



Portfolio News

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

Cambridge Capital
Management Corp.

Third Quarter 2007

Indiana Statewide CDC sets a new record in 2007

It's another record year for the Indiana Statewide Certified Development Corporation. There are many reasons for the success, but the #1 reason is that you—business lenders—continue to display confidence in our SBA 504 product and ability to provide timely, accurate service.

This new record (66 loans for \$37.5 million) exceeds the record we set last year. Over 1,000 jobs have been created or saved, this year alone!

It's that ability to retain or create jobs that is the cornerstone of the SBA 504 program. Congress recognized over a generation ago that small businesses create the most jobs, but their lack of capital was a constant barrier. It created the 504 loan program to give small businesses access to reasonably priced, long term financing for their fixed assets.

This can make a big difference for companies. Just look at what SBA 504 loans did for Tipton Precast. Owner Shawn Maddox and his lender, Tom Dolezal of First Farmers Bank and Trust, Tipton, say the SBA 504 loan enabled Tipton Precast to buy a dry cast machine it would not otherwise have purchased. The machine makes large concrete structures for sanitary and storm sewers, and makes them more quickly than traditional wet cast machines.

Maddox says, "Three people can make 150 dry cast pieces in a day." That compares to about three a day with wet casting. Tipton Precast uses wet casting for short-run custom pieces.

The dry cast machine is obviously an important building block for Shawn's business, but he says he could not have moved so quickly to install the machine without SBA 504 funding.

It's stories such as Shawn's that highlight the importance of making alternative lending programs available to borrowers who qualify because they possess the combination of financial need (but are not without resources), management style and products that will help establish a firm business foundation.

Lenders who find such borrowers and ask us to participate are the reasons for another Indiana Statewide CDC record year.

And, of course, all of us look good when we work with winning business owners. They are the ones who open the shop/store/office early every morning and often don't go home until they turn off the last light at night. In between, they are working hard to serve their customers, solve personnel issues, keep up with accounts payable and make sure invoices are mailed.

As we begin our 25th year, the Indiana Statewide CDC is grateful to many and fortunate that we work with outstanding people.

We've said it before, but it bears repeating: who would open a business during uncertain economic times? Only an optimist would do that. And that is the definition of a small business owner!

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Brewmaster Coffee is a good example of why central Indiana is called “the cross-roads of America.”

Brewmaster is a wholesale coffee and food distributor with 22 employees. From the company headquarters in Lebanon, drivers fan out to grocery and convenience stores in Indiana, Ohio, Illinois and southern Michigan.

After using leased facilities for 22 years, Brewmaster purchased the building it had occupied for three years with SBA 504 financing from Fifth Third Bank and Indiana Statewide CDC.

Brewmaster founder Ron Terrell and his son Chris co-own Brewmaster Coffee, Inc. Chris and his wife Karen operate Rock Properties of Zionsville, the holding company.

The company provides a full range of drinks and food to Ricker’s, Gas America, and other sites familiar to Interstate travelers. The company’s drivers deliver equipment and perform preventive maintenance during their regular stops.

“**The financing worked out real well for us,**” says Karen. “**It helped us speed up our plans.**”

Scott Ransburg of Fifth Third says: “**The loan was an opportunity for them to buy the building without having to make a huge down payment.**”

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Brewmaster Coffee

Lebanon

In participation with

Fifth Third Bank

Indianapolis



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Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Bones Theatre

Columbia City

In participation with

1st Source Bank

Warsaw



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The last picture show in Columbia City closed 40 years ago. Chris Jones and Tim DuVall bet that many Columbia City residents were equally as tired of driving 25 miles to see a movie, so they opened Bones Theatre, a four-screen cinema.

1st Source Bank of Warsaw and Indiana Statewide CDC provided an SBA 504 loan for the land and building. Local firms and others chipped in to buy Mopix, a technology that assists patrons with sight and hearing limitations. Bones is the only theatre in Indiana to feature Mopix.

Jones says, “**The community has embraced us and local merchants are advertising in the theatre. It’s a constant learning experience and a challenge, but very rewarding.**”

Dennis Hively of 1st Source says: “**We were fortunate enough to be involved. The 504 loan’s small down payment was a big attraction to this borrower.**”

Jones says, “**1st Source is top shelf, and the SBA 504 program helped us along.**”

Bones Theatre has ten part-time employees. More during the summer and winter holidays.

By the way, about the name, Bones Theater: “Bones” is co-owner Chris Jones’ childhood nickname, not an indication Bones will specialize in scary films.



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

Effective Interest Rate

2007	10-yr.	20-yr.
June	—	6.68
July	6.85	6.79
August	—	6.75
September	6.50	6.53



For nearly 30 years, Newell Vinyl Extrusions in Albion has supplied thermoplastic extrusions for windows, doors and other building products. Newell manufactures and delivers its products to customers across the country.

President Tom Watson and his management team aim to capitalize on the company's reputation for expertise by expanding Newell's capacity. The company purchased the building it has occupied for several years and is undergoing an upgrade to equipment.

Financing for the multi-stage project has come from Tower Bank & Trust, Fort Wayne, Indiana Statewide CDC and Cambridge Ventures.

Susan Schenkel of Tower Bank says, "**Newell's expansion was a great SBA 504 project for us. The loan structure allowed enough cash flow for a significant equipment upgrade over and above that provided by the financing.**"

"We enjoyed working with the folks at Indiana Statewide," she adds.

Watson says the company's expertise goes well beyond extruding to include advanced fabrication capabilities. Albion is northwest of Fort Wayne in Noble County.

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Newell Industries

Albion

In participation with

Tower Bank

Fort Wayne



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Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Best Western South

Indianapolis

In participation with

Huntington National Bank

Indianapolis



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Best Western South, Indianapolis is becoming a more prominent destination for family and business travel with a purchase and upgrade by an SBA 504 loan from Huntington National Bank and Indiana Statewide CDC.

The hotel is located near I-465 and other major highways and offers easy access to downtown and companies on the south side and in Greenwood.

Owner Manjit Purewal says the financing provided him with a manageable interest rate so he could keep money available to provide additional remodeling to the property.

Ryan Bozell of Huntington National Bank is a frequent lender using SBA 504 loans. He says, "**We can't find the combination of interest rates and protection for the bank and borrower with any other program.**"

Best Western South offers a heated swimming pool, meeting rooms, Internet access and a complementary hot breakfast.

You would figure that the company that distributed the original wax cylinder dictating machine in Indiana for its inventor—the Thomas Edison Company—is still the go-to firm for modern office equipment.

You would be right. Van Ausdall & Farrar started in Indianapolis in 1914. It was the first to bring word processing to Indiana in 1972. And it leads in total office automation today.

The company, led by President Eric vonGrimmenstein, built and opened a new home office on the north side of Indianapolis with help from SBA 504 financing from GE Capital Corporation and Indiana Statewide CDC.

Information management has always been crucial for any business. Now that 3x5 cards and wax cylinders belong in the past, Van Ausdall & Farrar advise clients on technology hardware and software to manage data. The company works with some of the state's largest firms—including manufacturers and health care companies—and some of the smallest, as well.

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Van Ausdall & Farrar

Indianapolis

In participation with

GE Capital Corporation

Carmel



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When Chad Stevenson wanted to expand his business to Indiana, Indiana Statewide CDC helped him, and assisted in creating 55 jobs in the process.

Stevenson owns five Culver's franchises in Wisconsin. His sixth Culver's is along busy U.S. 31 South of Kokomo and was financed with an SBA 504 loan from Reedsburg Bank of Wisconsin and Indiana Statewide CDC.

Keith Remington is Stevenson's business partner and lives in Kokomo where he manages the restaurant.

Culver's originated in Sauk City, Wisconsin in 1984. Since 1993, it has grown to over 350 restaurants stretching from Kentucky to Colorado, Texas and Minnesota.

Culver's is a casual family restaurant with dinners, sandwiches and salads. Menu favorites are a Butterburger and frozen custard.

Stevenson says "Culver's is so popular because we make the food after it's ordered. It's very fresh."

He adds, "The 504 financing has a great interest rate, spread out over 20 years. It's perfect for a restaurant because it helps us manage cash flow."

Jeff Steel of Reedsburg Bank adds, "The 504 program was new to me. It's great. It gives the bank tremendous security."

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Culver's
Kokomo

In participation with
Reedsburg Bank
Wisconsin



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Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

T & B White's
Groom and Board
Elkhart

In participation with
1st Source Bank
Elkhart



ISCDC managed by:
Cambridge Capital Management Corp.

T & B White's Groom and Board pampers pets when a dog's best friend—its human—decides a bath and trimming are in order, or needs to be out of town.

Bob and Norma White have owned the business for 17 years, and this year built a new home away from home for area dogs. 1st Source Bank and Indiana Statewide CDC provided SBA 504 financing for the project.

T & B White's Groom and Board is located in downtown Bristol, just east of Elkhart. "We have 20-30 dogs dropped off every day for grooming," says Bob. "And four ladies are here to groom them." The new building expands their work area and adjoins the boarding kennel and its 26 runs.

"The 504 loan was perfect for us," he says.

Sean Kearns of 1st Source Bank adds, "The Whites are nice people who run a good business. They are well known around here and everyone likes the new building."

In ten years, Schafer Powder Coating built clients in many industries, including auto supply, piping and tubing, furniture and fences. This year, the company purchased land and constructed a new plant which allows Schafer Powder Coating to expand its services.

The facility, located in the Mayflower Industrial Park in northwest Indianapolis, was financed with assistance from Zions First National Bank and Indiana Statewide CDC utilizing the SBA 504 loan program.

Schafer's expansion is home to a new state-of-the-art powder coating line with batch capabilities for powder and electrostatic wet spray.

Powder coating is dry coating for many types of metal parts and equipment. It is applied as a free-flowing dry powder. It is applied electrostatically and is cured under heat to allow the coating to flow and form a protective skin.

Owner Mark Schafer says, "We are dedicated to providing our customers with high quality finishes and fast services. This expansion helps us do that. We appreciate the financing."

SBA 504 financing is ideal for manufacturing operations because equipment and buildings can be purchased with a low, long-term rate, allowing the borrower to keep more money to run the business.

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Schafer Powder Coating
Indianapolis

In participation with
Zions First National Bank
Utah



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Cambridge Capital Management Corp.



Larry Fox has the reputation of being able to fix about anything that's wrong with an RV. So owners of recreational vehicles around Middlebury in Elkhart County naturally take their vehicles to Fox RV when they need work.

KeyBank of Elkhart and Indiana Statewide CDC helped Fox expand his business by building a new facility. Patty Wheeler of KeyBank says the deal was a natural for 504 financing. **"Larry is in a growth mode and the cash flow was a little tight for traditional financing. The long term fixed rate was another good reason."**

In addition to repairing and restoring RV's and motor homes, Fox performs warranty work for area RV manufacturers, provides estimates for insurance companies and trains insurance claims adjusters.

Wheeler of KeyBank adds, **"I have seen units that have been damaged due to fire, flood, or involved in major accidents: units that may have been viewed extremely damaged and possibly beyond repair. However when Larry and his team are finished with a unit, you would never know that it had been damaged. Larry's expertise is what makes this business work."**

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Fox RV
Middlebury

In participation with
KeyBank
Goshen



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Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Microtel Inn & Suites
Indianapolis

In participation with
American Enterprise Bank
Indianapolis



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Being close to the Indianapolis Motor Speedway is an obvious advantage for a hotel. For Raed Morcos, it is the year-around prospect of good business that encouraged him to open the Microtel Inn & Suites on the west side of Indianapolis.

American Enterprise Bank and Indiana Statewide CDC provided SBA 504 financing so Morcos could buy and remodel the hotel.

It figures to be a good match: for an unprecedented sixth consecutive year, Microtel Inns & Suites has been ranked highest in guest satisfaction among economy/budget hotel chains in the J.D. Power and Associates 2007 customer satisfaction survey; and Morcos' hotel is located near Indianapolis International Airport, the Speedway, and growing Westside businesses.

Tony Holtzman of American Enterprise Bank says, **"Mr. Morcos is a good hotel operator and the Statewide CDC's program is perfect for him."**

Morcos says, **"I am extremely pleased with the financing and with being associated with an excellent chain such as Microtel."**

Handling construction crews in several states at once means that Wil Listenfelt needs to focus his efforts on managing and equipping his people. He has little time to worry about maintaining working capital to run the company, High Performance Construction of Indianapolis.

His financing helps him. Listenfelt was provided with SBA 504 financing from Salin Bank and Trust and Indiana Statewide CDC to purchase a building for his company this summer.

Tim Schlichte of Salin Bank and Trust says, **"The SBA 504 program allowed this high growth company to retain precious working capital. That's smart for any company and absolutely vital for this one."**

High Performance Construction finishes the interiors of commercial buildings. Schlichte says Listenfelt strives for complete customer satisfaction, and he is satisfied that his financing will help him grow.

High Performance Construction employs 15 people full time and a number of others on a part-time basis.

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

High Performance Construction
Indianapolis

In participation with
Salin Bank and Trust
Indianapolis



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From its opening on Valentine's Day through its first busy summer, Rock N Rollers Rink in Avon has become a great family destination.

The fun begins when skaters arrive. **"It is dazzling when you walk in the door,"** owner Barbara Rouse says. **"We have used a ton of bright colors."**

Rock N Rollers' eye-catching skate floor is constructed of space-age, durable plastic material in bright colors: blue with red and yellow triangles and a confetti pattern around the edge. State-of-the-art sound and lighting, a floor-to-ceiling video screen, arcade games and a prize redemption center add to the fun.

Avon residents Barbara and Keith Rouse own and operate Rock N Rollers. The newly constructed, 21,600 square-foot building was financed through the SBA 504 program by Indiana Business Bank in Indianapolis and Indiana Statewide CDC.

Jim Young, president and CEO of Indiana Business Bank says: **"The SBA 504 program and the Indiana Statewide CDC are tools we use to become involved with more businesses."**

"We appreciate the financing," says Barbara. **"Indiana Business Bank and the CDC worked very hard to help us through the process."**

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Rock N Rollers

Avon

In participation with

Indiana Business Bank

Indianapolis



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Management Corp.**

Indiana Statewide Certified Development Corporation

Permanent fixed-rate equipment and second mortgage financing for

Mr. G's Liquor

Noblesville

In participation with

Community Bank

Noblesville



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Management Corp.**

Mr. G's Liquor Store offers a wide selection of beers, wines and spirits to the fast-growing community around Noblesville.

Elijah, Wayne and Myron Glover founded Mr. G's in 1977. This year, Myron—who is now the sole owner—purchased real estate and reconstructed the existing building for his store with financing from Casey Arnold of Community Bank, Noblesville and Indiana Statewide CDC.

Financing came in two stages, first for buying the lot and building and then for the equipment, but both were accomplished with 504 financing.

The financing helped to expand the existing facility by 2,000 square feet, raise the roof and purchase new equipment such as coolers and shelving. The new facility has helped increase business since opening day.

"The 504 package really did everything we needed," says Glover.

The company currently has 3 full time and 4 part time employees and plans to add at least one part time position and one full time over the next two or three years.

Lonnie Pace saw opportunity in an old neighborhood near downtown Evansville. When an investment banker purchased and demolished several deteriorated homes, Pace bought the property and opened Family Laundry with assistance from United Fidelity Bank, Indiana Statewide CDC and the SBA 504 loan program.

Family Laundry is the largest coin-operated laundry in a three-mile radius. Pace describes it as **"24 washers and 30 dryers of various capacities from Maytag's line of state-of-the-art, energy-efficient laundry equipment."**

Pace's son and daughter help him manage the business and a half-dozen employees. An on-site attendant helps patrons, accepts personal and business laundry for washing, folding and pickup and ensures that Family Laundry is clean and safe.

Pace, who retired from a military career, says, **"We have a nice, clean neighborhood business. It is first-class."**

Pace says, **"The 504 is a wonderful program, and United Fidelity helped me all the way."**

Danny Garness of United Fidelity Bank added: **"The bank is excited about Mr. Pace's project, and the terms provided by the Indiana Statewide CDC helped make it happen."**

Pace plans to open more businesses in the same location.

Check out our website at www.cambridgecapitalmgmt.com

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Family Laundry

Evansville

In participation with

United Fidelity Bank

Evansville



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The forty employees of Andover, Inc., of Lafayette are a dream for Indiana government leaders: they are well-educated in engineering disciplines and earn high salaries as designers and manufacturers of high voltage coils and transformers. Their products are built to order and go into large industrial engines, cars, motorcycles, aircraft and X-ray transformers. The company's client lists includes Caterpillar, General Motors, Cummins, Ford, Chrysler, and Kelly Aerospace.

The company was founded in 1946. Joseph Card bought the firm in 1982 and is selling it this year to a three-man ownership team with deep experience in technical manufacturing.

Indiana Community Business Credit Corporation and First Financial Bank of Lafayette are combining to provide financing so Andover, Inc. can be acquired and continue to have the resources to develop new products.

The new owners all work in the company. They are: Michael Coyle, CEO; Kurt Walterhouse, Vice President and CFO; and Greg Steward, General Manager. Steward has worked for Andover or related companies under Card's ownership since 1995. Coyle and Walterhouse are new to Andover.

Andover's headquarters and major manufacturing plant are in a 45,000 square-foot building in Lafayette. The company closed a smaller manufacturing operation in Kenton, Ohio and moved those operations to Lafayette.

Indiana Community Business Credit Corp.

Growth capital for

Andover, Inc.
Lafayette

In participation with
First Financial Bank
Lafayette



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Credit Corp. mezzanine fund help firms step up

An eight-year old company that has patented techniques for performing industrial energy audits faced a hurdle: limited capital was blocking needed expansion. The company tried and failed to obtain conventional financing. The Indiana Community Business Credit Corporation supplied mezzanine funding. The company is now performing energy audits for more industrial locations and installing energy-conserving geothermal systems.

This is one of more than 100 success stories generated since 1986 by the Credit Corp. and its partnership with Indiana banks. The banks (currently 31) provide a pool of mezzanine risk capital. The Credit Corp. manages the funding, but the Credit Corp. and banks share the credit for helping jump-start companies that go on to provide services and create jobs.

Over the years, the Credit Corp. has participated in \$235 million in investments, with \$48 million coming from the mezzanine pool, to 112 companies. The Credit Corp can be accessed through the following banks:

<u>Bank</u>	<u>City</u>	<u>Bank</u>	<u>City</u>
Monroe Bank	Bloomington	The National Bank of Indianapolis	Indianapolis
Main Source Bank	Brookville	National City Bank of Indiana	Indianapolis
STAR Financial	Columbia City	Salin Bank & Trust Co.	Indianapolis
Irwin Union Bank & Trust	Columbus	Regions Bank	Indianapolis
Fifth Third Bank	Evansville	Harris Bank	Kokomo
Integra Bank	Evansville	Lafayette Bank & Trust Co.	Lafayette
Old National Bank	Evansville	Horizon Bank	Michigan City
Community First Bank & Trust	Hartford City	Citizens Bank	Mooresville
CIB Bank	Indianapolis	JPMorgan Chase Bank, Kentucky	New Albany
Fifth Third Bank of Central Indiana	Indianapolis	PNC Bank	New Albany
First Indiana Bank	Indianapolis	Community Bank	Noblesville
First Internet Bank of Indiana	Indianapolis	North Salem State Bank	North Salem
Home Federal Bank	Indianapolis	US Bank	Richmond
Huntington National Bank of Indiana	Indianapolis	1st Source Bank	South Bend
JPMorgan Chase Bank	Indianapolis	Wells Fargo Bank	South Bend
KeyBank, NA	Indianapolis		



Manufacturers' Transport, Indianapolis

Manufacturers' Transport of Indianapolis has reinvented itself over the years and is emerging stronger than ever.

Owner Daryl Johnson opted for the family trucking business in 1985 after graduating from Wabash College. He then started Manufacturers' Transport. His father, Harold, had founded another trucking business a few years earlier, and later he joined his son in Manufacturers' Transport.

The company performs short-and-long-haul delivery for Fortune 1000 companies and is licensed in 48 states. It started by owning trucks and in recent years shifted to a company model in which

drivers own their trucks and contract with Manufacturers' Transport.

Lynx Capital Corporation is assisting with working capital as the company moves to an eastside Indianapolis location.

Johnson has brought on a management team skilled in handling various aspects of the business. It includes his brother, Adrian, a military veteran who handles scheduling for the company's 35 drivers. Michael Johnston, the COO, Marcia Brown, the controller, and Alyssa Aton, recruitment and training officer, round out the strongest team in the company's history.

Milor Supply, Indianapolis

Milor Supply, Inc. is a six-year-old wholesaler of gloves, facility maintenance and safety equipment for municipal governments and such large commercial customers as Vectren, Toyota, United Water and the Department of Homeland Security.

Owner Michelle Miller received working capital funding from Lynx Capital Corporation and James Aucremanne of Huntington National Bank to fund additional working capital so the company can qualify for greater discounts. The new purchasing power

should help Milor acquire and maintain stock for large just-in-time purchases.

Miller put strong experience to work for her when she left larger companies to found Milor Supply in 2001. She has had long tenures with Ford Motor and Delco Remy in manufacturing management positions.

Milor was named New Entrepreneur of the Year by the Indiana Black Chamber of Commerce in 2005.

Wynnewood Development, Indianapolis

Wynnewood Development Company was founded in 1999 to find locations and market conditions that would lead to the successful construction and leasing of homes and apartments for moderate and low-income families.

Lynx Capital Corporation and Huntington Bank are providing working capital funding for Wynnewood so it can take advantage of market conditions and land availability in Pittsboro and the far eastside of Indianapolis.

Thomas Hurlbelt is the operating manager for the company. He

shares ownership with central Indiana business veterans Charles Garcia and Andrew Crowe, Sr.

Wynnewood's list of the development properties includes Ashton Park in Hendricks County. Its tree-lined streets, picturesque ponds, well-manicured common areas, sidewalks and streetlights create a quaint atmosphere.

Another current development is along Bear Hollow Drive in Indianapolis.

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