

Innovative financing aids Kone project

Federal program helps developer finance building

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Amid the worst economy since the Great Depression, the Kone Centre office tower in Moline was able to secure financing for \$40 million.

Supporters of the project said that it would not have happened without the persistence of developer Rodney Blackwell, who announced the project just ahead of a deep recession that changed all the financing rules. But the eight-story office tower also moved forward thanks to U.S. Bank, which is financing the project, and a package of creative state programs and financing tools facilitated by the Illinois Finance Authority.

Chris Meister, the authority's executive director, said Kone Centre was the first project in Illinois to receive the new financing. The \$20.2 million in authority financing leveraged the new Midwestern Disaster Area Bonds, a federal program that provides lower interest rates.

He added that the Kone project was innovative in linking tax credits and new market tax credits. The authority is a conduit issuer of federal tax exempt credits, which means the interest on the loan will be exempt from federal tax.

Meister, who was in

Moline for a ceremony Wednesday at Kone Centre, said what makes the project stand out "is the collective civic will and civic leadership that brought this together."

"It takes time for the marketplace and borrowers all to get comfortable with the tool," he said, praising Blackwell and U.S. Bank for tackling the new program. Meister also credited the city of Moline, Renew Moline and Sen. Mike Jacobs, D-East Moline, and Rep. Pat Verschoore, D-Milan, for their leadership roles.

Since Kone's complex financing package was approved in December, three other projects have made applications — a BSNF Railroad bridge in Hancock County, a Cargill grain operation in New Boston and a retail development in Lake County.

According to Meister, Congress enacted the Midwest Disaster Bond financing program in response to the severe flooding and storms that swept through 18 Illinois counties in 2008.

"My message is this is something lender banks and Illinois companies can use if they are planning construction projects," he said. The projects must be valued at more than \$3 million, create jobs and be located in the 18-county disaster area.

