



Portfolio News

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

Cambridge Capital
Management Corp.

Third Quarter 2010

Federal help just in time for small business growth

The “numerous advantages” of SBA 504 loans led PNC Bank lender Aaron Irwin to recommend the financing for a Noblesville veterinarian.

Chris Caldwell of Mutual Bank in Muncie packaged a 504 loan to help an equine veterinarian in Daleville.

Dr. Jason Landwerlen and Dr. Bradley King: two veterinarians; two SBA 504 success stories. You can read about them elsewhere in this newsletter. Now, lenders have new tools to help small business owners like them.

President Obama’s signature on the Small Business Jobs Act September 27 is providing enhancements to several of the SBA loan programs.

“**This assistance comes just in time to help keep the recovery going.**” says Jean Wojtowicz, president of Cambridge Capital Management. She also chairs the board of the National Association of Development Companies (NADCO), the trade association for corporations (such as the Indiana Statewide CDC) certified to issue SBA loans.

The latest improvements in SBA 504 loans create more flexibility

for bankers. The maximum net worth of businesses eligible for 504 financing is raised to \$15 million and a two-year average net income (after Federal income tax) of up to \$5 million. 504 loans can now top out at \$5 million. And the ceiling is higher -- \$5.5 million – for manufacturers or projects that meet certain energy efficiency standards. Of course, borrowers must still meet job creation and policy goals.

Other measures in the Small Business Jobs Act include: \$505 million to extend fee reductions for small businesses applying for SBA 504 and 7(a) loans; and a temporary two-year program allowing businesses to refinance existing fixed asset debt utilizing a 504 structure.

All of this opens a wider field for bankers with loan requests from industries with high demands for capital: electronics, bioscience and manufacturing, including companies making equipment for solar and wind energy producers. Many Hoosier communities are courting these companies. These “green” and high-tech jobs cost money, but the payoff could be great if companies create jobs and expand the local tax base. Bankers may find it advantageous to work SBA 504 incen-

tives into packages their local economic developers take to prospects.

The recession’s cost was brutal. Small businesses have created two-thirds of all new jobs in the last 15 years. But small businesses have been hit hard by the recession, losing 6 million jobs since December 2007.

“**This Small Business Jobs Act creates the right conditions for small businesses to hire new workers,**” Wojtowicz says. “**Local lenders must still examine every loan request, but now they can resume offering well-managed small businesses the best possible rates and terms for their expansions.**”

Additionally, this bill created a \$30 billion fund to provide capital to banks to increase small business lending. Banks with less than \$10 billion in assets are eligible to receive capital under this program. It is likely many Indiana banks will be evaluating this opportunity.

Call our office. We look forward to talking with you about using these incentives.

Permanent Changes to the SBA Programs

- **Size Standard.** The size standards for the program have been changed. Eligible businesses may now have a maximum net worth of \$15 million and a 2 year average net income (after Federal income tax) of up to \$5 million.
- **Maximum Loan Amounts.** This law permanently increases the maximum 504 loan to \$5 million. Loans for manufacturing projects or those projects that meet certain energy efficiency standards are increased to \$5.5 million. Keep in mind we still must meet either job creation goals or public policy goals.

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New Lender Incentive Program Begins

Indiana Statewide CDC is grateful for the time and energy devoted by commercial lenders to their profession—and including us so often. The new Lender Incentive Program began October 1, 2010 and will run through September 30, 2012. 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 addition to a small gift as thanks for your time, we'll send cash in appreciation for allowing us to help.

For your 1st loan—\$100

For your 2nd loan—\$200

For your 3rd loan—\$300

For your 4th loan—\$500

For your 5th loan—\$750

For your 6th loan—\$1,000

If you are not familiar with the 504 program, please call us. Our staff will be happy to meet with you and your clients to discuss the 504 loan program highlights. They will go with you to call on prospects and assist them with completion of the loan application.

We look forward to your call!

(317) 844-9810

Jobs Bill offers Temporary Enhancements

As mentioned on page 1, a new bill was recently signed into law that provides some temporary enhancements to the SBA 504 Program.

- **Fee Reductions.** This Bill extends the fee relief (elimination of the 1.5% processing fee and .5% bank fee) through December 31, 2010 or until \$505 million in appropriations is used.
- **Debt Refinancing.** For a two year period fixed asset debt can be refinanced using a 504 loan structure. We expect the regulations to be out in 4-6 weeks, but we anticipate the following provisions to be included:
 - The debt must have been incurred more than two years ago.
 - It must be a commercial loan that was used to acquire eligible fixed assets.
 - The loan that is being refinanced may not be subject to any Federal guarantee.
 - The loan must have been current for the past year.
 - Financing will be available for up to 90% of collateral value.
 - The refinancing must be beneficial to the borrower.



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>
July	4.169	5.213
August	—	4.931
September	3.690	4.622
October	—	4.521

Indiana Statewide Certified Development Corp.

Third Quarter 2010



Starting with two people in 1987, Dauby O'Connor & Zaleski (DO&Z), a Carmel-based certified public accounting firm, now totals 125 employees working for clients across the country.

"Many multifamily housing developers utilize Low Income Housing Tax Credits and other government assistance to finance their apartment communities" says Sean O'Connor, a founding principal of the firm. **"The firm has become well known nationally for its expertise relative to this important area."**

First Financial Bank and Indiana Statewide CDC provided SBA 504 financing so the accounting firm could buy and renovate a 58,000 square-foot office building to house its growing staff.

"We received excellent service from the bank and the CDC," says O'Connor.

David Bowers of First Financial Bank says, **"The Statewide CDC went the extra mile to research the fact that the client could actually get a larger loan by going "green." DO&Z looked for ways to save at least 10 percent on energy costs to qualify and this would help them with their operating expenses over the long haul."**

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Dauby O'Connor & Zaleski, LLC
Carmel

In participation with
First Financial Bank
Indianapolis



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Permanent fixed-rate second mortgage financing for

Concrete Surgeons
Indianapolis

In participation with
Old National Bank
Indianapolis



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When it's time to drill or saw concrete, owners of large buildings and industrial sites call a specialist. The Concrete Surgeons are pros. For 18 years, the company has sawn floor trenches, drilled holes and created openings for windows in concrete walls where none had existed previously.

Owners, John and Diane Serban, received SBA 504 financing from Old National Bank and the Indiana Statewide CDC to take the major step of moving from leased facilities to their own building in a Lawrence industrial park.

"We have more room to store our equipment inside," says Diane Serban. **"Our new building facilitates growing our business. We're excited about moving in."**

Kathy Cooper of Old National Bank says, **"The Serbans are good owners and they supply an important service. We saw this as an opportunity to help them solidify their business with affordable financing."**

The Concrete Surgeons, Inc. employs 12 people. The company works on large buildings that are being renovated, roads, runways and virtually any project requiring work on existing concrete, asphalt, block and brick.

Drivers pulling off I-65 at the Roselawn exit can stretch, eat a meal and check into a hotel room. Fuel is available, too. And now, Ed & Ma's Laserwash adds to the amenities at the busy cloverleaf.

Ed Jarvis and his parents have farmed land nearby for many years. The laser wash seemed like a good non-farm investment. Working with his mother, Jarvis received SBA 504 financing from Kentland Bank and the Indiana Statewide CDC to purchase, re-name and buy new equipment for the car wash.

"Business is good," says Jarvis. **"I'm happy we did this. It's an automated car wash, so I just come by and perform the cleaning and equipment maintenance. It's a good part time activity and we provide a good service."**

Dave Schrum of Kentland Bank says, **"Ed and Ma's Laserwash is a nice small business in a good location. Kentland Bank is happy to help, and we thank the Indiana Statewide CDC for making the SBA program available to lenders and businesses in rural areas of Indiana."**

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Ed & Ma's Laserwash
Demotte

In participation with
Kentland Bank
Rensselaer



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Jerry Van Bell, Jr. used SBA 504 financing to smooth the transition of a successful family business.

Van Bell has operated several Lee's Famous Recipe Chicken restaurants for more than 20 years in and around Richmond. His father, Jerry V. Bell, Sr. owns the businesses.

With a SBA 504 loan from Wayne Bank and Trust Company and the Indiana Statewide CDC, Van Bell purchased the real estate under three Lee's Chicken restaurants in Richmond and Connersville from a former business partner who is retiring.

Dennis King of Wayne Bank and Trust says, **"It was beneficial to us and to the borrower to partner with the SBA and Indiana Statewide CDC. We are assisting a local business in solidifying its future. The Van Bells are great people, and we are happy to help."**

Van Bell says, **"Customers won't notice the difference. We continue to cook and serve an excellent product. The SBA 504 financing allows us to move seamlessly into the future."**

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Lee's Famous Recipe Chicken Richmond

In participation with

Wayne Bank & Trust Company Richmond



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Indiana Statewide Certified Development Corporation

Permanent fixed-rate equipment financing for

Master Power Transmission, Inc. Columbus

In participation with

Harris Bank Carmel



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The name, Master Power Transmission, Inc., is new on the longtime Columbus manufacturing plant. Inside, more than 50 employees continue to produce high-quality mechanical power transmission products.

Master Power Transmission purchased Baldor Electric Company's DODGE manufacturing facility in a transaction that included SBA 504 financing from Harris Bank and Indiana Statewide CDC.

Michael Cinquemani, CEO of Master Power, says, **"This loan was used specifically to purchase the fixed assets of the business, including machinery and equipment. Indiana Statewide and Harris Bank provided good customer service and excellent communication throughout the approval process."**

Andrew Skaggs of Harris Bank says, **"Had Master Power Transmission not acquired the business, more than 50 jobs would have either been eliminated or relocated to a different part of the country. The partnership between Harris, Indiana Statewide CDC and the SBA allowed Columbus to keep these jobs."**

SBA 504 financing sometimes arrives just in time.

In Evansville, Riverwalk Communities, an assisted living and adult day care facility, used a 504 loan from United Fidelity Bank and the Indiana Statewide CDC to purchase land and upgrade a former hospital for its new home, saving 64 employees.

"Without the SBA and Indiana Statewide CDC, we probably would have to cease operations," says CEO Michael Weber.

Federal, state and local regulations eliminated most normal commercial buildings from consideration when Riverwalk's lease expired and it had to move. Weber says, **"Riverwalk is now located in a former acute care hospital that met many of the building requirements already. In addition we did bring the building up to code and renovated the majority of the space."**

Weber adds, **"The CDC and United Fidelity Bank were enthusiastic partners in this transaction. And the service was impeccable!"**

Gene Dawson of United Fidelity Bank says, **"The 15-percent contribution was critical to ensure the operating entity maintained adequate operating capital to sustain normal business activity."**

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Riverwalk Communities Evansville

In participation with

United Fidelity Bank Evansville



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After working several years as a nurse, Dr. Joseph Hadley found his calling: his family dental clinic in Indianapolis is the result. He graduated from the Indiana University School of Dentistry in 2002 and started Hadley Family Dentistry serving families in the Beech Grove, Greenwood and Franklin Township area of Marion County.

Huntington National Bank and Indiana Statewide CDC provided SBA 504 financing to Dr. Hadley to purchase land and construct a 6,500 square foot building.

“Our clinic is fully outfitted with digital x-rays – that use only a tenth of the radiation of conventional x-rays – laser cavity detection, periodontal equipment, veneers and many other state-of-the-art advances,” says Dr. Hadley.

James Aucremanne of Huntington National Bank says, **“The low down payment and attractive long-term rate for 40 percent of the project are the two items that make this a great SBA 504 project. I have worked with the Indiana Statewide CDC for many years and they have always met or exceeded my expectations.”**

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Hadley Family Dentistry Indianapolis

In participation with

Huntington National Bank Indianapolis



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Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

BK Veterinary Services Daleville

In participation with

Mutual Bank Muncie



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Dr. Bradley King often drives to see his patients. He is an equine veterinarian based in Daleville. His clients come to him -- or he to them -- from Indiana and all surrounding states.

A lifelong interest in treating horses led Dr. King to the Purdue University School of Veterinary Medicine and then to other practices where he treated many types of animals. After focusing on horses and opening his own practice, Dr. King purchased land and an existing building in Delaware County with the help of SBA 504 financing from Mutual Bank of Muncie and the Indiana Statewide CDC.

Chris Caldwell of Mutual Bank says, **"This is an exciting project for us. BK Veterinary is a great SBA 504 loan that allowed Dr. King to leverage his investment to set up a facility that provides for better year-around service."**

BK Veterinary Services treats race horses, show horses and horses ridden for pleasure. Dr. King has two full-time employees and works with interns from Purdue and other schools.

Many studies conclude that patients recover faster at home than in a hospital or nursing home setting. CareGivers, Inc. is a home health care service in Indianapolis, Ft. Wayne and Bloomington with 188 employees.

President and CEO Claudia Chavis says, **“Our team consists of skilled nurses; physical, occupational and speech therapists; medical social workers; and home health aides.”**

Old National Bank and Indiana Statewide CDC provided SBA 504 financing so CareGivers could buy an office building in Indianapolis with a low down payment and low, long-term interest rate.

Chavis says, **“Being in our own building allows us to plan for the future not only by having a tangible asset but by providing a beautiful and inviting workplace for our many loyal employees.”**

She says CareGivers will save \$20,000 every year in rent by moving out of leased facilities.

Jason Etter of Old National Bank says, **“CareGivers is a good fit for the 504 program as it preserves working capital while getting a long-term fixed rate.”**

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

CareGivers Indianapolis

In participation with

Old National Bank Carmel



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The tradition of a 1950s diner is being revived along Farmland's main street.

Bud Sturm re-opened the venerable Chocolate Moose restaurant in a restored, three-story 1868 building. The Chocolate Moose is the major retail tenant.

Sturm received funding from the U.S. Small Business Administration 504 loan program through Old National Bank and the Indiana Statewide CDC.

"The 504 loan really made the difference in being able to purchase the business and the building," Sturm says.

"The restaurant is beautiful," says Sturm. **"It has red, white and black, memorabilia, a juke box, and the whole thing."**

Burgers, tenderloins and milk shakes are menu staples. Sturm, his wife Cheryl and 12 other employees serve up the food, including breakfast.

Marc Edwards of Old National Bank says, **"The Chocolate Moose is an important piece of a very important project in Farmland. Bud's plan and the scope of the project make this a perfect 504 opportunity."**

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage & equipment financing for

The Chocolate Moose Farmland

In participation with
Old National Bank
Portland



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Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Noblesville Square Animal Clinic Noblesville

In participation with
PNC Bank
Indianapolis



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Management Corp.**

Dr. Jason Landwerlen, an established veterinary surgeon, purchased Noblesville Square Animal Clinic with assistance from SBA 504 financing from PNC Bank and the Indiana Statewide CDC.

"The SBA loan was very important to us," says Dr. Landwerlen. **"It allows us to devote more of our resources to building the practice."**

Aaron Irwin of PNC Bank says, **"We offered the 504 product to Dr. Landwerlen because it offers advantages to him and helps protect the bank's interests."**

Landwerlen has expanded the specialties of Noblesville Square Animal Clinic to include surgery and diagnosis of difficult-to-treat illnesses. He and his staff of six people attend to the needs of a growing number of pet owners.

"It's a constant learning process, and we realize that pet owners consider their dogs or cats as important members of the household. They want and deserve the very best care," says Dr. Landwerlen.

LensTech is the largest privately owned and operated wholesale optical laboratory in Indiana, serving independent eye care professionals throughout the Midwest.

LensTech purchased new machinery with the assistance of First Merchants Bank and the Indiana Statewide CDC, which provided a loan from the SBA 504 program for small businesses.

LensTech's new equipment enables it to become one of the few labs in Indiana providing digitally surfaced prescription eyeglass lenses, including personalized progressive "no line" all purpose lenses.

LensTech co-owner Greg Kyle says the digital equipment is important to LensTech. **"We can now offer our customers – the independent eye care professionals and their patients – a precision product that our competitors cannot."**

Co-owner Bill Harding says the expansion adds much needed manufacturing jobs to the Johnson County area. Harding hopes to be adding a second shift soon.

John Purdie of First Merchants says, **"It is nice to see a company like LensTech thrive even in this tough economy. This new equipment updates their technology significantly and should be relevant in their operations for years to come."**

Indiana Statewide Certified Development Corporation

Permanent fixed-rate equipment financing for

LensTech Optical Lab Greenwood

In participation with
First Merchants Bank
Greenwood



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Indiana Community Business Credit Corp.

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DuraMark Technologies leaves a lasting imprint on its clients' products. The Westfield company just received a U.S. Patent for inventing and building equipment that creates sets of durable labels to stick on manufactured products such as lawn mowers, construction equipment and handheld computers. These are the labels that tell you what you bought and how to use it safely.

Owners Bill Bussick, Bill Garland and Steve Diller started DuraMark in 2008 after their previous employer had been sold. They had been working on developing technology for solving a problem common to auto manufacturers: correctly labeling cars during final assembly. Bussick, Garland and Diller purchased the intellectual property and a prototype they had built and opened DuraMark.

DuraMark's 90 clients include: Dixie Chopper, makers of mowers and lawn equipment in Greencastle; Bil-Jax, a scaffold builder in Ohio; and the GM spare parts division.

"We started with an auto assembly plant in mind, but migrated to industrial manufacturing as our starting point," says Bussick. Bussick and his partners plan to grow their company to perhaps take in the large auto manufacturers that encouraged them to develop their labeling equipment.

They went to Jake Taylor of STAR Financial Bank, who proposed a relationship with the Indiana Community Business Credit Corporation. The Credit Corp. mezzanine fund is providing term financing, along with STAR Bank, that

Indiana Community Business Credit Corp.

Acquisition Capital for

DuraMark Technologies
Westfield



ICBCC managed by:
Cambridge Capital Management Corp.

assists DuraMark's ongoing working capital needs.

"It's working out very well," says Bussick. **"This is a good solution for our needs because it keeps us from having to go outside for capital."**

DuraMark's 12 employees include an engineer, production workers and sales personnel. They will likely have company as DuraMark expands its imprint on the business of making durable pressure-sensitive labels.



Product Marking THAT MAKES \$ENSE FOR MANUFACTURERS

Indiana Community Business Credit Corp.

Successful Exit for

Uplift, Inc.
Indianapolis



ICBCC & Lynx managed by:
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As a franchisee for BP at 25th and Keystone in Indianapolis, Rodric Reid had a tough choice to make. In 2005, BP terminated all franchises and opened company stores, including one near Reid's.

Reid adopted an aggressive expansion plan. He bought the station from BP, aligned himself with Shell and Circle K Enterprises, and purchased adjacent land so he could expand his station.

PNC Bank, the Indiana Community Credit Corporation and Lynx Capital Corporation provided different pieces of the transaction. In late 2005, Reid opened his Uplift Enterprises including a gas station with double the number of pumps and a convenience store four times the size of his old one.

This year, Reid made the final payment on his Credit Corp. and Lynx loans. The gas station/convenience store was hurt by construction on nearby I-70 a couple of years ago, but is now a bustling business – and job creator – for a near east side neighborhood that needs both.

Lynx Capital Corp.

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Financing For Minority Businesses

Tom Morales is a role model to central Indiana's young Mexican and Hispanic entrepreneurs. A first generation American, Morales worked his way through Purdue University. He built a career; working a quarter-century in sales and marketing positions for Proctor & Gamble, the Donaldson Corporation and Union Carbide. Morales and his high school sweetheart, Chris, raised a family of five children.

And when it was time to own a business, The Morales Group was founded to provide staffing, logistical and warehouse services to corporations, large and small companies. The Morales Group's executive search service is one of the most complete – and one of the few that focuses on Hispanic and Latino executives – in the country. It is one of the top 100 Hispanic owned businesses in the U.S., employing about 1,400 people in central Indiana.

Morales is quick to credit his business partners, employees, customers and others for his company's success. The Lynx Capital Corporation is also a factor. In 2003, Lynx stepped in with a long-term permanent working capital loan.

"It plugs the gap between invoicing and receiving," says Morales. **"Our relationship with Lynx Capital is one of the key elements in The Morales Group business plan."**

Lynx Capital Corp. has provided \$13 million in growth capital to 63 minority owned firms since 1991. Lynx officers and directors also serve as unofficial advisors to borrowing companies. Originally chartered to serve Marion County and surrounding; Lynx now reaches statewide, though it must work in partnership with another participating lender outside of central Indiana.

"Lynx Capital is a leading source of financing for minority owned companies," says Jean Wojtowicz, Lynx executive director. **"Our borrowers must have at least five employees. We really enjoy seeing that number increase during our involvement with a company."**

The Lynx Advantage

Like any investor we want to back winners. People willing to drive themselves and their employees not to survive, but to excel. People willing to learn, to adapt, and above all, to compete with the resources at hand. Lynx feels the minority market is an environment rich in people who can building companies. We know that capital, linked with a winning attitude, can produce exceptional results.

Lynx focuses on the integrity of the applicant and the potential of the marketplace rather than the debt to equity ratio. With our capital in place, a business can often obtain even more financing from traditional lenders. Our capital helps leverage those opportunities to make your business more successful.

With Lynx by your side, you will enjoy the competitive advantage of capital and service second to none. Call us today at (317) 814-6193.

ELIGIBLE BUSINESSES

Lynx is looking for existing minority businesses who can demonstrate a strong management team, a competitive and unique product with a good growth potential, a relatively significant financial stake in their business, and the desire to be successful. Specifically, Lynx is looking for companies that:

- Are located in Marion or surrounding counties
- Are owned and managed by racial minorities
- Have five or more employees
- Need at least \$75,000

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