



Portfolio News

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

Cambridge Capital
Management Corp.

Second Quarter 2009

“Congress can help banks get back into the market,” Wojtowicz tells House committee

Congress should help small businesses recover from the recession, not hurt them by raising fees charged to borrowers of the SBA 504 loan program.

That message was delivered to the House Small Business Committee by Jean Wojtowicz in her role as board chair of the National Association of Development Companies (NADCO). NADCO is the national trade association for certified development companies such as the Indiana Statewide CDC that work with banks to provide 504 financing to businesses.

She told committee members that raising fees by 38.9 basis points, as proposed in the 2010 federal budget, would negate the positive effects of fee reductions put in force by the SBA earlier this spring. She said, **“The Congress and the Obama administration have worked hard to put more fixed assets and working capital in the hands of small businesses hard pressed by this recession. The stimulus legislation is beginning to favorably impact capital access and job creation. Our industry believes more should be done, and quickly, to help small businesses.”**

Wojtowicz reported on her trip to Capitol Hill at the June meeting of the Statewide CDC board. Lending volumes are down in fiscal 2009 but the pipeline is fairly full of new deals, a sign that banks are looking for ways to get back into the small business lending market.

“Our program allows them to participate in their local econo-

mies with reduced exposure,” she told the board.

In her House testimony, Wojtowicz, on behalf of NADCO, asked Congress to open new sources of funding for small and high-tech companies. They make up the segment of the economy with the greatest potential for creating new jobs.

Potential sources of new funds include: raising the amounts banks and certified development companies could lend to businesses beyond the current maximum of \$1.5 million, allowing borrowers to use the maximum limits of both the 504 and 7(a) programs, permitting borrowers with higher net worth to participate in 504 projects and allowing borrowers to tap into their personal home equity lines of credit for their businesses.

She also said Congress should give local certified development companies the freedom to perform recoveries and seek settlements from loan guarantors of 504 projects, rather than wait on the slower SBA process. She also said the SBA should not “shy away” from working with the lending programs of other federal credit-granting agencies such as the departments of Agriculture, Treasury and Housing and Urban Development.

“Working together, we must be more creative and flexible in serving the needs of new industries. We must tear down the walls of arcane, irrelevant and restrictive regulations or policies that create unnecessary barriers to reaching the industries of the 21st Century economy.”

The SBA is 56 years old, and its major lending programs are more than 20 years old, Wojtowicz said. Updating and modernizing the programs will make them relevant to the 21st Century and assist NADCO members in helping companies create new jobs.

“By working together, we can help get America working,” Wojtowicz said.

She noted that the SBA has directly assisted in creating over five million jobs in 25 years through its 504 and 7(a) loan programs.

“Few federal agencies can claim this record of accomplishment and impact on our economy,” Wojtowicz said.

A recent national study of the SBA 504 program demonstrated that borrowing companies return \$94 in tax revenue for every \$1 of SBA 504 funding they receive.

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Indiana Statewide Certified Development Corp.

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Indiana Statewide CDC Board Members and staff posed for a picture at the June Board Meeting.

This meeting was hosted by borrower, cmc global.

Thank you, cmc global!



After a long career in different parts of the world, Dean Barnes left Caterpillar and he and another former Cat manager, Dan Brown started assembling their own manufacturing operation in southern Indiana.

Their company, Indimet, purchased McCullough Fabricating, an older firm and now operates two plants in the Lawrence County communities of Mitchell and Heltonville.

McCullough Fabricating produces shipping racks and containers, along with other metal fabrications, for automotive and other industrial customers. About 30 skilled production people are employed at McCullough Fabricating's two plants.

"Business is a little slow right now, as it is for everyone in manufacturing," says Brown. **"But we had a strong fourth quarter, so we hope we are set up to participate in the recovery...when it happens."**

Chase Bank, Bloomington and Indiana Statewide CDC provided Barnes and Brown with SBA 504 financing in three different packages to buy and remodel and purchase new equipment for both plant sites.

"The 504 loans were pretty much used to buy the two plants: the loans were our base for getting our company up and running," Brown says.

Matthew O'Connor of Chase says, **"The financing was ready at each stage of this project, and we pulled it all together in two months. It worked out very well, and the Statewide CDC does a great job."**

Indiana Statewide Certified Development Corporation

Permanent fixed-rate equipment & second mortgage financing for

McCullough Fabricating Heltonville & Mitchell

In participation with

JPMorgan Chase Bank Bloomington



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

Effective Interest Rate

<u>2009</u>	<u>10-yr.</u>	<u>20-yr.</u>
April	—	5.254
May	4.490	5.374
June	—	5.897

Indiana Statewide Certified Development Corp.

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“The 504 loan was a life saver for us,” says Tamela Hunt, owner of ABC Child Care & Preschool on Indianapolis’ southwest side.

She started ABC Child Care in 1983 and financed the latest remodeling and expansion with a 504 loan from Bank of Indiana and Indiana Statewide CDC.

Dan Fehrenbach, president of Bank of Indiana, says, **“Tamela and ABC Child Care are excellent for the SBA 504 program. The low down payment on their building and equipment allowed them to keep adequate capital to maintain the staffing necessary to give their students complete educational and developmental attention.”**

Hunt and her staff care for 188 children in three locations. The staff includes elementary education teachers with kindergarten endorsements, and when their students head for kindergarten, they know English, Spanish and Sign Language, as well as how to tell time, write their name and address and other basic skills.

Hunt has degrees or certification in music, computer science, early childhood education and emergency medical technology. Every staff member is trained in emergency first aid and medical procedures.

She says, **“I am living my dream every day.”** 504 financing is helping expand her dream.

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

ABC Child Care & Preschool
Indianapolis

In participation with
Bank of Indiana
Terre Haute



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Indiana Statewide Certified Development Corporation

Permanent fixed-rate equipment financing for

Scotty’s Brewhouse
Indianapolis

In participation with
Huntington National Bank
Indianapolis



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Sometimes, you have to return to your alma mater to lift a frosty mug at your college bar and grill. But not if you live in Indianapolis and Scotty’s Brewhouse was your hangout at Ball State, Purdue or Indiana University.

Huntington National Bank and Indiana Statewide CDC provided SBA 504 financing to Scott Wise for the Scotty’s Brewhouse in downtown Indianapolis.

“It’s a nice fit,” says CFO Kurt Pickering. **“Two blocks north of Conseco Fieldhouse and a few blocks from Lucas Oil Stadium and the convention center, and with thousands of offices a short walk away.”**

Wise opened his first Brewhouse in Muncie in 1996. Locations in Bloomington and West Lafayette followed; then a non-campus eatery and bar on Indianapolis’ north side in 2006.

Indiana Statewide CDC provided 504 loans for two Scotty’s restaurants. James Aucremanne of Huntington National Bank says, **“The SBA 504 program helped us fund these packages.”**

Pickering adds, **“The restaurant industry is always considered a high risk by banks, so having a portion of the loan guaranteed is often necessary.”**

Diners around Wabash are welcoming their new Culver’s Restaurant. Open since December, Culver’s 46 employees serve up burgers, salads and frozen custard from under the blue & white sign that is familiar in the upper Midwest but is a first in Wabash.

First Merchants Bank, Wabash and the Indiana Statewide CDC provided an SBA 504 loan to owners Dawn and Jeremy Wayman for their Culver’s Restaurant.

This is the second time the Waymans have used SBA 504 financing to introduce a new business to Wabash.

“The process is very easy,” says Jeremy. **“We opened our home and gift store, Treasured Dreams Cottage, in 2001. When we were ready to proceed with our plans to open a Culver’s, the 504 was a logical choice. We may not have been able to realize our vision without the 504 program.”**

Jeremy Steele of First Merchants says, **“The Waymans’ dedication to customer service and quality shows in every way. First Merchants is pleased to be able to assist Dawn and Jeremy with yet another successful business with the aid of the CDC’s 504 Program.”**

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Culver’s
Wabash

In participation with
First Merchants Bank
Wabash



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Indiana Statewide Certified Development Corp.

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When he took a look around the motel property for sale in Fort Wayne, Hemant Jinwala saw that the place needed upgrading. But he also knew he could make it work.

Unity Bank and Indiana Statewide CDC felt the same way, and provided SBA 504 financing to Jinwala to buy and remodel the northwest side property, now known as the Quality Inn – Fort Wayne.

Jinwala says, **“The CDC and Unity Bank have excellent people to work with. And the staff at the CDC was very helpful in explaining the process, step-by-step.”**

Bhavesh Sheth of Unity Bank says the 504 program helps owners of small business arrange their financing with enough money left over to manage their businesses. **“The Indiana Statewide CDC keeps everyone informed so that the project goes along smoothly,”** he says.

Fourteen people are employed at the Quality Inn. They oversee a motel in which every room contains new furniture, drapes and carpeting and a 30-in flat screen TV. The motel offers a conference room and other amenities for small meetings.

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Quality Inn
Fort Wayne

In participation with
Unity Bank
Edison, NJ



ISCDC managed by:
Cambridge Capital Management Corp.

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Chappell's
Fort Wayne

In participation with
STAR Financial Bank
Fort Wayne



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One of Fort Wayne's landmark restaurants remodeled and became easier to find, thanks to SBA 504 financing from STAR Financial Bank and the Indiana Statewide CDC.

Chappell's Seafood & Steaks has been a dining destination for 25 years. This year, owner Gary Chappell consolidated and upgraded his restaurant with another restaurant he owns, Chappell's Coral Grill and Seafood Market. The two restaurants are now one in the same location on Coldwater Road, the site of the Coral Grill and one of Fort Wayne's busiest thoroughfares.

Angela Grant of STAR Financial Bank says, **“This loan is a good fit for the 504 program, because the 10 percent down payment allows Gary to conserve more of his capital to fund the day to day operations of the business.”**

About 80 people work at the Chappell's Coral Grill and Seafood Market. The restaurant boasts a handsome vintage bar and a décor featuring plants and aquariums. Along with its fresh seafood entrees, Chappell's serves the top-of-the-line Black Angus steaks expected by its two generations of customers.

If planning a meeting stresses you out, think about cmc global. The Indianapolis Company arranges meetings and conventions anywhere in the world.

“We take care of everything from A-Z, including budgeting, venue negotiation and planning every conceivable detail, right down to the last cup of coffee,” says cmc global founder Jeff Cummings.

No detail is too small, so when Cummings and his 11th & Delaware Partners, bought a 130-year old house for their headquarters, they sought SBA 504 financing from Huntington Bank and the Indiana Statewide CDC. The funds remodeled the circa 1878 Gothic Queen Anne House in Indianapolis.

Cummings says, **“This financing gives us a good base for future growth and allows us to provide an enhanced environment for our most valuable resource, our dedicated staff members,”** Cummings says. He has 25 employees.

Kurt Glore of Huntington Bank says, **“Due to the age of this property and our current depressed real estate environment, rehabilitation costs may not translate into increased real estate market value on a dollar for dollar basis, so the SBA financing was key to the deal.”**

cmc global started in 1997 as Cummings Meeting Consultants. cmcglobal also operates a convention logistics company, a domestic tour operator and a small business consulting company.

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

cmc global
Indianapolis

In participation with
Huntington National Bank
Indianapolis



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Check out our website at www.cambridgecapitalmgmt.com

Indiana Community Business Credit Corp.



Second Quarter 2009

The growth of professional and amateur sports in Indianapolis is paralleled by the success of Sport Graphics, a company founded in 1986 by Frank and Linda Hancock.

The company broke out of the gate as a printing supplier to amateur and professional teams in the Indianapolis market. As the company grew, the National Football League, National Collegiate Athletic Association, the Indianapolis 500 Festival and other national amateur and professional organizations became clients and further supported the company's growth.

It hasn't always been a steady upward growth curve for Sport Graphics. A tornado leveled half the company's building on Indianapolis far eastside in 2002, about the same time the printing industry started to take a noticeable tumble.

"The printing industry, by itself, has two major problems," says Frank Hancock. **"It is capital intensive, and it is a declining industry."** So Sport Graphics diversified shortly after the tornado by adding, signage, creative services and distribution to its lineup.

"We are a much better company now," says Hancock. **"We've gotten to be a lot bigger player by changing our direction to provide multiple services and not just printing."**

"Sales have doubled since 2003," says Hancock. **"2008 was our best year, and 2009 will be better yet."**

The latest round of expansion was made possible by capital provided by the Indiana Community Business Credit Corporation and Old National Bank.

"We have a very good relationship with Old National. They have been our bank for several years," says Hancock.

"And fortunately, I really felt very comfortable from the first moment I met with the Credit Corporation. They knew what I needed to accomplish and they helped work out a plan."

Steve McGlothlin of Old National says, **"The mezzanine financing pool is really a great help for the member banks and the borrowing companies. The Credit Corp. brings more resources to the table to help get a deal accomplished."**

Hancock adds that Sport Graphics new services fuel 95 percent of the business growth. By diversifying with assistance from the Credit Corporation's mezzanine pool, Sport Graphics is creating a bright future for itself and its 140 employees.

Indiana Community Business Credit Corp.

Acquisition growth capital for

Sport Graphics
Indianapolis

In participation with
Old National Bank
Indianapolis



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ICBCC Company Showcase

Over the past 23 years we have assisted 121 companies with over \$52 million in financing.

Noted below is a sampling of many of our successful investments.



ADVANTIS
MEDICAL INC



BUYERS
Wholesale Distributors Inc.

Family Owned Since 1918

Quality Service



Check out our website at www.cambridgecapitalmgmt.com

LYNX Capital Corporation

Second Quarter 2009



Oatts Trucking is a Lynx success story

Oatts Trucking drives over its own work to take supplies to new clients. The company is one of Central Indiana's leading dump truck haulers. It delivers asphalt, sand, gravel, topsoil and dirt to highway and construction sites within 50 miles of Indianapolis.

Oatts Trucking, Inc. describes itself as a "business family." Nathan E. Oatts, Sr. established the company in 1979. Through hard work, honesty and an attitude of servant leadership, Nathan expanded the company.

"The company has evolved from a one-man dump truck operation to a leader in the trucking industry," says Nathan.

Oatts Trucking celebrated its 30-year anniversary during the grand opening of its new building recently.

Lynx Capital Corporation was one of his early backers, providing funds to purchase trucks and other equipment in the mid 1990s.

"Lynx was instrumental in our success," says Oatts. **"We could not have been as successful as we are without the confidence and the financial support from Lynx."** Oatts was ready to add equipment and personnel and Lynx stepped in.

"In addition to support by Lynx, the programs offered by the city of Indianapolis and state of Indiana to assist minority businesses, along with the long-term relationships with prime contractors, we were able to soar to the next level," Oatts says.

Oatts Trucking repaid its obligation to Lynx this year, joining the ranks of other successful minority-owned companies that have exited the portfolio.

Oatts Trucking has supplied some of the area's largest construction projects, including highways, Lucas Oil Stadium and the airplane taxiing aprons at the new Indianapolis International Airport.

"Our customer base is currently 40 percent private and 60 percent city, state and federal government work," Nathan

Oatts says.

"We price competitively, and adhere to professional standards in our work and among our employees for the simple reason that we want to do great work and retain the customer," Oatts says.

The company has 25 employees. All its drivers are fully licensed and trained.

Oatts says, **"Our customers trust us, and we want them to be completely satisfied, not just satisfied. Therefore, we adhere to all Department of Transportation drug screening and we demand that our employees be respectful of the client. We have a great group of employees who represent our company and themselves very well."**



Nathan Oatts, Sr. (right) speaking with Michael Staton of Alerding & Co. during the 2009 Lynx Capital Corporation Annual Meeting & Reception

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