

Past Meets Future in Keystone Renewal

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Get ready, McCook!

After years of standing vacant, the historic, six-story Keystone Hotel is in the midst of a massive, top-to-bottom renovation project, preparing it for use as a future-focused business center. Demolition crews are now at work, knocking down the 87-year-old interior walls to clear the way for rebuilding the inside space of the top five floors. It's a massive project which almost did not come to be. The hotel, started in 1919 and completed in 1922, was not being used and had fallen into disrepair, prompting some calls for its demolition. But, in 2005, hope emerged. While searching for an expansion site, Matt Stebbins of 21st Century Systems, Inc. toured the Keystone and saw its potential. He liked the prominent downtown location and the fact there was abundant space for growth.

Immediately, McCook's economic development director, Rex Nelson, took up the challenge, seeing what could be done to secure the Keystone site and renovate it for use by 21 CSI and other emerging businesses. It wasn't an easy task. Over the course of the next four years there were many stops and starts, with the Keystone project close to failure on several occasions. But 21 CSI and the McCook Economic Development team stayed the course, refusing to let the setbacks scuttle the project.

The big break came when the McCook received a commitment from the Economic Development Administration of the U.S. Department of Commerce. The economic agency agreed to pay half the cost of the project, which eventually turned out to be more than \$2 million. Still, the project was not a done deal. Construction costs were escalating and McCook had to find a way to secure the other half of the funding needed.

Finally, the package came together, with the City of McCook, local banks and the U.S. Department of Agriculture joining together to make the project possible. The city committed \$1.1 million in city sales tax receipts and approved tax increment financing, which will return increased real estate taxes to the project for 15 years. Added to that, four McCook financial institutions - AmFirst Bank, First Central Bank, McCook National Bank and Wells Fargo Bank - provided a term loan of \$750,000. Help also came from the USDA, which pitched in a grant of \$76,050 for furnishing and equipping the Entrepreneurship Center. All together, that adds up to \$4.2 million. It's a substantial investment, but one Nelson believes will have a dramatic impact on McCook's future.

Topping the list of benefits is the expansion of 21 CSI, a company which develops software solutions for defense contractors and large commercial users. The company originally committed to add 20 new employees, and it is now possible the employment total will go even higher than that. As the anchor tenant for the Keystone Business Center, 21 CSI will occupy the entire fourth floor of the building, and may grow into other parts of the building as well.

In addition, Nelson is excited about the prospects for the Entrepreneurship Center, which will be located on the third floor of the Keystone. "Business growth is the key for McCook area development, and the Entrepreneurship Center will be an excellent place for start-up businesses to get off the ground and to facilitate the development of businesses of all kinds outside the facility," Nelson said.

The economic development director is also looking forward to the executive suite offices which will be housed side-by-side on the second floor. The economic development director, the business coach and McCook Community College business development staff members will be in close proximity. Also, there will be a conference room available for business and community use. As an added bonus for the community, the first floor of the Keystone will be brought back to its former elegance. The terrazzo floors, the scrollwork on the pillars and the fancy chandeliers will be preserved and the banquet room will be restored. This is part of the historic renovation requirements. The outside facade and the public places inside must be preserved, while the other spaces may be adapted for reuse. That's what is happening on the upper floors, with the fifth floor being reserved for business expansion and the sixth floor being considered for three top-level apartments.

Although the Keystone's exterior has remained solid and strong through the years, the interior of the building was suffering, with water damage and nearly nine decades of wear and tear taking their toll. By all accounts, the building's days were numbered, with the city looking at a demolition cost of \$600,000 or more. But, before that could happen, a long, cooperative effort took place, taking a building of past pride and transforming it into a place for future action and enterprise.