



Portfolio News

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

Cambridge Capital
Management Corp.

Third Quarter 2009

Bank resources could be just a phone call away

Bank loan officers may have overlooked lending resources that are as close as a phone call. At least that's the implication of a new study that analyzes the utilization of SBA products.

The study looks at bank participation in the popular 7(a) and 504 programs. Banks in every state make the loans available to their borrowers. But that's only a surface similarity. Lender participation in the programs hit nearly 100 percent in some states. In others, it's close to zero.

Indiana ranks near the middle. So far this fiscal year, 24.7 percent of our 158 FDIC insured banks and savings and loans have participated in the 504 program. The figure for 7(a) loans is 33.5 percent.

In other words, this year three-fourths of Indiana's business

lenders haven't used the 504 program and over 60 percent have not made 7(a) loans.

The report ranks Indiana 12th nationally in the level of 504 lending compared to the number of business establishments.

Do you see opportunity in those numbers?

The federal stimulus package injected capital into the SBA which allowed the agency to sweeten its standard terms. So far in 2009, small business loans are up at the nation's top 22 banks receiving stimulus capital.

Stimulus money re-invigorated the small business lending market. Business owners who choose to expand now can take advantage of fixed interest rates in the low 5 percent range. (A few weeks ago, the rate for 504 loans was 5.14 percent, the second

lowest since the 504 program began in 1986.) But commercial bankers and other business lenders must show them the way.

These low rates in the 504 program and substantial guarantees in the 7(A) program are great tools for the borrower and a perfect way for lenders to lay off risk.

With all of the regulatory pressure facing lenders right now, it may be a perfect time to become more aware of ways to help businesses not only grow but manage the loan exposure for the bank.

Obviously, lenders must use their radar and all their other normal precautions. But right now could be a great time to investigate how to best use incentives that may not be around very much longer.

Effective Interest Rate		
2009	10-yr.	20-yr.
July	4.368	5.244
August	—	5.393
September	4.256	5.143



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

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Indiana Statewide Certified Development Corp.

Third Quarter 2009



Since beginning in a barn in 1994, Steve and Mike Bermes have worked hard to build their vision. Now based in Markle, Novae Corporation is the fastest growing trailer manufacturer in America and the only trailer manufacturer in the top 10 to increase its market share in 2008. Novae is enjoying another busy and profitable year in 2009.

Novae expanded last year, adding 12,000 square feet of retail and manufacturing space directly across the road from its 61,000 square-foot building in the Markle Industrial Park at I-69 and U.S. 224. The project added about 50 employees, bringing the total employment to 200.

Tower Bank & Trust Co. and the Indiana Statewide CDC assisted the expansion with SBA 504 financing. An earlier SBA 504 loan from Indiana Statewide CDC and Markle Bank helped Novae to purchase a 61,000 square-foot building.

“We have a great team of exceptionally motivated and talented individuals and I am honored to be working with them.” said Mike Bermes

Novae’s main product line is Sure Trac trailers. Novae Corp’s customer base extends from Montana to Maine and across all of eastern Canada and as far south as Florida.

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Novae Corp.
Markle

In participation with
Tower Bank & Trust Co.
Fort Wayne



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Cambridge Capital Management Corp.

Indiana Statewide Certified Development Corporation

Permanent fixed-rate equipment financing for

Hi-Way Lanes
Franklin

In participation with
Capital Pacific Bank
Portland, Oregon



ISCDC managed by:
Cambridge Capital Management Corp.

You might not think of bowling lanes as a growing business. You would be out of date.

Hi-Way Lanes is a 28-lane bowling center on highway 31 in Franklin. Owner Tom Funk says, **“The bowling business is recession resistant because it is still an inexpensive way for families to go out and have a good time.”**

Funk purchased the business this year. Hi-Way Lanes was built in 1961 and has had several owners. Remodeling over the years added a restaurant, lounge, sports bar and mini golf course. Fifteen employees work for Hi-Way Lanes.

Capital Pacific Bank and the Indiana Statewide CDC gave Funk an SBA 504 loan to help him buy the business.

Doug White of Capital Pacific says, **“This is a good project because it generates good cash flow. The terms were right and Tom had drawn up a good business plan. Hi-Way Lanes has been open a long time, but Tom is reaching out to the community to let them know they are still open.”**

It took a lot of work, but Manjit Singh opened his Shell gas and convenience store and qualified for SBA financing after extensively upgrading an abandoned Village Pantry.

Singh’s Shell station is located in a busy corridor of Washington Street just east of downtown Indianapolis. Motorists steered in right away and business has improved as daily commuters and nearby residents became accustomed to seeing a brightly painted, clean station with new gas pumps, tanks and canopy.

Dennis King of Wayne Bank & Trust Company and the Indiana Statewide CDC provided the SBA 504 financing.

King says, **“Mr. Singh did a nice job of providing environmental reports to the CDC for the SBA, and the deal was approved. With the low down payment, it was a good deal for the bank and the borrower.”**

“The staff at the Indiana Statewide CDC did a great job of working through the issues to satisfy the SBA requirements.”

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Shell
Indianapolis

In participation with
Wayne Bank & Trust Company
Richmond



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Indiana Statewide Certified Development Corp.

Third Quarter 2009



Syracuse is known as a summer community in northern Indiana. Syracuse Lake is within the city limits and adjoins Indiana's largest natural lake, Wawasee.

But Patrick and Kristi Higgins started Higgins Sport & Lawn with every season in mind. The couple and their small staff sell and service lawn tractors, all-terrain vehicles and snow mobiles in addition to mowers and lawn furniture. And, yes, they also service boats.

The Higgins' expanded their company, adding equipment and a new building, with the assistance of SBA 504 financing from Mercantile Bank and the Indiana Statewide CDC.

Lender, Dawn Yannuchi says the SBA 504 loan works to the advantage of both the bank and the borrower. **"From our standpoint, the bank shares the risk and is able to participate in more loans by using the 504 program. Borrowers such as the Higgins are able to spend less on a down payment, get low-rate financing for a long term and keep more cash to run their business."**

Higgins' Sport & Lawn opened in 1996 and has become one of the most popular dealers for all-terrain vehicles and snowmobiles in northern Indiana.

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Higgins Sport & Lawn Syracuse

In participation with
Zions Bank
Salt Lake City, Utah



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

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Instrumental Machine & Development Fort Wayne

In participation with
Farmers State Bank
Syracuse



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

Though not as well known as the bigger orthopedic companies in Warsaw, Instrumental Machine & Development plays an important role in the small city's worldwide reputation for manufacturing orthopedic products.

The company develops and manufactures metal instruments related to orthopedic devices such as artificial hips and knee joints. It obtained SBA 504 financing from Farmers State Bank and the Indiana Statewide CDC.

President Rich Tracy says Instrumental Machine & Development used the financing to improve their employees' equipment and cut delivery time.

"The 504 loan helped put us on the right track. It really helped us a lot."

Kent Cunningham of Farmers State Bank says, **"We are a small bank. When we can involve the CDC, it really helps us increase the amount we can offer to a single company."**

About 50 people are employed at Instrumental Machine & Design, which is higher than one year ago.

Concannon's Pastry Shop opened its fresh new location on Muncie's northwest side with the help of a small business loan program that rises to the occasion for expanding companies. First Merchants Bank and the Indiana Statewide CDC provided financing from the SBA 504 loan program.

Owner Michael Concannon says, **"The loan product was good from our standpoint, because we locked in a long-term rate. It also requires less of a reach for the bank, which is important for them."**

Concannon's parents started the well-known Muncie bakery 50 years ago. The original location across from Central High School on North Walnut Street still is the hub of the operation, where nearly 70 employees bake a variety of pastries, make fine chocolates and roast gourmet coffees.

The new café offers sandwiches and hot soups in addition to the tasty desserts that made Concannon's regionally famous. Concannon's hired 60 people to man the new, 7,000 square-foot café.

Jeff Parsons of First Merchants Bank says, **"Long-term financing by the Indiana Statewide CDC and a minimal down payment from Concannon's allows the company to devote resources toward business operations. That will greatly increase the chances for success."**

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Concannon's Pastry Shop Muncie

In participation with
First Merchants Bank
Muncie



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



Indiana Community Business Credit Corp.

Growth capital for

Strand Analytical Laboratories, LLC

Indianapolis

In participation with

Old National Bank

Indianapolis



ICBCC managed by:
Cambridge Capital Management Corp.



Strand Analytical, crime labs' biggest ally, grows with Credit Corp. funding

Strand Analytical Laboratories was founded in 2005. It provides forensic DNA analysis to crime laboratories and police departments across the U.S. The Indiana State Police and the Los Angeles County Sheriff's Department are two customers.

As Strand grew, it searched for investment capital to fund working capital and improvements. **"We have been aggressively pounding the pavement to expand our forensic customer base, and we've entered new medical DNA markets which build on our core competencies,"** says Travis Morgan, CFO of Strand. He worked with Old National Bank and the Indiana Community Business Credit Corporation to fund working capital at a key period of company growth.

The company employs more than 25 people and is one of only six crime labs in the U.S. to earn FBI accreditation for forensic DNA analysis.

Strand Analytical is a major ally to crime labs and police departments. Morgan says DNA evidence work is not as glamorous as it may appear on CSI and other TV shows. **"But it is extremely important work to help police departments identify and convict the right people. Our work has long-lasting ramifications on public safety."**

Amy Counts of Old National says, **"The Credit Corp is a key player in the success of Strand Analytical, and is a good partner for the bank."**

To say that SAMS Technical Publishing Company changes with the times is an understatement. It is more accurate to say that SAMS helps lead change by publishing technical manuals and books used by innovators...along with the rest of us.

Howard W. Sams Company is one of the nation's oldest publishers of trade books and owners' manuals. It was founded in 1946 in Indianapolis. Principals Alan Symons and Scott Weaver of AGS Capital purchased SAMS Publishing six years ago. Their ownership group received funding from the Indiana Community Business Credit Corporation and Old National Bank. The Credit Corp. financing helped provide working capital as Sams adjusts to the electronic age by creating more online publications to back its current library of print publications.

"The Credit Corporation made the deal work," says Weaver.

For SAMS Publishing, this meant strengthening its database of almost 200,000 repair manuals for TVs, radios, and almost any consumer electronics device.

SAMS also publishes destination guides through its Destinations Press imprint for locations such as Prince Edward Island, San Francisco, Sante Fe and Chicago.

Twelve people are employed at the SAMS headquarters in Indianapolis.

"Our print offerings remain strong and our electronic presence is growing, thanks in part to the help we received from the Credit Corp.," Weaver says.

SAMS repaid its obligation to the Credit Corp., having strengthened its financial position to attract conventional financing.

Success Story

SAMS Technical Publishing, LLC





CVLP funds Diagnostic ID, creator of “know error™” biopsy specimen ID system

Diagnostic ID is just over a year old, but the Indianapolis company has already built a nationwide client list of laboratories and physician practices that rely on the company’s biopsy specimen analysis.

Travis Morgan says Diagnostic ID has a patent pending on its biopsy identification system called “know error™.” It combines bar-coded patient specific biopsy collection kits with an efficient system for third party DNA identity. know error™ ensures that a patient receives the correct diagnosis, and the appropriate therapy. Tissue “switching errors” are a pervasive problem in laboratory medicine, and know error™ is the first company to address this challenge using prospective DNA identity confirmation.

More specifically, Diagnostic ID has developed the first scalable system for processing tissue biopsies with minimal risk from undetected switching errors. Using the know error™ biopsy kit, a surgeon or specialist obtains a buccal swab (cells from inside the patient’s cheek) at the time of the biopsy procedure and sends this directly to the know error™ DNA reference lab. The swab device is bar coded with a unique human and computer readable identifier which also appears on every additional item used in the procedure, including the containers which will receive the tissue samples. This unique identifier remains associated with all samples and paperwork relating to that patient’s procedure, supplementing (or replacing) reliance on hand written records and visual matches. If a patient is preliminarily diagnosed with cancer, the pathology lab sends a sample of the patient’s diagnostic tissue to the know error™ DNA lab where a matching DNA profile is confirmed between the diagnostic tissue and the corresponding reference buccal swab. This DNA confirmation effectively “short circuits” the error prone chain of custody to which the diagnostic tissue is subjected, and serves as a failsafe quality control mechanism.

An investment from Cambridge Ventures is allowing Diagnostic ID to accelerate its launch by boosting sales and marketing.

Morgan is co-founder and CFO of Diagnostic ID. He says the company is likely to add significantly to its current six person staff, as it continues to sign new customers.

Diagnostic ID fits the profile of companies in the CVLP portfolio, with good management, a solid product and sound business plan.

Cambridge Venture, LP

Growth capital for

Diagnostic ID, LLC
Indianapolis



Cambridge Capital Management Corp.

4181 E. 96th St. . Ste. 200 . Indianapolis . IN . 46240

317/843-9704

www.cambridgecapitalmgmt.com

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