



Portfolio News

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

Cambridge Capital
Management Corp.

Fourth Quarter 2017

The Road Beyond a Historic Mile-Marker

More than 1,200 Indiana business owners have enjoyed the benefits of SBA 504 financing for their companies through Indiana Statewide CDC.

We are very pleased when borrowers tell us that the 504 made great things possible for them. We often hear, "The SBA 504 loan helped me conserve other cash for needed expenses." No doubt commercial lenders around the state receive similar feedback.

Those 1,200 companies helped the Indiana Statewide CDC make history last summer; a half-billion dollars in loans to Indiana small businesses since we opened our doors in 1983! Our half-billion dollars — or \$500 million — contribute to loan packages totaling \$1.25 billion, including funds from partner banks such as yours and the down payment by borrowers. The loans have helped business owners buy property and equipment and create or save more than 15,000 jobs for Indiana residents.

This would not have been possible without bank lenders who invite us to participate in these projects, and we are extremely grateful for the trust you've invested in us.

We also appreciate the recognition from Governor Eric Holcomb. He congratulated Indiana Statewide CDC and by extension all who worked with us on reaching and exceeding this milestone.

In 2017, Indiana Statewide CDC loaned more than \$28 million to small business expansions and startup projects. It's our second-highest amount in history. The 2017 funding went to 39 small businesses creating about 440 jobs.

Our 2017 funding is one indication that Hoosier small businesses are continuing their resurgence. Of course, the most meaningful job creators and business investments for your banks are likely just down the street. You meet their employees at community events. Their children attend your kids' schools. The loans you make directly

influence the business, cultural and civic life of your town.

So what about 2018 and beyond? The road ahead looks just as challenging and interesting as the miles we've already traveled. You know that community-building is an ongoing process. We deeply appreciate the confidence you've shown in us in the past. Looking ahead, we want to continue to earn your trust by helping you work with the business owner who will create your area's next big economic opportunity.



Evansville's Commerce Bank is Indiana Statewide CDC's Small Business Lender of the Year

Commerce Bank of Evansville is the 2017 Indiana Small Business Lender of the Year recognized by the Indiana Statewide Certified Development Corporation.

The small business lender of the year is the Indiana bank devoting the largest percentage of its deposits to U.S. Small Business Administration 504 small business loans with Indiana Statewide CDC.

Commerce Bank's Brian Woods was recognized as the lender for Heritage Custom Fabricators of Jasper and Hett's Graphics & Gifts in Evansville, two of the small businesses receiving 504 funding from Commerce Bank and Indiana Statewide CDC during the year. Woods is senior vice president for commercial lending with Commerce.

Twenty-two Indiana banks competed for Lender of the Year. German American Bank, headquartered in Jasper, was runner-up. Dan Collignon and Michael Kern represented the bank.

We are always pleased to work with every lender in the state, and look forward to honoring several at our annual meeting each December. Here are other honorees.

Other bank awards:

Most SBA 504 debenture dollars; German American Bank

Most SBA 504 loans approved; First Merchants Bank

Individual Awards included:

Most SBA 504 loans approved; Larry Lux, First Merchants Bank

Most SBA 504 debenture dollars; Dan Collignon, German American Bank

In fiscal year 2017 ending September 30, Indiana Statewide CDC funded more than \$28 million in loans to 39 companies. The funding was the second highest (to 2008) in Indiana Statewide CDC's 34-year history. Total investment in those projects rose to \$72 million when banks loans and business owners' down payments are included. The projects created or saved approximately 440 jobs.



Indiana Statewide CDC elects two and re-elects four board members

Paul Freeman, executive director of the Indiana Bankers Association and Larry Gigerich, executive managing director of Ginovus in Fishers has been elected to three-year terms on the board of Indiana Statewide Certified Development Corporation.

Four other Indiana Statewide CDC board members were re-elected to new terms of three years each. They are:

- Mike Gavin, Lake City Bank, Warsaw
- David Spade, retired banker and civic volunteer, McCordsville
- Barbara Underwood, National Federation of Independent Business, Indianapolis
- Tom Wright, STAR Financial Group, Indianapolis

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Indiana Statewide Certified Development Corp.



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Employees of 3B Tech in South Bend are working long hours shipping orders of electronic products from the company's new warehouse in time for Christmas. That's part of the story; 3B Tech is busy all year as northern Indiana and southern Michigan's leading distributor, installer and service provider of computer systems to companies and schools. The client's "network" may be one computer or hundreds.

Founded in 2000 in South Bend by Jianqing Zue, 3B Tech distributes products ranging from computers to hoverboards and robotic vacuums. Zue used a SBA 504 loan from the Bank of Hope and Indiana Statewide CDC to buy an 8,000 square-foot warehouse for storage and shipping.

3B Tech's distribution agreements with Dell, Lenovo, Microsoft and other major brands allow customers a wide range of technical options. It recently agreed to supply Walmart stores with Swagtron the market leader of hoverboards.

Steve Kowalski of 3B Tech says, "We couldn't do it without this warehouse." Currently nine full-time employees and some part-time help work at the warehouse.

Simon Shinn of the Bank of Hope in New York brought the loan to Indiana Statewide CDC.



Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

3B Tech, Inc.
South Bend, IN

In participation with
Bank of Hope
New York, NY



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Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage & equipment financing for

Indy Fuel Tank
Fishers, IN

In participation with
PNC Bank
Indianapolis, IN



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The Indy Fuel is now in its third season as a professional hockey team in Indianapolis. The team reaches out in several ways to raise its visibility in the Central Indiana community.

The Fuel plays in the Farmers' Coliseum at the Indiana State Fairgrounds and practices at the Fairgrounds and at an ice rink it bought and remodeled in Fishers.

The latter site, now dubbed "The Indy Fuel Tank," is open for public skating, instruction and youth, high school and hockey leagues for all ages. Sean Hallett, CEO of the Fuel, secured SBA 504 financing to buy and renovate the ice rink from PNC Bank and the Indiana Statewide CDC.

Evangeline Wilkerson of PNC Bank says, "The business owner and I reviewed all of the credit options available to them, both conventional and SBA. By benefitting from the SBA 504 Program the Fuel has locked into a 20-year, fixed rate which has stabilized its debt service requirements. With its debt secured, the owners of the business are now able to focus on managing the day-to-day operations of the organization and maximizing the cash flow of the business."

The Fuel plays in the Central Division of the 27-team (and nation-wide) East Coast Hockey League and is a minor league affiliate of the NHL's Chicago Black Hawks. On its website, the team notes that it has contributed more than \$1 million to area charities since it began playing.



Effective Interest Rate

<u>2017</u>	<u>10-yr.</u>	<u>20-yr.</u>
October	—	4.64
November	4.47	4.51
December	—	4.49

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.



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Law offices and businesses, and the people who want to work in them, may turn to The Registry, Inc. in Indianapolis to seek the best match.

The Registry started in 1982 by Doris Thomas who saw the need for reliable legal secretaries when she worked in a law firm. Over the years, The Registry grew as it took on more responsibility in filling job openings, interviewing candidates, counseling employers through the hiring process and helping candidates negotiate job offers.

Gary Henthorne, who has owned The Registry for nearly 20 years, obtained SBA 504 financing from Indiana Statewide CDC and Chad Baer of STAR Financial Bank, to assist The Registry in a big move of its own; leaving leased space and buying a new office location in the 2300 block of North Delaware in downtown Indianapolis.

Baer says, **“The SBA 504 loan is a great product and a good fit for many of our small business borrowers. The Registry wanted a good, long-term rate and low down payment, and the loan suited their needs.”**



Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

The Registry, Inc.
Indianapolis, IN

In participation with
STAR Financial Bank
Indianapolis, IN



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Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage & equipment financing for

Days Inn
Muncie, IN

In participation with
First Merchants Bank
Portland, IN



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Rajiv Patel and his wife, Roshni, have managed the Muncie Day's Inn for about ten years. Recently, Rajiv and Roshni purchased the Days Inn from Rajiv's parents, aunt and uncle.

The Patels financed the acquisition with a SBA 504 loan through First Merchants Bank and Indiana Statewide CDC.

Rajiv Patel says, **“We are happy with our SBA 504 loan. We have a below-market interest rate fixed for 20 years, and made only a low down payment compared to commercial loans.”**

Mark Tillman of First Merchants Bank says, **“The SBA 504 loan allowed the next generation to buy the family business with a minimal equity investment, and that helps them conserve cash for other necessary expenses. The loan helped the bank offer the borrower a flexible loan structure.”**

Muncie's Days Inn is a two-story, 61-room hotel located a short distance north of Ball State University. It offers free hot breakfasts, business facilities and accommodations for small pets. The Patels have nine employees.



© Can Stock Photo

Nazli Khan, an entrepreneur with nearly 30 years of experience in Central Indiana education has opened her third ABC's & 123's Learning Center.

The new ABC's & 123's is located in the remodeled former Lutz's Steak House restaurant just west of Noblesville. Ms. Khan received a loan from the SBA 504 loan program through Community First Bank of Indiana and Indiana Statewide CDC to help finance her new school.

Khan also operates ABC's & 123's locations in Avon and Indianapolis. She opened her first ABC's & 123's in 1989 after looking for high quality preschool education for her own children. ABC's & 123's employs more than 40 people, including a three-person management team, at every location.

Of the SBA 504 loan, Khan says, **“I have been able to obtain optimal financing without the restrictive requirements of conventional loan down payments and changeable interest rates.”**

Casey Arnold of Community First Bank says, **“Ms. Khan is a very knowledgeable borrower. She was interested in the fixed interest rate for 20 years at a historically low level for 40 percent of the loan. It's a great project for Community Bank due to her experience and the protection the SBA 504 program offers to lenders from a loan-to-value standpoint.”**



Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage & equipment financing for

ABC's & 123's Learning Center
Noblesville, IN

In participation with
Community First Bank of Indiana
Noblesville, IN



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Indiana Statewide Certified Development Corp.

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Eleven-year old Exeon Processors buys and chops insulated copper wiring and ships the recycled copper to manufacturers across the Midwest. Currently, Exeon has about 25 employees working three shifts and the company looked to a SBA 504 loan to refinance existing debt.

Bill Needler of First Merchants Bank worked with Indiana Statewide CDC to provide the SBA 504 loan. It's a first for Needler although First Merchants is a veteran 504 provider. **"The process is clear,"** says Needler. **"And the low, fixed interest rate and down payment are nice advantages for the borrower."**

Exeon's Steve Lundergan says, **"The SBA 504 is a great loan product. It's a big help as we look toward future expansion."**

Exeon works out of a 44,000 square-foot plant in Jonesboro in southern Grant County near I-69. The company currently processes about two million pounds of copper wire per month.



Indiana Statewide Certified Development Corporation

Fixed Asset Debt Refinancing for

Exeon Processors, LLC
Jonesboro, IN

In participation with
First Merchants Bank
Wabash, IN



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Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

TSW Utility Solutions Inc.
Indianapolis, IN

In participation with
Centier Bank
Carmel, IN



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Rapidly growing TSW Utility Solutions, Inc. replaces underground water mains at large municipal and commercial locations. The company tripled its office and warehouse space by using SBA 504 financing to buy and renovate a building southwest of downtown Indianapolis.

Centier Bank and Indiana Statewide CDC worked with TSW Founders Jess Testerman and Terry Shirrell on the financing.

Testerman says, **"The fixed loan rates were a big driver for us. The loan is helping us by giving us more space to stock more equipment and inventory — thus providing better, more efficient solutions for our clients."**

TSW Utility Solutions' major clients include: Citizens Energy in Indianapolis; the cities of Carmel and Fort Wayne; American Water Company, and large contractors. TSW has about 35 employees. Testerman says it hopes to add about five more soon.

Centier Bank's Tim Turner says, **"This high growth company operates in the construction industry where working capital is a key to success. So the SBA 504 program was a perfect fit. The company was able to retain liquidity to fund future growth while taking advantage of long-term fixed rate financing."**

Hoosier Equipment Service, a homegrown environmental construction company, celebrates its 40th anniversary in 2018 in a new building in Camby.

Owner Heidi Brumback bought an office and warehouse building for Hoosier Equipment. The company's 16 employees are under one roof for the first time along with storage for their large trucks and equipment. Hoosier Equipment financed the purchase with the SBA 504 loan program from the State Bank of Lizton and Indiana Statewide CDC.

Brumback says, **"The SBA 504 loan was attractive to me given the fixed rate and lower down payment versus traditional financing. With a smaller down payment, we are minimizing the impact to cash flow and retain money to fund on-going projects."**

Cathy Adams of the State Bank of Liston says, **"The 504 program provides another avenue for us to assist borrowers who are looking to expand their business or purchase a new facility. It's a great program!"**

Brumback's father, James Farmer, started Hoosier Equipment Service in 1978 and was joined by two of his brothers, Ralph and Charlie. The company's general services include soil and groundwater remediation (field) activities, removing underground storage tanks, and installing new fuel systems, oil water separators and other tank systems.



Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Hoosier Equipment Service Inc.
Camby, IN

In participation with
State Bank of Lizton
Avon, IN



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Indiana Community Business Credit Corp.

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ALA Trucking's new headquarters on Anderson's south side adds office, warehouse, a truck service center and a truck parts stored under one roof for the first time in the company's ten years in business.

ALA owners Alan Adams and Paul Fogle obtained financing for the project with a SBA 504 loan from First Merchants Bank and Indiana Statewide CDC, and the Indiana Community Business Credit Corp. mezzanine fund.

ALA ships commercial and consumer products for manufacturers and distributors nationwide. It has 33 employees and expects to add ten more after completing the move-in to its new headquarters.

The combined financial package helps ALA Trucking in two ways, says Fogle, ALA's chief financial officer. **"From an economic standpoint the 504 program helps us with having a competitive interest rate and a lower upfront capital requirement than conventional financing. The Credit Corp helps us with working capital needs. And First Merchants brought us all to the table."**

Aaron Reger of First Merchants says, **"First Merchants is excited to partner with ALA, the Credit Corp and Indiana Statewide on this project. The result is that ALA will continue to grow and provide jobs in Anderson as well as achieve a much better location for their planned business model diversification."**



Indiana Community Business Credit Corporation

Provided Growth Capital

For:

ALA Trucking

In participation with

First Merchants Bank

Anderson, IN

ICBCC managed by:

Cambridge Capital

Management Corp.



Indiana Community Business Credit Corporation

Provided Growth Capital

For:

L.O.F., Inc.

In participation with

Old National Bank

Indianapolis, IN



ICBCC managed by:

Cambridge Capital

Management Corp

L.O.F. is an e-commerce success story that began well before the Internet. L.O.F.'s predecessor company distributed RV parts and accessories beginning in the late 1960's. After entering e-commerce in 2005, the company evolved into an Amazon top 500 third-party seller of almost anything relating to auto and truck parts and accessories.

L.O.F. made a key change in 2014 that required an injection of growth capital. The company, headquartered in Elkhart, was within eight months of "really being bankable" after a transition to manufacturing, says co-owner Lou Kovach. **"The Credit Corp. and Old National stepped in to secure our finances during our growth cycle,"** he says.

L.O.F. now owns more than a dozen U.S. and Canadian patents that are part of the company's product line.



The O'Reilly's Irish Bar & Grill experience is spreading to Speedway's rejuvenated Main Street with financing from the Indiana Community Business Credit Corp.

The new O'Reilly's opened in time for last May's IndyCar road race and Indy 500 at neighboring the neighboring Indianapolis Motor Speedway, says Owner Keith Reilly.

Main Street in Speedway is becoming a year-around destination featuring dining, indoor go cart racing and headquarters for Indy car racing teams. O'Reilly's corned beef, fish and chips and Irish beers add to the diversity of options...as well as about 60 jobs.

The Credit Corp. is assisting Reilly with financing from its mezzanine pool of risk capital. Reilly says, **"The Credit Corp. financing is awesome. It's a very good way to finance our expansion,"** says Reilly.

Key locations, a traditional Irish bar menu and an atmosphere where **"you can have some fun,"** have helped O'Reilly's succeed elsewhere, Reilly says. The original O'Reilly's in downtown Indianapolis is a half-block north of Banker's Life Fieldhouse. Downtown Fort Wayne's O'Reilly's overlooks the Fort Wayne TinCaps' baseball field. Greenwood's O'Reilly's is near the Greenwood Park Mall.

"We like to be in the middle of the action," says Reilly. **"We're excited to be in Speedway."**

Indiana Community Business Credit Corporation

Provided Growth Capital

For:

O'Reilly's Irish Bar & Grill

In participation with

Greenfield Banking Company

Greenfield, IN

ICBCC managed by:

Cambridge Capital

Management Corp



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Lynx Capital Corp.
 Fourth Quarter 2017

Helping manufacturers of engineered products gain a competitive edge; that's the service Lodestar Quality Engineering brings to its clients around the world.

Lodestar is based in West Lafayette and has an office in Pune, India. It employs 22 engineers, designers and quality control experts.

Owner and President Prasenjit Roy says Lodestar was poised for growth and needed a capital injection to service a large contract for manufacturing collapsible storage boxes the company had designed. Lynx Capital Corporation and the Community Investment Fund of Indiana (CIFI) assisted.

Roy says, **"With the funds made available by Lynx and CIFI, Lodestar was able to purchase raw materials in bulk to start the manufacturing of storage boxes. We are on course to finish production of 96 storage boxes of an order valued at over \$350,000 by the end of January 2018. The funding not only allowed us to get the project off the ground, but also enabled the company to start the process of growing the business."**

Lynx Capital Corp.

Provided Growth Capital
For:

Lodestar Quality LLC
West Lafayette, IN

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

