



Portfolio News

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

Cambridge Capital
Management Corp.

First Quarter 2013

Urban Businesses Building with SBA 504 Loans

Businesses joined the outflow of residents from urban neighborhoods in the last half of the 20th Century. Now this trend is reversing. Young and old are repopulating old houses and businesses once given up as lost, and are knee deep in revitalizations. With this trend new businesses are sprouting up on corners where none have bloomed for decades.

A common thread in many of these stories: SBA 504 financing from Indiana Statewide CDC.

At first glance, a hardware store in Indianapolis, auto repair shop in Evansville, a commercial cleaning service a few blocks away, and a floor covering store in Fort Wayne, have little in common except the owners' drive to provide products and services to clientele living downtown or in first-ring suburbs. The common bond of these owners; they obtained financing with the

SBA 504 loan from Indiana Statewide CDC and local banks.

North Meridian Hardware is a perfect example of this trend. Thousands of motorists drive by it every day. New residents and businesses moving into older neighborhoods north of downtown needed a local hardware store. There was a warm welcome for Keith Payne and the opening of North Meridian Hardware.

Payne leased the building, then he bought it from its former owner, WFYI, using SBA 504 financing from the Finance Center Federal Credit Union and Indiana Statewide CDC.

Payne's store is the largest minority-owned, independent hardware store in Indiana. "A lot of people encouraged me to do this," says Payne. "Ninety-five percent of new hardware stores open in the sub-

urbs, so we are an exception."

Payne says, "The SBA 504 loan helped me buy my building and allowed me to keep more money for the business. I have 12 employees who pay taxes, and we pay payroll and property taxes, so this is a good development for everyone."

Ken Yedlick of the Finance Center Federal Credit Union, says, "Our credit union enjoys the loan funding that the 504 program provides. It helps us get as much capital as possible to North Meridian Hardware."

In Fort Wayne, Michael's Floor Covering is helping beautify a first-ring suburban commercial strip. Tim Michael started working for his dad as a flooring installer at the age of 15, then bought the company in 1996. Star Financial Bank's Dennis Tratnyek says the SBA 504 loan



Indiana Statewide Certified Development Corporation

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

Effective Interest Rate

2013	10-yr.	20-yr.
January	3.62	4.21
February	—	4.29
March	3.49	4.30



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Above: North Meridian Hardware



Above: Dartt Automotive

helped Tim expand his store and buy new equipment. He says, **“Tim is a very committed business owner and this modernization project allows Michael’s Floor Covering to present itself in the best possible way.”**

Right now, Evansville is a beehive of 504 activity with Indiana Statewide CDC.

Dale and Ladonna Dartt celebrated the 25th anniversary of Dartt Automotive Service in Evansville in a special way: they expanded the business.

Evansville Commerce Bank and Indiana Statewide CDC partnered on the SBA 504 financing to help Dartt Automotive expand and remodel their existing facility.

By adding five bays to the three in the old building, Ladonna says, **“We have improved the work area and esthetics of our operation. It’s much brighter, we have new equipment and new overhead doors. The employees love it.”**

Luke Yaeger of Evansville Commerce Bank says, **“Dartt Automotive’s expansion is great for that commercial neighborhood. Other companies**

are making themselves more attractive and Dartt fits right in.”

Matt Goebel owns an even older family business. His mother and aunt started Hasgoe Cleaning Systems in 1984. Matt worked with Indiana Statewide CDC, German American Bank and Old National Bank to make his urban expansion a reality. For more information on Matt’s project, see page 5.

Just a few blocks away from Hasgoe Cleaning Systems, Gary Virgin is excited about opening his new Evansville Superbike shop. It’s twice as large as Gary’s 17 year old motorcycle sales and service store, and is another building block in the area around Burkhardt and Morgan Avenue.

German American’s Steve Walker brought this 504 prospect to our attention.

Back in Indianapolis, Indiana Statewide CDC and 504 loans are helping other businesses open in the neighborhoods around North Meridian Hardware. Mark Nottingham remodeled an old foundry building for his realty firm, and a former gas station next

door for a cafe. Craig Lichtenberger of First Bank Richmond, LISC and Morgan Stanley are working together on this project.

And, Trendy Minds advertising transformed a 90-year-old Carpenters’ Union Hall into a modern -- OK, call it “trendy” -- home for its agency with the help of Derek Phillips and Huntington Bank.

All these projects -- and more -- are located within a few blocks of their city centers, or are on well-worn commercial strips that are becoming relevant again. SBA 504 loans are the common denominator. Ask yourself and your staff: Where are the hot, or soon-to-be-hot, areas in your community? Do you know the entrepreneurs who will build the businesses customers will still be patronizing in ten, fifteen or twenty years? Now is the perfect time to look around and assess your ties to the community leaders of the future. Get to know them and see how your bank can help them -- and your community -- grow. SBA 504 financing can be a great tool for helping your community become a better place to live and work.

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A bright, clean gas station and convenience mart has replaced a boarded-up eyesore along a prominent street on Fort Wayne's southwest side. Balbir Singh and Amrik Singh opened Fairfield Marathon with financing from the SBA 504 loan program from Star Financial Bank and the Indiana Statewide CDC.

"It's a story about neighborhood revival," says Star Financial's Teresa Shomburg. A Rogers grocery had been a mainstay in the neighborhood for decades, but after the market closed, the building deteriorated to the point it became a neighborhood nuisance.

"The Singhs refurbished the building and added gas pumps. They definitely cleaned up the area and gave neighbors a place to buy gas and run errands." Shomburg says, **"The SBA 504 financing allowed the Singhs to make a smaller down payment so they could put more money into the project, and Star Bank felt more comfortable with this structure."**

Balbir Singh says, **"The 504 program does a good job for us. It's the second time we have used it."**

Five people have jobs at Fairfield Marathon, as it brings new life to an important part of Fort Wayne.

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Permanent fixed-rate second mortgage financing for

Fairfield Marathon

Fort Wayne

In participation with

STAR Financial Bank

Fort Wayne



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Permanent fixed-rate second mortgage financing for

Sprague Holiday Inn Express & Suites

Edinburgh

In participation with

Old National Bank

Indianapolis



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Deluxe accommodations and high tech amenities greet business travelers and other guests at the Holiday Inn Express & Suites just off the I-65 and U.S. 31 interchange, near the Edinburgh Premium Outlet Mall.

Owner Janeen M. Sprague opened the hotel in January 2012, just in time to pick up business from the Super Bowl played in Indianapolis. More important: the hotel is a destination for travelers along one of the nation's busiest interstates, and has become a desired location for events such as business meetings, wedding receptions and reunions.

Sprague used an SBA 504 loan to build and equip the 93-room hotel. Indiana Statewide CDC and Old National Bank provided the loan. **"The SBA loan was great. Everyone was so kind and they explained all the details,"** Sprague says. The Holiday Inn Express & Suites keeps visitors plugged in with Internet access, media pods (featuring computer hookups along with TVs), in room hookups for children's games and secure Ethernet for military guests. The hotel has 36 employees.

For decades, the Carpenters' Union Hall in downtown Indianapolis was headquarters for craftsmen who employed wood and tools to build fine homes and commercial structures. The building then sat empty for three years. Now, TrendyMinds, an advertising agency that crafts words and builds websites for its worldwide clients, has set up shop in the old hall.

TrendyMinds, founded in 1995, purchased and remodeled the 90-year-old Carpenters' Union Hall in part with the help of SBA 504 financing from Huntington National Bank and Indiana Statewide CDC.

Derek Phillips of Huntington Bank said, **"This was a bottom-to-top renovation of an old building. It's a great project for TrendyMinds."**

Tyler Murray, Sr. Vice President & COO of TrendyMinds, said **"Having a broad base of established clients has allowed us to grow rapidly over the past few years. This growth has also allowed us to reinvest in our business and the new building."**

TrendyMinds, now in its eighteenth year of operation, provides advertising, web development, public relations, video production and cross-channel marketing for clients such as Indiana University Health, Eli Lilly & Company, Allison Transmission, ExactTarget and Teachers' Credit Union.

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage & equipment financing for

Trendy Minds

Indianapolis

In participation with

Huntington National Bank

Indianapolis



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Kelly Ayers of Community First Bank told his potential borrower, John DiPasquale, **"I think we can get you a great rate."** And he did. DiPasquale obtained one of the last SBA refinance loans in Indiana from Indiana Statewide CDC and Community First Bank to consolidate financing on Dixon Road Mini Warehouses. The company name actually covers two mini warehouse locations in Kokomo owned by DiPasquale and his wife, Victoria. DiPasquale retired as regional director for Wal-Mart several years ago and purchased the two storage businesses. **"We've traveled and you can only play so much golf,"** he says. **"I wanted something to do and a good investment. I got a good deal on the SBA 504 interest rate, so this is working out well for me."** Ayers says, **"The refinance program allowed us to help Mr. DiPasquale succeed and helped us land a solid new client."** Most customers rent their storage unit for about seven months, DiPasquale says. Furniture, luggage, clothes and cars are commonly stored. And there are surprises. One customer recently drove away in his mid 1930s Ford truck that he had stored for 14 years (seven years before DiPasquale bought the place). **"The truck looked real nice,"** DiPasquale says.

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Permanent fixed-rate second mortgage financing for

Dixon Road Mini Warehouses, LLC Kokomo

In participation with
Community First Bank
Kokomo



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Permanent fixed-rate second mortgage financing for

National Environmental, Inc. Greenfield

In participation with
Farmers Bank
Fishers



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After we use it, National Environmental can get rid of it. National Environmental uses the latest technology to dispose of -- or neutralize -- chemical and other hazardous and non-hazardous waste.

Owner Timothy Detterline built National Environmental's clientele over the years until his old leased headquarters was no longer adequate. SBA 504 financing from The Farmers Bank & Trust and Indiana Statewide CDC helped National Environmental build and equip a new building near Greenfield in Hancock County.

Larry Miller of Farmers Bank says, **"As always, the 504 gave the borrower a great interest rate. That, and the lower-than-conventional down payment helped Tim and his staff ramp up the business in a capital-intensive industry."**

Detterline says, **"We work hard to solve the problems of our customers' businesses and meet the environmental, water and energy needs they have. The SBA 504 loan helped us accomplish our expansion and relocation without missing a day's work."**

National Environmental, Inc's team of environmental professionals and transportation specialists, provide high quality services throughout the Midwest.

Swimming a few brisk laps and then lounging next to the pool: it's hard to beat a summer's day in and around an outdoor pool. But home owners and public pool operators know that with pleasure comes responsibility.

Automatic Pools Covers in Westfield solves the problem with a cover that protects the pool all-year around and prevents children and others from entering the pool when it is not being used. Michael and Katherine Shebek recently completed a new manufacturing and office building for their company with SBA 504 financing from J.P. Morgan Chase Bank and Indiana Statewide Certified Development Corporation.

Shebek points out several advantages to a high-quality pool cover. They include winter cover and protection from UV rays, pool chemicals lasting twice as long, heating costs are reduced up to 70 percent, operators consume less time in cleaning the pool, pool equipment lasts longer, less water evaporates, and swimmers enjoy a longer season.

Safety is all important, and the company's major product, *AutoGuard*, provides all those benefits and security.

C.J. Sebastian of Chase Bank says, **"The SBA 504 loan is a perfect product for companies such as Automatic Pool Covers with close-knit owners who work on a tight bottom line."**

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Automatic Pool Covers, Inc. Westfield

In participation with
JP Morgan Chase Bank
Muncie



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Indiana Statewide Certified Development Corporation

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Matt Goebel, the owner of longtime Evansville business Hasgoe Cleaning Systems enlarged the company's capacity for work by purchasing the firm's headquarters building from his parents, who formerly owned and operated the business. Goebel also bought a nearby storage structure and uses it for an office for part of Hasgoe's staff and to store equipment.

Indiana Statewide CDC provided SBA 504 financing for both parts of the transaction, working with German American Bancorp on the headquarters and Old National Bank on the storage building. Old National's Andy Martin says, **"The 504 program is great for small businesses and banks alike, and it's easier to use than the SBA's 7(a) loans. Both are great programs."**

Rob Bingham of German American says, **"We are excited to work with customers like Matt that are growing their businesses and require a lot of working capital to fund operations."** Goebel says, **"We couldn't have bought these two buildings without the SBA 504 program and our lenders."**

Sisters Joyce Hassler and Faye Goebel founded Hasgoe Systems in 1984, combining the first syllable of their last names. Beginning as a small maid service, Hasgoe is a full service cleaning firm with 80 employees performing daily maintenance, renovation and restorations after fires and floods.

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Hasgoe Cleaning Systems, Inc. Evansville

In participation with
Old National Bank

Evansville
AND

German American Bank
Evansville



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Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

My Gas Station Indianapolis

In participation with
Wayne Bank & Trust
Richmond



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Cambridge Capital Management Corp.

The Shell gas station and convenience store in the 2400 block of Lafayette Road in Indianapolis casts a welcoming glow to visitors, including neighbors who buy bread and other staples. Owner Amrinderjit Singh wants people to feel at home, so he calls the store "My Gas Station." It's easy to spot because the familiar orange and yellow sign Shell sign is out front.

Singh and his family purchased the property and built a bright, state-of-the-art refueling station and store with an SBA 504 loan from Wayne Bank & Trust and the Indiana Statewide CDC.

Dennis King of Wayne Bank says, **"The SBA 504 loan allows us to build a more active loan portfolio while sharing the risk of a loan. Mr. Singh and his family operate several successful businesses and we are pleased to be involved with him."**

Singh says, **"The 504 rate is great. It really helps our business."**

My Gas Station consistently rates high in cleanliness, product display and customer satisfaction.

Midwest Eye Consultants, P.C. purchased, remodeled, and equipped an office it had been leasing on State Road 23 in South Bend.

Midwest Eye Consultants is an optometry/ophthalmology group practice with locations throughout northern and central Indiana. Founded in 1996, Midwest Eye optometrists, ophthalmologists, and technicians perform eye exams, prescribe glasses and contacts, and treat a variety of eye conditions.

The SR 23 office expands the optometry practice located there for several years under Dr. Ronald Snyder, O.D. Also in the practice are Dr. Kyle Antos, O.D., and Dr. Brian Faust, O.D., and seven technicians and staff members.

Joe Cavacini of First Merchants Bank in Wabash worked with the Indiana Statewide CDC to providing financing to Midwest Eye from the SBA 504 program. Cavacini says, **"We like the 504 program because it allows the bank to offer fixed rate financing so the bank and the borrower don't have to be concerned about fluctuating rates."**

Dr. Gregory Garner, O.D., co-founder, President & CEO of Midwest Eye Consultants, says, **"The stability of the low, long-term fixed rate was important. Also, the collaboration between First Merchants Bank and the Indiana Statewide CDC really provided a seamless experience for me."**

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Midwest Eye Consultants, P.C. South Bend

In participation with
First Merchants Bank

Wabash



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Tri-Plastics started in 2005 and was building a market share for its manufactured polyurethane foam products when a fire destroyed the company's building in Huntington in 2008.

"It was a total loss," says owner Michael Cronin. **"After paying our bills, we were down to zero, we didn't owe anyone, but we had no money."**

Cronin and his business partner Kirt Cates debated whether to re-open. They did, and Tri-Plastics operated from a leased building in Jasper from 2009 until 2012, when it purchased a 16,000 square-foot building in Dale.

German American Bank and Indiana Statewide CDC provided SBA 504 financing for Tri-Plastics to buy and update the building, and purchase new equipment.

"We couldn't be happier with the 504 loan," says Cronin. **"I appreciate German American Bank and Indiana Statewide CDC taking a chance. Our business is still a struggle, but we're making it."**

After receiving the raw material, Tri-Plastics' ten employees make custom patterns and molds for such products as instrument panels for boats, tables, crown molding, door lights and window frames.

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Tri-Plastics, Inc.

Dale

In participation with

German American Bank

Jasper



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Indiana Statewide Certified Development Corporation

Permanent fixed-rate equipment financing for

Highsmith Guns, Inc.

Greenfield

In participation with

Citizens Bank

Indianapolis



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For the first time in its 28-year history, Highsmith Guns is operating an indoor shooting range. Citizens Bank and the Indiana Statewide CDC helped Mark Highsmith buy and renovate a building just north of downtown Greenfield with SBA 504 financing.

John Purdie of Citizens Bank says, **"Mark's business is a great application of the SBA 504 program. It allows him to take advantage of low rates and a small down payment, while he retained enough capital to run his business during the building project and the move."**

Highsmith says, **"I appreciate the fact that Citizen's Bank and the Indiana Statewide CDC told me about the 504 program and its low interest rates. And we love the store: our new sales floor is three times the size of our old shop, plus we have 11 lanes for shooting and five lanes devoted to archery."** Mark had a major detour on his road to a successful family business. He was paralyzed from the waist down in a construction accident in 1984. Determined to reshape his life, Mark progressed through four years of training through the State of Indiana Vocational Rehabilitation Services. **"Basically, I re-learned to walk and work with my new disability,"** he says. Highsmith followed up on a life-long interest in hunting by learning gunsmithing during his rehabilitation.

A new era for a century-old company began in 2006 when John Cory bought Wilson's Corn Products in Rochester and renamed the company Prairie Mills Products.

Several name brands came with the purchase: names known to cooks in homes and commercial bakeries across the country, including E-Z Bake flour, and corn meal bearing brands such as Southern Plantation, Dorsels and Wilson's.

A Purdue alum, Cory grew up on a western Indiana farm. He bought Prairie Mills after a career as a commodity trader and investment banker. As he modernized and expanded Prairie Mills, he also worked with local farmers, buying directly from them. Prairie Mills developed corn meal products with flavor and taste profiles that lead the industry.

In 2012, Cory consolidated Prairie Mills' financing with an SBA 504 refinancing loan from First Merchants Bank and the Indiana Statewide CDC.

Josh McKenney of First Merchants says, **"It made a lot of sense for Mr. Cory to simplify his balance sheet with a 504 refi loan. Our bank is happy with the terms and Mr. Cory is happy with the good long-term fixed rate."**

Prairie Mills' twin grain silos are a familiar local sight in Rochester, rising along a rail line in the north part of town. The company is also known as a job creator for 15 employees, and its SBA 504 refi is helping solidify company's local and national presence.

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Prairie Mills

Rochester

In participation with

First Merchants Bank

Indianapolis



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Success Story

It would be difficult to drive around Indianapolis, or central Indiana for that matter, without seeing examples of HG Metals' work in the curving elegance of strong steel.

The wavy entrance to White River State Park and an attention-grabbing steel staircase in Taylor University's new Greg and Mary Fran Euler Science Complex were fabricated in HG Metals' shop on the near east side of Indianapolis and installed on site.

But the development efforts of President Cynthia Gardner and her employees were threatened by the recession. A slow 2009 nearly put HG Metals out of business. **"We were touch and go. We almost closed, and that would have put a dozen people out of work,"** says Gardner.

Lynx Capital Corporation provided working capital to HG Metals in 2010 to help Gardner's team meet orders while the company recovered.

"Lynx came in at a crucial moment for us," says Gardner. **"Without Lynx we might not be in business today. But Lynx was our lifeline and we appreciate it."**



HG Metals Welder at Work

HG Metals recently repaid its obligation to Lynx Capital, fulfilling not only Lynx's contract, but Lynx's trust and confidence, too.

Lynx Capital has provided more than \$16 million to 69 minority-owned companies in Indiana since 1991. Most, such as HG Metals, have leveraged Lynx investments to build success.

It would be a big loss for central Indiana if HG Metals were no longer in business. The company's work ranges from structural steel beams to artistic metal sculptures. Other examples include the cornice for the Carmel Lofts & Shoppes and a quarter-mile of guardrails at Indianapolis International Airport.

We wish the company continued success. They are now part of our successful alumni.



White River State Park Entrance





Manweb, Indianapolis

Alternative financing again stepped in to help Manweb d.b.a. Freije Engineered Solutions Co., a fast-growing engineering contractor.

The Indiana Community Business Credit Corp. is providing Manweb with a loan for working capital and equipment needs to complete a merger with Columbus, Ohio based Refrigeration Systems Company (RSC). STAR Financial Bank, a member of the Credit Corp. pool, is the senior lender on Manweb's project.

Michael Webster, President, says, **“By combining our companies’ key competencies and strengths, we now can offer more services to our existing customers and expand our reach to more industrial and commercial clients. Mezzanine financing from the Credit Corp. is helping us take a big step toward serving more clients.**

Bryan Miller of STAR Financial Bank says, **“This is a mutually attractive loan structure, both for Manweb and the bank. It’s a win-win-win, thanks to the Credit Corp. STAR Bank joined the Credit Corp. to extend the range of services we can provide clients, and this is a perfect illustration of that.”**

The Credit Corp. manages a pool of alternative capital that is available to promising companies that need to supplement commercial financing. Because the Credit Corp. provides financing that falls between the senior lender and the equity, the pool is referred to as “mezzanine capital.” Since 1986, the Credit Corp. has participated in more than 130 projects totaling \$268 million.


STAR Financial is one of 34 Indiana bank members of the Credit Corp. The members are eligible to participate as senior lender when they bring a potential borrower to the Credit Corp.

Indiana Community Business
Credit Corporation
and Lynx Capital Corporation

Growth Capital for

Manweb
Indianapolis

In participation with
First Merchants Bank
Indianapolis



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