

Kone developer gets \$20.2M from feds

Dustin Lemmon The Quad-City Times | Posted: Tuesday, September 14, 2010 9:26 pm

Developers of Moline's new Kone Centre received \$20.2 million in financing Tuesday through a federal bond program designed to assist Illinois counties that suffered flood damages in 2008.

The financing was approved by the Illinois Finance Authority, which oversees the Midwestern Disaster Area Bonds program.

According to the authority, the federal program uses tax-exempt bonds to finance privately owned projects that generate jobs and economic development activity in 18 Illinois counties that suffered damage in mid-2008 from floods and other storm damage.

The borrower will be the project developer Financial District Properties K.P. LLC, which includes Rodney Blackwell as managing principal, finance authority executive director Chris Meister said.

The center, which is to be the new home of Kone's North American headquarters, is described by the finance authority as an eight-story office and residential building with 123,360 net rentable square feet. Earlier plans called for the building to be at least 10 stories taller with more residential space, but the plans have continued to change.

Meister noted that Kone and Financial District Properties normally would not qualify for tax-exempt bonds and lower interest rates, but earlier this year the Internal Revenue Service broadened the definition for the disaster relief program to include more than just those directly affected by the 2008 flooding.

He said the idea is to encourage economic growth in those counties that suffered from flooding and a sudden jump in unemployment and lost business.

"Now it's a much broader standard that makes it a much more viable and potent economic tool," Meister said.

The Kone project is the first in Illinois to be approved for the bonds under the broader standard, Meister said, noting that the authority hopes to approve several more projects before the program expires in 2012.

Meister noted that additional financing will be needed for the \$40 million project, but state Sen. Mike Jacobs, D-East Moline, said he has been told the remaining financing has been secured.

Jacobs said he and state Rep. Pat Verschoore, D-Milan, were involved in helping the developer gain Illinois Finance Authority approval for the \$20.2 million.

"It's exciting," Jacobs said of the project. "I'm looking forward to this building getting done."

Jacobs said the Kone Centre along with plans for a new passenger rail station and the expansion of Western Illinois University's Riverfront Campus are all encouraging signs of growth for Moline and the surrounding area.

The new building will be located on the southeast corner of 17th Street and 2nd Avenue.

Also Tuesday, the Moline City Council approved an amended development agreement with Financial District Properties. The agreement includes new securities and collateral for the city in case the developers should default on the project and a \$7.5 million loan from the city.