



Portfolio News

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

Cambridge Capital
Management Corp.

Fourth Quarter 2010

Small business loans up for Indiana Statewide CDC in 2010

Loan approvals edged back up in 2010 for the Indiana Statewide Certified Development Corporation's SBA 504 program. The numbers – 44 approved for \$25.5 million – were better than 2009 but lower than 2008 when the recession became a factor in most small business lending programs.

Lynx Capital Corporation and the Indiana Community Business Credit Corporation also report increased interest in their products in 2010. Overall, Cambridge Capital Management Corporation expects slow-but-steady growth in approvals and funding amounts in 2011 for its various loan programs.

“Our loan approvals and fundings reflect a baseline optimism by small business owners and lenders in Indiana,” says Jean Wojtowicz, president of

Cambridge Capital Management.

Jean is also chair of the National Association of Development Corporations (NADCO) the trade association for CDCs such as Indiana Statewide. She has observed the development of federal stimulus programs from a front row perspective, but feels lenders and small business owners must prepare for a “post stimulus” existence. However several permanent changes to SBA programs can still assist lenders and their customers.

For example, the size standards for 504 loans have been increased. Eligible businesses may now have a maximum net worth of \$15 million and a two-year average net income (after Federal income taxes) of up to \$5 million. Up to \$5 million can now be lent to an individual borrower; and the ceiling is raised to \$5.5

million for manufacturing or projects that meet certain energy efficiency standards. The SBA is also allowing fixed asset debt to be refinanced using a 504 loan structure if the debt is more than two years old, was used to acquire eligible fixed assets, is currently paid and is not subject to any Federal guarantee. The regulations for the refinancing provision are expected soon.

There are other SBA programs as well as local offerings such as Cambridge Capital's Lynx Capital program for minority business owners and the mezzanine pool of risk capital provided by 34 Indiana banks through the Credit Corp.

Cambridge Capital looks forward to working with you in 2011 to help maintain forward progress in the local economies we all serve.

United Fidelity Bank is Indiana Statewide CDC Small Business Lender of 2010

United Fidelity Bank of Evansville is the Indiana Statewide CDC 2010 Small Business Lender of the Year. United Fidelity won the title for generating the largest volume of SBA 504 loans with the Statewide CDC as a percentage of the bank's total deposits.

The award winning loans were to Riverwalk Communities and SMI RV

Parts & Accessories. Gene Dawson and Jeff Johnson brought them to the Indiana Statewide CDC. Dawson accepted the award at the Indiana Statewide CDC annual meeting.

Larry Lux of Shelby County Bank and John Purdie of First Merchants Bank received awards for generating the most SBA approved loans with the Indiana Statewide CDC, with three each.

Lux was the loan officer for: Todd Funeral Home in Rushville; Brammer & Yeend Professional Corporation, a CPA firm in Shelbyville; and Cypress Run at Morristown Manor in Morristown.

Purdie was honored for his loans for LensTech Optical Lab, Auto Tire in and D.W. Planker, all in Greenwood.

Stacey Roberts of Indiana Bank & Trust received an award for the Statewide CDC's largest SBA 504 debenture of the year: \$2.8 million for Sprague Holiday Inn Express & Suites.

First Merchants Bank was the institution generating the most SBA debenture

dollars and the most loans approved. First Merchants had \$4 million in SBA debentures in seven projects.

The top five institutions in lending activity were First Merchants Bank, German American Bank, Indiana Bank & Trust, First Financial Bank and Monroe Bank / Old National Bank. They were each rewarded with a commitment to open a CD at their institution for one year.



Gene Dawson of United Fidelity Bank receiving an institution award for 2010 Small Business Lender of the Year.

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Indiana Statewide Certified Development Corporation

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Thank you to all who participated in our lender incentive programs. We look forward to working with you again.



Above: **David Spade** accepting award for the most loans approved by an institution on behalf of First Merchants Bank.

Below: **Larry Lux** of Shelby County Bank receiving an individual award for Most SBA 504 Loans Approved in 2010



Noteworthy Service Awards

Loan Committee Recognition

10 years: **John Lowenstine**, John Lowenstine CPA, Merrillville

20 years: **Larry Myers**, First Savings Bank, Clarksville

Board of Directors Recognition

5 years: **Jim Marcuccilli**, STAR Financial; **Gene Dawson**, United Fidelity Bank; **Randy Reichmann**, Old National Bank; **Joe DeHaven**, Indiana Bankers Association

25 years: **Tom Surgener**

Thank you for your years of service!

Sales of new RVs sank as the economy struggled the past few years. But Trucks Plus in Wabash is one RV dealer that is doing well. There is one reason, says owner Mike Weaver: **"We sell only used RVs. Buying a new one is a horrible investment. Used RVs with under 30,000 miles on them may sell for about 20 percent of the cost of a new one."**

However, it was a good investment for Trucks Plus to buy an old Ford dealership in Wabash and consolidate three locations into one. The showroom can hold six large RVs and there is ample room on the lot for more, plus the trucks and boats that are also part of his inventory.

SBA 504 financing from First Merchants Bank and the Indiana Statewide CDC helped Weaver make the purchase. **"I couldn't be happier with our financing,"** says Weaver. **"We got terrific terms."**

Joe Cavacini of First Merchants says, **"Mike runs a very innovative business and this financing was perfect for him."**

Trucks Plus is the largest buyer of used RVs from the nation's biggest auction house. Although potential customers may kick the tires in the show room, many buyers never see the dealership. Weaver sells via Ebay and Craig's List. He has shipped RVs to buyers in the U.S., Canada, Mexico and England.

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Trucks Plus
Wabash

In participation with
First Merchants Bank
Wabash



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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

2010	10-yr.	20-yr.
October	—	4.521
November	3.528	5.102
December	—	5.571

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Indiana Statewide Certified Development Corp.

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The new La Quinta Inn is welcoming travelers at I-65 and SR 46 at Columbus. Indiana Statewide CDC and Citizens Bank provided SBA 504 financing to purchased land and build the fully equipped budget hotel.

Amit Patel is the on-site manager and one of the owners of the La Quinta.

Michael Hill of Citizens Bank says the 504 loan was the most important factor for the borrowers.

“The owners run a good operation in an area where hotel rooms are needed by business and family travelers. We are glad to be involved, and the Indiana Statewide CDC made it easy.”

Among the La Quinta’s amenities: free in-room wireless Internet and coffee, 42-inch HD TV, complementary breakfast, indoor swimming pool, fitness facilities and a business center.

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

La Quinta Inn
Columbus

In participation with
Citizens Bank
Elizabethton, TN



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Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Brammer & Yeend Professional Corporation
Shelbyville

In participation with
Shelby County Bank
Shelbyville



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Brian Brammer and Rob Yeend are experienced CPAs in Shelbyville with a track record of providing expert service to business and individual clients. So they located reliable and experienced financing to help them expand their company.

In 2003, Brammer and Yeend purchased the CPA practice where they were employed and renamed it “Brammer & Yeend Professional Corporation.” They added clients and staff – now totaling ten people – and were ready to expand in 2010.

They consulted Larry Lux at Shelby County Bank, who arranged SBA 504 financing with the Indiana Statewide CDC. Brammer & Yeend purchased land, a building and equipment to facilitate their expanded client service.

Lux says, **“With commercial loan interest rates going up and down by over four percent each way in the last few years, most businesses cannot make a large adjustment. An increase of four percent can significantly decrease net profits. The 504 offers a record low interest rate, so the risk of rising rates is removed for 40 percent of the loan. How could you not offer this opportunity to your clients?”**

Brothers and supermarket owners Dennis and Bill Rhodes continue to utilize SBA 504 financing to grow their business.

1st Source Bank, South Bend and the Indiana Statewide CDC provided a 504 loan to Dennis and Bill to expand the existing real estate for a Save-A-Lot supermarket in Knox. The store is the largest grocery for several miles around in that rural part of northern Indiana.

About 40 people are employed at the Knox Save-A-Lot. It’s the latest of several markets for Dennis and Bill. Their father founded the business in 1955 and Dennis and Bill have been co-owners for decades.

Dennis Rhodes says, **“The SBA 504 package was key to expanding this store, and we received great service.”**

Bruce Burkart of 1st Source Bank says, **“This is a good SBA 504 loan because Dennis and Bill are experienced grocery store operators. The SBA 504 loan program works well for 1st Source Bank because it allows us to offer long term fixed interest rates to our clients on a significant portion of their fixed asset borrowing requests. In addition, the bank’s risk is mitigated with the SBA taking a junior lien position.”**

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

Save-A-Lot
Knox

In participation with
1st Source Bank
South Bend



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Indiana Statewide Certified Development Corp.

Fourth Quarter 2010



Westwind Wood expanded into Kokomo last summer producing custom wood cabinet components.

“This is basically an expansion startup,” says CEO Troy Deaton. **“We have five employees currently but expectations are the number will increase dramatically over the next five years.”**

Community First Bank and the Indiana Statewide CDC provided SBA 504 financing to Westwind Wood.

“The SBA 504 loan was part of the funding story,” says Bob Hickman of Community First Bank. **“Landing Westwind Wood and getting it up to speed is a team effort involving the company, The City of Kokomo’s “revolving loan fund” and a consortium of three financial institutions, including Community First,”** Hickman says.

Westwind Wood, based in Quinter, Kansas, manufactures cabinet doors and drawers for custom and semi-custom homes. It moved into a 15,000 square-foot manufacturing plant in Kokomo.

Indiana Statewide Certified Development Corporation

Permanent fixed-rate equipment financing for

Westwind Wood Specialties Kokomo

In participation with

Community First Bank of Indiana Kokomo



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Indiana Statewide Certified Development Corporation

Permanent fixed-rate equipment financing for

AutoTire Indianapolis

In participation with

First Merchants Bank Greenwood



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Management Corp.**

Kevin Vaught leased the building housing his AutoTire Car Care store in Southport since 1981. In 2010, he bought the building and started accumulating his own equity. First Merchants Bank and the Indiana Statewide CDC provided the avenue to ownership with SBA 504 financing.

Vaught says, **“The long-term, low interest rate and low down payment were the reasons we could do this.”**

John Purdie of First Merchants Bank says, **“The bank believes in the 504 program and has used it many times. The loan is a good fit for Kevin in that it gets him a very competitive rate and allows him to maintain his working capital.”**

About 30 people work at AutoTire Car Care Center. The company provides complete auto repair -- including tires -- for nearly any make of car.

The greatest complement the new owners of Greensburg’s radio station WTRE could receive is when local listeners tune in for Decatur County news and sports.

Three longtime employees of the station, Sandy Biddinger, Mark Gravely and Kathy Verseman, received SBA 504 financing to purchase the station.

“At first we couldn’t find financing,” says Sandy Biddinger. But then Joe Moorman of Napoleon State Bank called with news of the 504 program.

“He said, ‘I think I’ve found a loan that will work for you,’” says Biddinger.

The loan from Indiana Statewide CDC and Napoleon State Bank helped the owners purchase WTRE’s building, land and equipment.

“We could not have done this without the 504 program,” says Biddinger. **“We are very thankful.”**

Greensburg Mayor Gary Herbert is happy WTRE has returned to local ownership. **“This shows an interest in local investment in the community,”** he says.

Dan Byron of Bingham McHale in Indianapolis is counsel for the Indiana Broadcasters Association. He says, **“We are pleased when we see involvement by local ownership. The trend has been the other way.”**

Kathy Verseman says, **“We are realizing a dream we never thought we had.”**

Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage & equipment financing for

WTRE Greensburg Greensburg

In participation with

Napoleon State Bank Greensburg



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Management Corp.**

Check out our website at www.cambridgecapitalmgmt.com



Credit Corp. and Lafayette Community Bank key to local financing package for Andover Coils expansion

Andover Coils, a 65 year old Lafayette company, will more than double its production capacity with assistance from a multi-party financial package that includes the Indiana Community Business Credit Corp.

Andover Coils plans to hire 25 new employees for its downtown Lafayette plant in the first quarter of 2011 and another 28 over the next four years; more than doubling its current payroll of 35.

The move comes after Andover Coils' parent company, Carmel-based The Accession Group LLC, invested \$1.25 million to purchase the assets of a Morrison, Ill., competitor. That company's equipment and business is being moved to the 48,000-square-foot Lafayette facility.

Lafayette Community Bank was a key player. The bank provided acquisition funding to the company.

A government-funded grant of up to \$62,800 from the Greater Lafayette Chamber of Commerce will help cover new skills training to Andover Coils employees. Training will include use of the equipment new to Lafayette, lean manufacturing concepts and ISO9000 quality standards.

Lafayette Mayor Tony Roswarski joined company owners Michael Coyle and Kurt Walterhouse at Andover Coils for the announcement. The mayor hailed the doubling of employment at the Lafayette plant.

Coyle and Walterhouse purchased Andover Coils in 2007 with the assistance of the Indiana Community Business

Credit Corp. Both co-owners are engineers, active in the day-to-day business. Coyle oversees administrative and financial processes; Walterhouse handles marketing and production operations.

"Some of this equipment is quite specialized," Coyle said. "The new winders, for example, are used to wind wire that is thinner than human hair. That's a really specialized skill that requires focused training."

Lafayette Community Bank President and Chief Executive Officer Bradley Marley said, **"After the government incentives and acquisition financing were arranged, and the assistance from the Credit Corp. put the final bricks in place to structure the deal."**

Charles Kennedy, Portfolio Manager of the Credit Corp., said, **"Andover Coils is a traditional manufacturer that evolves by developing new products and penetrating new markets. It thinks about the future: that's a company the Credit Corp.'s pool of capital is designed to help."**

Andover Coils is a principal producer of ignition coils for high-performance automotive, motorcycle, aircraft and large industrial engines. It also makes magnetic coils and medical x-ray transformers.



Data Impact leads new trends in information storage

Data Impact was founded in Indianapolis in 1992 as CD-COM Systems. And that name change helps tell the company's story of how it changes with new technology.

Microfilm was still the dominant technology for information storage when Charles Koehler and Bill Plant-Mason started the company. CD-COM received a patent for its technology for retrieving and storing information on compact discs. As competitors copied the CD technology, Data Impact evolved by developing new ways to capture client information and deliver it upon demand.

In 2002, the name changed to Data Impact to reflect technology that had already changed and accommodate future, yet unforeseen developments in the burgeoning information industry.

Data Impact received financing from the Indiana Community Business Credit Corporation mezzanine fund in cooperation with First National Bank in 2001. Jason Etter of First National in Indianapolis proposed the Credit Corp. as a source of growth and working capital for Data Impact.

Etter says, **"This company is at the leading edge of information storage and distribution at a time when this field is growing. The Credit Corp. works for them and our bank is able to share participation while retaining first collateral position."**

Today, Data Impact creates and delivers digital document repositories and pioneers online invoicing and payment systems.

Data Impact maintains offices in Indianapolis and at its main operating site in Huntington Beach, California.

With the proceeds of a recent capital raise, Data Impact paid off its remaining obligation to the Credit Corp.



Cambridge Ventures, Inc.

Fourth Quarter 2010



Oak Security Group LLC was formed to fill a need created by the growth of sophisticated security systems in large institutions.

School corporations, universities, hospitals, large corporations and government installations require “high touch” customer service before and after they buy and install locks and identification technology.

In 2004, senior managers of the old Best Lock Corporation in Indianapolis and Cardinal Ventures organized Oak Security. Two years earlier, Best Lock’s customer service staff was sharply trimmed after Stanley Tools bought the company.

“Customers deserve face time: they invest a lot of trust in us,” says Oak CEO (and former Best Lock manager) Larry Rogers.

“Oak Security brings a lot of firepower to a project. We have 200 years of experience in providing safety and security hardware. Our niche is strong products and person-to-person service.”

Oak started strongly with four years of steady progress. Growth was flat in 2008 and 2009. In 2010, Cambridge Ventures L.P. organized a round of financing to provide growth capital.

“The Cambridge Ventures financing process went very well,” says Rogers. **“It comes at a key time for Oak Security. We’re coming out of the recession in a good position and now we are prepared to grow again.”**

Oak Security’s new products include a classroom security lock that in which the outside lever may be secured from the inside by using a key.

Cambridge Ventures, Inc.

Growth Capital for

Oak Security Group Indianapolis



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