

Moline council approves KONE agreement

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MOLINE -- Aldermen have approved a development agreement allowing the Kone Centre project to move forward.

The mixed retail-residential high-rise, up to 20 stories tall, will be situated east of the Arsenal on-ramp, west of Stoney Creek Inn and north of River Drive on about 2.1 acres. Aldermen approved the agreement 6-2 Tuesday night, with Aids. Michael Carton, 2nd Ward, and Dick Potter, 4th Ward, in opposition.

The agreement includes several requirements for the city and the developer, Financial District Properties KP LLC, managed by Rodney Blackwell. Some of those requirements involve a tax increment financing district for the project that the city already has approved.

In a TIF district, any growth in taxes caused by the increased property value created by development can be used for public infrastructure or rebates to developers. For the Kone Centre project, the developer would get a rebate of 90 percent of the property taxes over a 23-year period.

The development agreement states that Blackwell would not get the rebates until the building is constructed, has a certificate of occupancy, has at least 70,000 square feet leased and occupied by KONE and has 75 percent of the residential units sold.

The primary purpose of incentives is to keep KONE employees in Moline, according to documents.

With the exception of KONE becoming insolvent, if at any time the company would cease to occupy at least 50,000 square feet of space in the building during the first 14 years of the agreement, the city would suspend TIF reimbursement payments, according to the agreement.

Construction of the project is expected to begin late this summer and finish in late 2010. Other terms of the proposed agreement include: -- The developer would pay the city \$500,000 for 2.18 acres of land for the project. The city would use half of that money to make riverfront and landscape improvements around the site.

-- The developer would buy the land "as-is." The land needs remediation because it of minor environmental waste, such as pieces of old foundations used as fill. Once the developer has a site plan accepted by the state, the city would help it get a "no further remediation" letter from the Illinois EPA.

-- The developer must build not less than 125,000 square feet for commercial, retail, first-class office and residential use, as well as a parking structure, public restrooms, concessions or retail sales, storage space and a public viewing platform. Cost of the entire building is estimated at \$40 million.

-- The developer would agree to not lease or sell space to non-taxpaying entities. Those who lease or own space in the building would have to agree not to seek tax-exempt status, or challenge or contest the equalized assessed valuation of the property during the life of the TIF.

-- The developer must pay for a full-time building inspector/plan reviewer starting the day the building permit application is submitted until the certificate of occupancy is issued.

-- All design plans would go through a review process to be approved by a formal group of public and private officials and adjoining property owners.

-- The developer would have to prove the costs for which it is requesting the property-tax rebate are actual TIF-related expenses.

-- If the developer fails to start construction 24 months after execution of the agreement, fails to substantially complete the project on or before the anticipated completion date, or abandons the property, the city could buy it back for \$500,000.

-- If the developer sells the building during the 23-year incentive period, the city gets 25 percent of the internal rate of return received by the developer, not to exceed the amount of TIF rebates paid to date.