from 40,000 parts to a custom design for one part. The company's customer base is centered in Indiana and nearby states.

The SBA 504's refinance option is in play for Matt Cohoat, the owner of Prairie View Golf Course in Carmel.

The loan from First Merchants Bank and Indiana Statewide CDC goes to refinance the original commercial loan made in 2013. That loan helped Cohoat to purchase equipment and the improvements to the clubhouse located on leased land.

The refinance is based on the appraised value of all of the fixed assets purchased and allows Prairie View to re-align its balance sheet with better terms and payments to First Merchants Bank and the SBA. The refinance loan also allows Cohoat to use up to 20 percent of the appraised value to pay for other eligible expenses incurred by the company.



Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Prairie View Golf Course
Carmel, IN

In participation with
First Merchants Bank
Muncie, IN



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Indiana Statewide Certified Development Corp.

Third Quarter 2021



Modern Machinery is a leading distributor of metal fabrication equipment in Indiana, Ohio, Kentucky and Michigan. Shane Laramore and Brian Mohr have operated the company for several years and recently purchased the land and building in Park Fletcher on Indianapolis' southwest side, using SBA 504 financing from Citizens Bank and Indiana Statewide CDC.

Melissa Duke of Citizens says, "The SBA 504 program allows for a great fixed rate on 40 percent of their mortgage and the rates are outstanding. With low down payment requirements, borrowers are able to hold on to a little more capital which allows for additional growth." Buying the building is one step in transferring Modern Machinery's ownership to Laramore and Mohr. They will become third-generation owners of the 53-year-old company by buying out the current owners.

Duke says, "Modern Machinery has a real pulse of their industry and are able to bring the newest and best equipment to multiple industries including agriculture, military, and automotive."



Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Modern Machinery Company
Indianapolis, IN

In participation with
Citizens Bank
Mooresville, IN



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Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Full Throttle Automotive
Evansville, IN

In participation with
First Financial Bank
Terre Haute, IN



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Edward and Brandi Caswell's Full Throttle Automotive, known for providing high-quality maintenance and vehicle repair work, needed a bigger building.

They worked with First Financial Bank and Indiana Statewide CDC to receive SBA 504 financing to buy and remodel a larger facility for a maintenance and repair shop with all the latest equipment for their five-person staff. They plan to add four technicians and a service writer in the next couple of years. Since opening in 2014, the Caswell's have built a tri-state following.

Darren Spainhoward, of First Financial Bank, says, "We are thrilled to partner with Brandi and Edward Caswell with their expansion in Evansville. The Caswell's demonstrate all the qualities of successful entrepreneurs. Their work ethic, integrity, and commitment to their community have resulted in significant benefits to the citizens of Vanderburgh County. The expansion allowed their already successful business to grow tremendously resulting in increased employment and many happy automobile owners!"



After a decade of experience in financial planning and tax services, Jacob Hart started his own company close to home. Blue River Financial Group is in a building he purchased and remodeled along U.S. 40 east of Knightstown. Financing came from STAR Financial Bank and Indiana Statewide CDC, using an SBA 504 loan.

Hart and his wife, Carol, co-own Blue River Financial. They have lived in Knightstown for almost ten years while commuting to jobs elsewhere. Hart says, "Blue River Financial is our way to grow our own business while helping others in the area to grow their own companies and plan for their personal financial futures. We are excited every day we come to work."



Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Blue River Financial
Knightstown, IN

In participation with
STAR Financial Bank
Indianapolis, IN



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Third Quarter 2021



A veteran Central Indiana business owner, Kuldip Sekhon, has expanded his gas station and convenience store known as Traders Point Market.

An SBA 504 loan from The Farmers Bank and Indiana Statewide CDC helped Sekhon remodel and expand his store at 8562 Lafayette Road, Indianapolis. Sekhon also received SBA 504 financing from The Farmers bank and Indiana Statewide CDC in 2016 to build and equip the Indy Fuel Mart in Indianapolis.

Dwain Pitzer of The Farmers Bank says, "Sekhon is a stable business manager and is proven to being a good community partner. **The Farmers Bank uses SBA 504 loans to assist proven business owners like him gain financing and have access to capital that they might not otherwise be able to procure.**"

Traders Point Market offers gasoline and diesel fuel along with a complete selection of convenience store products.



Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Traders Point Market
Indianapolis, IN

In participation with
The Farmers Bank
Fishers, IN

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Cambridge Capital Management Corp.

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Move Over Outfitters
Lafayette, IN

In participation with
Centier Bank
Indianapolis, IN



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Move Over Outfitters, a Lafayette company started in 2014, sells and installs lights and communication equipment in police and fire vehicles. As business has grown, Move Over purchased land and a building for their new headquarters with a 14,000 square-foot combination production, warehouse and sales space at double the size of the original building. Centier Bank and Indiana Statewide CDC provided SBA 504 financing. The company of 20 employees may add more in the coming months.

Kevin Broadstreet of Centier Bank says, "The SBA 504 program is a key tool for us. It allows the bank to address the needs of our business customers by leveraging the lower down payment requirements with low fixed-rate pricing for a portion of the debt. Centier Bank has a history of helping local businesses achieve their goals. We consider the SBA 504 a critical component of our service to business owners by making financing more accessible for all types of businesses."



A SBA 504 loan is helping a small construction company secure its future in Bloomington.

The company bought nearly four acres and built its new headquarters, including offices, a work area and storage. The company left a rented building and now has room to take on more work and add more employees to join the 20 already on board.

German American Bank and Steve Bishop worked with Indiana Statewide CDC on the SBA 504 loan.

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

A Construction Company
Bloomington, IN

In participation with
German American Bank
Evansville, IN



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Experts agree that early treatment is the best chance of progress for children with autism. Applied Behavior Analysis (ABA) is a well-recognized treatment program, consisting of speech, occupational, feeding and physical therapy administered by degree-holding therapists.

In Indiana, Bierman ABA offers diagnosis and treatment at five centers. The owners of Bierman ABA are Aditya and Courtney Agarwal. Aditya is the main business manager while his wife Courtney is the clinician and runs the program.

The Agarwals are using SBA 504 financing with First Internet Bank and Indiana Statewide CDC to re-finance three of their owned Indiana locations with the idea of plowing more money into the centers' programs.

Chuck Fippen of First Internet Bank says Aditya and Courtney Agarwal are longtime clients. "The SBA 504 refinance program offers them low, fixed-rate financing, access to cash from the re-finance of First Internet's conventional bank loans, and greater access to equity beyond the amounts offered by the conventional loans. Being able to maintain liquidity offers them opportunities for growth at much better margins."



Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Bierman ABA, Inc.
Indianapolis, IN

In participation with
First Internet Bank
Fishers, IN



ISCDC managed by:
Cambridge Capital Management Corp.

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Napoleon Locker Plant
Napoleon, IN

In participation with
The Napoleon State Bank
Napoleon, IN



ISCDC managed by:
Cambridge Capital

Longtime owners of the Napoleon Locker Plant retired earlier this year and Brad Wessel realized this could be a good business opportunity. But, he was a Batesville police officer, not experienced in running a meat locker plant.

Wessel worked with the owners on the transition, and with the Napoleon State Bank on a SBA 504 loan to buy the company.

Joe Moorman of Napoleon State Bank says, "This is a new business for him, but Brad is well-organized, knowledgeable and eager to begin this new phase of his career. **The SBA 504 loan's lower down payment and long-term, fixed repayment rate are perfect for this kind of situation.**"

Now retired from the Batesville Police Department, Wessel is making a smooth transition to his new business. He retained Napoleon Locker's five employees. The company's freezing facilities are booked for the next several months and the locker continues to sell to the public.





Success Story: Highway Safety Services

Highway Safety Services — the company that installs those large portable signs in construction zones that tell you how fast you're driving — repaid its loan from Indiana Community Business Credit Corporation.

Crews from Highway Safety install radar signs, lane markings, lights, concrete barriers, and orange barrels that make construction zones more visible and absorb crash impacts. The company employs 50 people (more when local temporary workers are hired). They handle 75 projects at a time and more than 200 per year in Indiana.

The goal, says Highway Safety Services' Mike Madrid, is to protect the lives of the workers who maintain and improve streets and roads, and keep us safe as we drive in construction zones. HSS' customers are large highway contractors.

Madrid founded HSS in 2007. As work increased, Madrid bought equipment using a working capital line of credit from First Merchants Bank and three Cambridge Capital Management programs; Indiana Community Business Credit Corp, LYNX Capital Corp and Community Investment Corporation of Indiana. The Credit Corp loan that he just repaid completes those obligations.

He also obtained SBA 504 financing from First Merchants and Indiana Statewide CDC to buy land and build a 20,000 square-foot building in Lafayette that includes an 11-acre equipment yard.

Madrid says, **“The financing is great. We couldn't have done all this without Cambridge Capital and First Merchants; They helped us out at the right times.”**



HIGHWAY SAFETY SERVICES





Maximus Logistics, Lafayette

Maximus Logistics is launching a manufacturing facility in Lafayette, building upon that company's 16 years of experience in distributing parts to trucking companies.

CEO and President Sam Bazzi says, "This is a ground-up project to support manufacturing for the commercial trailer industry,"

Financing for the project came from Centier Bank and five Cambridge Capital entities. The loan package helped Bazzi install a robotic equipment line, and provided short-term and permanent working capital needs for Maximus. With Centier in the lead, the package was assembled by Indiana Statewide CDC, Lynx Capital, Indiana Community Business Capital Corp., the Community Investment Fund of Indiana, and Cambridge Ventures.

Bazzi says, **"This is very good financing. This helps us reach our goals."**

Centier Bank wanted to help this company grow. Dave Bowers of Centier says **"Indiana Statewide and the 504 program were crucial to the success of this financing package. With the fixed asset financing in place, we were able to package the necessary working capital pieces and leverage additional financing for the company. If the 504 loan was not approved, the other pieces would not have mattered. Normally, we are working on real estate loans with the 504 program, this time we used it for a robotic equipment line."**

Kevin Broadstreet of Centier says, **"The SBA 504 loan from Indiana Statewide CDC was the deal-maker. It was critical to the success of getting together all the other elements of the loan package."**

Broadstreet adds, **"The SBA 504 program is a key tool for Centier Bank. We use it for all types of businesses. The 504 is a vital resource that allows the bank to address the needs of our business customers by leveraging the lower down payment requirements along low fixed-rate pricing for a portion of the debt."**

With the 504 loan approved, The Credit Corporation was able to step in and provide the permanent working capital necessary to get the robotic equipment line up and running, allowing the time necessary to run sample parts and tune the equipment to reach the required quality. Lynx, CIFI, and Cambridge Ventures stepped in to provide assistance with funding rolling stock and additional permanent working capital.

Maximus maintains two facilities in Lafayette with total employment of almost 100 people. More jobs may be added when the new manufacturing operation opens in early 2022.

The Maximus loan package is an example of the broad range of financial services Cambridge Capital can assemble for many business and industrial projects.





Harvest Square, Gary

Back around 2018, Rev. Maurice White looked out at the neighborhood surrounding his New Beginnings Christian Ministry in Gary. He saw a food desert and few jobs. “There is a need for job creation and new alternatives for food.”

Then, he says the Lord gave him a vision; a shopping strip called Harvest Square. Rev. White asked businesses to have faith in a project that only he could see at that time.

Eight businesses signed leases for the first five years. Construction has just started and early 2022 is the targeted occupancy date.

“I’m excited!” Rev. White says. He emphasizes that all of the money for a down payment —about \$320,000 — was given by his church’s 300 members. The rest of the financing comes from Horizon Bank and Community Investment Fund of Indiana (CIFI).

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Portfolio News

Published quarterly by
Cambridge Capital Management Corp.
Editor: Carmen Bauer

PRSR STD
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Indianapolis, IN
Permit No.
9313



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Why is Horizon Bank interested in financing this project? “Rev. White is a strong proponent of jobs for youth and young adults,” says Kent Mishler of Horizon Bank. Mishler adds, “Horizon has just opened a new branch in Gary. It makes sense to us to become known in the community by supporting this promising project. It adds up economically, as well.”

Mishler reached out to Cambridge Capital Management, which referred the project to CIFI. CIFI, in turn, coordinated with Lake County Economic Development. Mishler says, “**We were very pleased that Cambridge and CIFI are participating.**”

CIFI’s Phil Black says, “Rev. White saw the potential in this site and worked with our team to help make it a reality. The small businesses locating in the shopping center will create a tremendous positive economic impact. CIFI is also very enthusiastic to help with financing other small businesses locating in the center and the Miller Beach Area.”

The funding enabled New Beginnings to buy property attached to the church’s lot. Some of the businesses that signed five-year commitments include; Little Coffee Cabin (locally owned small chain), Harold’s Chicken (regional chain), Black Swan Pastry, Chicagoland Popcorn and Beggar’s Pizza.

