Solid Performance

2015 was another solid year of performance as the 504 loan program again proved to be one of the most attractive financing options available for borrowers and lenders, helping companies start or expand operations and stimulate economic growth. Interest rates have continued to decrease to near record lows even after the prime rate increased .25%.

Change is Coming to the 504 Loan Program in 2016.

Refinancing is back. In late December 2015, Congress passed legislation making the refinancing portion of the 504 loan program permanent. Lenders and business owners can expect refinancing to be available in late spring 2016.

Here’s what you should know about the 504 loan program in 2016:

• Businesses will be able to refinance existing loans in a manner similar to the refinancing program that was available in 2012.
• Loan limits remain at $5 million and $5.5 million for manufacturing and select projects.
• Maximum net worth of an eligible borrower is $15 million. Maximum net income is $5 million.
• Allowing one third of the project to be refinanced remains in effect in the refinancing program.

A Recognized Leader

RMI continues to be a recognized leader in helping small businesses access affordable 504 financing again leading this four state region.

As always, we recognize that the success of RMI is a reflection of the success of our clients. In this report, we feature five small business owners who tell how 504 financing helped their business succeed.

Together with the Small Business Administration and our valued lending partners, RMI is proud to offer the 504 Loan Program and the remarkable opportunities it provides.

To start or expand your business, visit our web site at www.rmiinc.org and learn more about the 504 and other loan programs we offer: Intermediary Relending Program (IRP) and the Small Business Investment Fund (SBIF).

Thank you for sharing in our success and that of our clients.

Sincerely,

Ken Lueckenotte

It is declared to be the policy of the Congress and the purpose of this Act to improve and stimulate the national economy in general and the small business segment thereof in particular by establishing a program to stimulate and supplement the flow of private equity capital and long-term loan funds which small business concerns need for the sound financing of their business operations and for their growth, expansion, and modernization, which are not available in adequate supply...

SMALL BUSINESS INVESTMENT ACT OF 1958
from Sec. 102. Statement of Policy

The golden seal on our cover commemorates the 50th Anniversary of RMI. The nonprofit organization was founded in 1966 and became an SBA-affiliated Certified Development Company in 1983.
Who’s involved?
The business owner/borrower, RMI, and a bank.

How does the SBA 504 Loan program work?
The financing structure is pretty straightforward. Working with a lender, RMI provides up to 40% of the financing for the purchase of existing commercial real estate or new construction and equipment. The banking institution typically provides 50% of the financing, while the borrower pays as little as 10% down. Even better, SBA 504 Loans are long term with fixed rates. Business owners are able to access capital at the lowest possible cost, and feel confident knowing their monthly payments won’t change over the life of the loan.

What’s the process?
Borrowers contact RMI to discuss their project with an experienced loan officer. With RMI’s help, they complete an SBA 504 Loan application, which is very similar to the one required by banks for conventional loans. After that, RMI works directly with the banking institution and the SBA to move the application through the approval process as quickly and smoothly as possible. RMI helps business owners build success every step of the way — from application to disbursement.

Other Loans
Intermediary Relending Program (IRP)
The Intermediary Relending Program provides up to $250,000 in financing to for-profit businesses located in non-metro areas with a population below 25,000. Funds are used for fixed assets, inventory or working capital.

Small Business Investment Fund Program (SBIF)
The Small Business Investment Fund Program provides up to $250,000 in fixed-rate financing to for-profit and not-for-profit businesses. Funds are used for fixed assets, inventory or working capital.

RMI 2015 Accomplishments

- Jobs Created and Retained
- 504 Financing Approved
- Bank Financing
- Borrower Contribution

A Guide to SBA Loans

RMI 2015 Annual Report

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Building Communities with 504 Loans
RMI assists a diverse group of businesses and projects. We serve as a financial resource to help improve communities and make them stronger.

Maximizing Private Capital with 504 Loans
Each 504 Loan project includes a conventional first mortgage of 50 percent. Because of this, our 504 activity has leveraged a total of more than $50 million in capital investment in 2015.
In today’s digital world, the word “craftsmanship” may sound like a quaint reference to a bygone era. But it’s the hallmark of Marshfield, Missouri’s successful Architectural Components Group, Inc.

Founded in 2001, ACGI is a recognized worldwide leader in wood walls and suspended wood ceiling systems. Their products, all manufactured in Marshfield, can be found in places as varied as the Country Music Hall of Fame in Nashville, the San Francisco 49ers Legacy Club, the American History Museum at the Smithsonian in Washington DC, and the Winnipeg Airport.

“Our company is committed to providing a level of innovation in product development, quality and customer service that is unsurpassed in our industry,” says Gary Thompson, ACGI President and CEO. “We have positioned ourselves through innovative products, ethical business practices, and an accessible management team.”

Since the company’s founding, Thompson has worked with RMI to secure three SBA 504 Loans. The most recent, in 2015, was used extensively to renovate a 90,000 square-foot building the company owned, and purchase new equipment including high-tech dust collection mechanisms and specialized tooling. RMI’s Annette Darnell and OakStar Bank in Springfield helped complete the loan. “It’s been a great experience working with RMI,” Thompson says. “We have an ongoing relationship and we know they always have our best interest in mind.”

With its latest facility improvements and expanded manufacturing ability, ACGI has added 45 employees, providing a significant boost to the Marshfield economy.

Success, growth and expansion have created dramatic change for ACGI, but Thompson says those changes haven’t altered the core principles of the company. “We strive to conduct ourselves in a positive manner that continually sets us apart from our competition. We recognize the guidance and blessing of God in our business and we are thankful for the opportunities He provides us.”
Built in the Roaring Twenties, and listed on the National Register of Historic Places, the Mayfair Hotel in downtown St. Louis was for years like Hollywood on the Mississippi. Among the celebrities who stayed there were movie stars Cary Grant and John Barrymore, composer Irving Berlin and President Harry S. Truman.

The decades, however, took their toll on the once glamorous hotel and it struggled to regain its former glory. But fate took a turn for the better in 2013 when the property was sold to Stout Street Hospitality, a Denver-based firm specializing in historic urban renewal projects. The funding was crucial to getting this project done,” he recalls. “RMI’s Min- dy Murray, Connie Denny and Zola Finch all stepped in to help with the process.”

Reopened in 2014 as the Magnolia Hotel St. Louis, the property joins the company’s other award-winning boutique hotels in Dallas, Houston, Denver and Omaha.

Leigh Hitz, Stout Street’s president and CEO, says the St. Louis project was a perfect fit for the company’s business model. “This is our passion,” she says. “We give historic buildings new life, keeping the unique character while adding modern touches.”

The results are impressive. The Magnolia is a showplace property, offering guests a distinct contrast to the humdrum of nationwide chains. In addition to creating more than 80 new jobs, the renovation has helped revitalize the entire area. The block where the Magnolia sits is now lit up and vibrant.

Magnolia Hotel
ST. LOUIS, MO
Based in Kansas City, Morgan Pilate is a compassionate, collaborative law firm fiercely dedicated to helping ordinary people facing extraordinary legal challenges. “Once the criminal justice system has its conviction, has its claws in someone, peeling back those claws and unhooking them is about the hardest job there is,” says Cheryl Pilate, one of the first lawyers to get involved in the Mid-west Innocence Project.

Tough cases define the work of law partners Cheryl Pilate and Melanie Morgan, who specialize in criminal defense and civil rights cases that other litigators might consider unwinnable. The two attorneys first met in 2007. When they realized they shared a relentless commitment to representing clients with dignity and respect, they decided to join forces.

In 2012, the firm began working with Great Southern Bank and RMI to purchase and renovate a two-story brick building near the federal courthouse in downtown Kansas City. “We approached our banker and he suggested RMI and an SBA 504 Loan,” says Morgan. “The benefit was the low down payment. Not having to come up with so much up front was a big help.”

Morgan Pilate’s office now occupies 5,000 square feet on the ground floor of the building and leases the remaining 2,500 square feet. The office features lots of windows and natural light as well as solar panels on the roof. The new space has also allowed them to hire additional attorneys and staff.

In 2013, the firm’s commitment to renovate a building in a formerly distressed area earned it a nomination for the Kansas City Economic Development Corporation’s prestigious Cornerstone Award. “The 504 Loan allowed us to create a workspace that reflects our vision. Our building gives us a more visible presence and shows our commitment to this community.”
Being around the water makes a lasting impression on some people. Mark Waddington is one of them. In 2011, following a successful career in the technology industry, he started a boat brokerage business at the Lake of the Ozarks with business partner Brett Manire.

In 2013, Waddington and Manire opened Performance Boat Center, selling and servicing performance boats. “The boats we sell are high-end and travel from 70 to well over 100 miles per hour on the water,” says Waddington with a grin. “Think Porsche instead of Chevy.”

Although the company was successful, it was located several miles from the water in Camdenton. When Waddington found the perfect location right on the lake, his banker suggested an SBA 504 Loan. Waddington worked closely with Hawthorn Bank and Mindy Murray at RMI to secure the financing. “The fixed rate made sense from a long-term development standpoint,” Waddington recalls. “RMI was responsive and knowledgeable throughout the process.”

The deal included the construction of three buildings, new docks, land development and new parking. Completed in September 2015, the property now features a 10,000 square-foot showroom, a 12,000 square-foot service center, and 18,000 square feet of storage. Waddington and his wife Rachel also own and operate the Redhead Yacht Club at the new location, which includes a restaurant, marina store and slip rentals. The project has reinvigorated the immediate area and added jobs to the community.

“This has made a night-and-day difference for our business,” says Waddington. Sales have quadrupled in the last two years and full-time employment has grown from five employees to 50, expanding to well over 125 during tourist season.

“This location is ideal because it puts us right on the water in the heart of the business district. Our customers can now take test rides and get demos right from our own docks.”
“Vector” is an aviation term representing a flight’s magnitude and direction. It’s a word that holds significant meaning at Vector Tooling Technologies, a young company that is experiencing first hand the benefits of staying on course.

Located in Winfield, Kansas, the company provides advanced tooling solutions for multiple industries including aerospace, military and defense, plastics and other heavy industrial applications. “Generally, every tool we make is customized for a specific task,” says Vector CEO Jad Sutton. “It’s rare that any two tools are identical.”

Winfield and RMI. The loan allowed Vector Tooling to purchase advanced Computer Numerical Control (CNC) milling machines needed to start the business. Sutton says the 504 Loan helped the young firm avoid a large up-front investment and preserve capital for other important uses.

Starting with just five employees, Vector Tooling Technologies has rapidly grown over the past two years and now employs 37. The company has partnered with local Cowley County Community College to train and employ graduates from the Machine Tool Technology and Welding programs. In the past year alone, the firm has hired six Cowley graduates.

Like most young companies, Vector is excited about growing its business and has taken a very strategic approach to ensuring a prosperous future. “We believe success represents more than just winning new customers or landing large contracts,” says Sutton. “We have made rigorous commitments to investing in our future, and it starts with our people.”
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**RMI Lending Partners**

RMI was proud to work with these outstanding lending institutions in 2015.

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- Bank of Billings
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- Belgrade State Bank
- Blue Ridge Bank and Trust Co.
- Branson Bank
- Central Bank of the Ozarks
- Central Bank of Warrensburg
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- Crossfirst Bank
- Fidelity Bank
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- Hawthorn Bank
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- Liberty Bank
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- OakStar Bank
- Ozark Bank
- Security Bank of Kansas City
- Southwest Missouri Bank
- The Bank of Herrin
- The Bank of Missouri
RMI professionals serve communities and businesses throughout the Midwest. Please call our headquarters to find out which RMI loan representative can best serve you.

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