



QCREDA doles out disaster bonds to Illinois companies

By Jennifer DeWitt | Thursday, March 12, 2009

The Quad-Cities Regional Economic Development Authority, or QCREDA, has widened its net of financial tools available for Illinois companies.

QCREDA, a development agency that serves Rock Island, Henry, Mercer and Knox counties, now can issue Midwestern Disaster Area bonds to qualifying companies that suffered losses during last year's severe weather.

Andrew Hamilton, QCREDA's executive director, said the new bonds were created as an amendment to the Heartland Disaster Tax Relief Act of 2008.

"When Hurricane Katrina took place, Congress thought that businesses damaged should be able to get favorable financing to rebuild," he said, adding that the result was the Gulf Opportunity Bonds, or GO Bonds. "The Midwest lobby heard about this and said, 'How about us?'"

After last year's storms in the Midwest, including floods across Iowa, the Midwestern Disaster Area bonds were developed.

Hamilton said companies must have suffered a loss attributable to the storms, tornadoes or flooding and be located in counties declared as federal disaster areas. In Illinois, that includes Rock Island, Mercer and Whiteside counties.

The proceeds of the bonds must be used for multi-family rental property for low or moderate income residents; to acquire, repair, replace or construct nonresidential property; or to repair or reconstruct public utility property.

In other news, Hamilton said legislation is being considered in both the Illinois House and Senate that would expand QCREDA's bonding authority from \$100 million to \$250 million. Sponsors include state Sen. Mike Jacobs,

D-East Moline, and state Rep. Pat Verschoore, D-Milan.

Created in 1987 by the state legislature, QCREDA issues taxable, tax-exempt and moral obligation bonds to help develop, construct, acquire or improve properties and facilities for businesses in its four-county jurisdiction.

"QCREDA does not have a bucket of money. We create a bond and people that buy the bond (do so because) the interest they receive is exempt from federal income tax," he said, adding that many of their investors are institutional investors.

Hamilton said that since its inception, QCREDA has issued \$100 million in bonds, which have created 1,540 jobs. While \$42 million has been paid back, he said QCREDA has given preliminary approval for the KONE Tower, which would leave it with only

\$12 million bond capacity.

"Whenever we get the payments back, we get the capacity back," he said.

QCREDA assists primarily with manufacturing projects but also has assisted not-for-profits and senior housing projects. Recent projects have included Heritage Woods in Moline; Augustana College's new dorms in Rock Island; Pheasant Ridge Apartments, Moline; and Two Rivers YMCA's expansion in Moline.

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