

Edgemoor picks 'little bank' to help finance MBE/WBEs' work on \$1B KCI project

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Edgemoor Infrastructure & Real Estate LLC named Lead Bank as the financing source for diverse and disadvantaged local businesses working on the \$1 billion single-terminal modernization project at Kansas City International Airport (Code: MCI).

The partnership is designed to help Edgemoor, which is based in Bethesda, Md., meet the substantial goals set for the project's subcontractor and supplier diversity. The city of Kansas City required that the project [achieve a 35 percent disadvantaged business participation goal](#), which includes 20 percent participation by Minority Business Enterprises (MBEs) and 15 percent participation by Women Business Enterprises (WBEs). The programs will also help Disadvantaged Business Enterprises (DBEs), which includes businesses like veteran-owned businesses.

The Edgemoor team already has a nearly complete roster of 21 MBE and WBE companies providing professional services to the project. However, it still has a number of opportunities on the construction services side and that is the tricky part.

Small disadvantaged businesses typically experience cash flow issues on large, long-term projects. Those businesses need short-term loans to cover the cost of construction materials and often don't have the cash flow to wait 45 to 60 days to get paid after completing work on such a big project. That's where the [area's 19th-largest commercial bank](#) is being asked to step in.

Lead Bank, which is based in Garden City, Mo., and Edgemoor announced Tuesday that they will partner on a low-interest loan program and a pay-without-delay program.

"One of the reasons we were attracted to Lead Bank was they've already participated for the last few years in the [For Change Initiative](#), where they've provided loans to MBE and WBE firms who have contracts with the city of Kansas City," Edgemoor Managing Director [Geoffrey Stricker](#) told the *Kansas City Business Journal*. "They provided short-term loans against the contract value, which we feel has been a pretty unique and innovative financing approach.

"In our program with Lead Bank, we deposit funds and then as firms are awarded design or construction contracts, we cover some of the costs of the fees a bank would normally charge

a small business. We might also say we'll cover 2 percent of the interest for this particular company. The goal is to benefit the small business with lower monthly payments."

The pay-without-delay program allows subcontractors to complete their work, then after it's verified and inspected, get paid within 14 days instead of the typical 45 to 60 days.

"Both of these programs work in tandem," Lead Bank President [Greg Bynum](#) said. "A contractor gains a contract from Edgemoor, maybe a \$200,000 contract for flooring. They need to buy materials and pay their labor before they get paid. So they come to us and we'll loan somewhere from \$150,000 to \$160,000 on a line of credit. Then they can order the materials and on a weekly basis advance on the line of credit to pay their labor. When the job is done they'll apply for payment from Edgemoor under 'pay without delay.' We'll fund Edgemoor some money they'll use to pay off the contractor, then when Edgemoor gets paid by the city, they pay us back."

Bynum said these programs are very unique. Most banks don't like to do short-term construction loans, since the reward typically isn't worth the risk. But the programs are set up to help Edgemoor meet its MBE and WBE goals, address some of the risk to the bank and ensure the subcontractors have all the financial resources they need.

"We're trying to speed up the cash cycle for these small businesses, so they're not so exposed and are able to complete the work promptly," Lead Bank CEO [Josh Rowland](#) told the *Business Journal*. "We feel a tremendous responsibility to do this right. We feel a responsibility to Kansas City to provide a way to help it meet diversity and inclusion goals. It's a tremendous honor and privilege for our little bank."

Stricker said Edgemoor was impressed with the programs at Lead Bank and the role they've been playing to help the community grow and develop. He said that made Lead Bank a natural partner for the KCI project.

"We're thrilled to be partnered with Lead Bank in bringing innovative solutions into Kansas City on the new terminal project and help us make good on our commitment to work with local firms and have a transformative impact on the community, not only with this project, but a legacy for future generations," Stricker said.