University of Missouri System issues stimulus bonds for projects

St. Louis Business Journal

The University of Missouri System has issued $332 million in bonds, mostly through the stimulus package, to finance more than a dozen facility projects on its four campuses.

The projects include new residence halls and health care facilities, as well as upgrades to sprinkler systems and elevators, in St. Louis, Columbia, Rolla and Kansas City.

The fixed-rate bonds will comprise $256.3 million in Build America Bonds and $75.76 million in tax-exempt bonds.

Build America Bonds, created through the American Recovery and Reinvestment Act, are taxable and provide a federal subsidy of 35 percent of the interest paid on them.

The university system has $836 million in outstanding system facilities debt and pays $65 million in annual debt service. The new bonds will increase system facilities debt to $1.2 billion and annual debt service to $85 million.

Rating agency Moody's gave the university system credit ratings of AA2 with a stable outlook and Standard & Poor's gave the system a rating of AA with a positive outlook.

One of the biggest projects is in Columbia and has a price tag of $140 million. It includes the construction of the Missouri Orthopedic Institute, the building of a new patient care tower and the relocation and construction of Children's Hospital at Columbia Regional Hospital.

The university system also plans to spend $3.4 million to open a continuing education facility in West St. Louis County.

"I can't think of a better time for the university to explore new and creative funding mechanisms than now, and the Build America Bonds are an ideal fit for the university," University of Missouri System President Gary Forsee said in a statement. "Through the federal stimulus package, the university is able to use debt financing for revenue-generating facilities such as student housing and a new patient care tower."
UM systems issues $332 million in bonds to finance more than a dozen projects

By Kavita Kumar
St. Louis Post-Dispatch

The University of Missouri announced today that it has issued $332 million in bonds to finance more than a dozen projects at its four campuses, including new residence halls, a new patient tower in Columbia, and upgrading safety components such as new sprinkler systems. Most of the projects are on the Kansas City and Columbia campuses.

The university is taking advantage of a provision in the federal stimulus package that will give them a 35 percent federal subsidy on the interest paid on the bonds. About $256 million of the total is fixed-rate bonds in the Build America Bonds program. The other $75 million is from tax-exempt bonds. The overall true interest cost of the bond issue is 3.8 percent, the university said.

UMSL’s highly-coveted renovation of the Benton-Stadler science building is not included in the list of projects to be funded by this bond issue. I’m guessing that may be because the university usually only issues bonds for revenue-generating buildings (residence halls, for example, bring in money from housing fees charged to students). But I’m checking with the university to confirm the exact reason.

“I can’t think of a better time for the university to explore new and creative funding mechanisms than now, and the Build America Bonds are an ideal fit for the university,” University of Missouri System President Gary Forsee said in a news release. “Through the federal stimulus package, the university is able to use debt financing for revenue-generating facilities such as student housing and a new patient care tower. This affords the university the opportunity to reduce the debt service and represents a win-win for the university and those it serves.”

Moody’s and Standard & Poor’s recently gave the university favorable credit ratings of AA2 with a stable outlook, the university said.

This new bond issue will bring the university’s total outstanding facilities debt up to $1.2 billion and its annual debt service up to $85 million.

Below, I have pasted the university’s list of projects to be funded by the bond initiative:

Projects the bond initiative will support include:

- Renovation of power plan and other energy management improvements and additions, Columbia: Includes power plant heat and power upgrades and replacement of cooling towers and steam lines. $62.1 million*
- **Hudson/Gillett residence hall renovation, Columbia**: Upgrades and improves this 420-bed residence hall complex. Hudson Hall completion date scheduled for May 2010; Gillett Hall completion date scheduled for May 2011. $33.1 million

- **Construction of mid-campus residence hall, Columbia**: Includes construction of a new 526-bed residence hall, renovates Defoe/Graham residence halls, and builds a new link between the north ends of Defoe/Graham. $4.3 million

- **Construction of Missouri Orthopedic Institute, new patient care tower and relocation and construction of Children’s Hospital, Health System**: The four-story Orthopedics Institute will provide surgery, diagnostic and treatment spaces, while the eight-floor patient tower will provide space for a new cancer center and new operating and patient rooms. Children’s Hospital will be moved to Columbia Regional Hospital and will include changes and upgrades for pediatrics and adolescent patients. $120.0 million**

- **Construction of soccer/track facility, Kansas City**: The Stanley H. Durwood Soccer Stadium and Recreational Field will include a synthetic turf playing field, recreational track, grandstand and team support facilities. $8.0 million

- **Construction of new student union, Kansas City**: The four-story student union will include a new campus center, food service, bookstore, meeting rooms and student organizational space. It will open for the fall 2011 semester. $36.8 million

- **Construction of Interactive Learning Center Phase I South, Kansas City**: Provides accommodations for an automated storage and retrieval system that allows storage for 80 percent of the current collection, an interim lobby/plaza and renovations within the existing library. $10.0 million

- **Construction of Oak Street West Phase II housing facility, Kansas City**: The four-story, suite-style residence hall will provide 328 beds beginning in fall 2009. $17.1 million

- **Renovation of Thomas Jefferson South residence hall, Missouri S&T**: The project will renovate and upgrade the 325-bed residence hall by August 2010. $13.0 million

- **Renovation of Flushing Meadows, St. Louis**: This project creates a continuing education facility in the West County of St. Louis. $3.4 million

- **Critical repairs, renovations and adaptations, Systemwide**: Renovation and repair projects that may be funded include several buildings throughout the four-campus system, as well as critical fire safety, elevator and roof replacement projects. $35.0 million

* will require an additional $40 million in debt financing in the future

** will require an additional $20 million in debt financing in the future

The Grade is the St. Louis region’s premier blog on education and child welfare. To read other recent posts, go to www.stltoday.com/thegrade.
The University of Missouri System has issued $332 million in bonds to finance more than a dozen facility projects throughout its four campuses, officials announced Thursday.

Columbia projects include:

• Construction of Missouri Orthopedic Institute, a new patient and tower and relocation and construction of Children’s Hospital Health System will require $120 million in bonds now and an additional $40 million in the future.

• Energy management improvements and additions will require $62.1 million bonding.

• Renovation of Hudson Hall and Gillett Hall residential facilities will use $33.1 million.

• Construction of a new 526-bed residence hall and renovating Defoe and Graham residence halls will need $4.3 million in bonding.

System-wide repairs and renovations will take $35 million from the bond package.

The Board of Curators approved these projects at its June meeting, along with construction projects at Rolla, Kansas City and St. Louis.

The fixed-rate bonds will comprise of $256.3 million in Build America Bonds through the federal stimulus package and $75.76 million in tax-exempt bonds.

The system pays roughly $65 million in annual debt service on roughly $836 million in outstanding debt. The new bonds will increase that debt to $1.2 billion and annual debt service to $85 million.

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Board of Curators approves $332 million in bonds

By David Goldstein
July 17, 2009 | 12:01 a.m. CDT

COLUMBIA — Construction of a new orthopedic center, renovations to the university power plant and construction of a new residence hall are among the projects that will be supported by the $332 million in bonds issued by the university, MU officials announced Thursday at the University of Missouri System Board of Curators meeting.

“The university’s backlog of facility needs continues to grow at an alarming rate,” stated Nikki Krawitz, UM System vice president of finance and administration, in a news release.

The bonds are set to help fund projects on all four campuses in the system, with roughly $220 million going to projects in Columbia.

The Missouri Orthopedic Institute, currently under construction on Monk Drive, will provide operating rooms, short-stay inpatient beds, a pharmacy and orthopedic clinics. It is slated for completion by December 2009 at a total cost of $52.5 million.

The university also has plans to build a new patient care tower that will provide additional short and long-term inpatient beds with room for future expansion.

The bonds are to support the construction of a new 526-bed mid-campus residence hall and renovation of Defoe, Graham, Hudson and Gillette residence halls.

In an attempt to be more energy efficient, the university power plant will receive heat and power upgrades and new cooling towers.
A large portion of the bonds, over $256 million, are Build America Bonds. These are taxable bonds that come with a 35 percent subsidy in federal stimulus funds on the interest paid by the university.

"Through the federal stimulus package, the university is able to use debt financing for revenue-generating facilities such as student housing and a new patient care tower," stated UM System President Gary Forsee in a news release. "This affords the university the opportunity to reduce the debt service and represents a win-win for the university and those it serves."

Krawitz said the use of Build America Bonds will save the university 28 percent of the total debt service over the 30-year life of the bond, amounting to millions of dollars in savings.

Despite the savings, the new bond issue will increase the UM System debt from $836 million to $1.2 billion. The university pays off about $65 million in debt each year, but with approval of the bonds, that number is to increase to $85 million.

The university will be able to handle the additional debt load because the projects being funded are revenue-producing, Krawitz said. She said the Build America Bonds, which will reduce the university's interest rate from nearly 6 percent to roughly 3.8 percent, put the university in a good position to finance its long-term debt.

"These are historically low interest rates," Krawitz said. "It's very rare for long term interest rates to be below 5 percent, much less below 4 percent."
Columbia Missourian on better financial ground after ending print editions two days a week
By: Kavita Kumar
St. Louis Post-Dispatch

I ran into Dan Potter, the general manager of the Columbia Missourian, earlier this week when I was at the Missouri School of Journalism helping out at a workshop for high school students. A relieved Potter told me that the daily (sort of) newspaper produced by the journalism school is now on much better financial ground and that it’s future is no longer nearly as much in doubt.

As some of you may remember, it was around this time a year ago — when the journalism school was celebrating its centennial — when supporters of newspaper worried that the University of Missouri would end the print edition of the paper, making it an online-only operation. The problem was that the newspaper was facing $1 million-plus annual deficits every year that the university was covering. But with the university facing financial strains of its own, it wanted to stem some of the losses.

A variety of business models were considered. In the end, the school decided to stop printing the newspaper two days a week — Saturday and Monday. The changes went into effect a few months ago. (The newspaper had been delivered to about 40,000 households for free around Columbia on Saturday. The Monday circulation was closer to 7,000 — the daily circulation of the rest of the week.)

The newspaper continues to have a daily online presence — 7 days a week. Not all alumni or students are happy about the reduced days of printing. And Potter acknowledged that the newspaper lost a lot of advertising revenue because of it, but he said it’s been worth it because of the savings in printing costs.

Before, the newspaper lost about $80,000 to $90,000 a month, Potter said. Now the paper has only losing about $10,000 a month, he said.

"I'm starting to feel secure that this not a flash in the pan," he said, but that the new business model will work.

He said the university recently signed off on a budget that says it will cover about $387,000 in losses for the newspaper this year. Potter said that if things continue to go the way it has the last couple of months, then the Missourian should be able to stay under that mark.

In addition to the reduced days of printing, the university has also increased the lab fee it gives to the paper. The lab fee is now $650,000 — up from $250,000.

Doing a little bit of quick math, that means in total, the university is saving in total somewhere in the ballpark of $300,000 to $400,000 from all of the changes. It's a math that the university is apparently happy with for now.

"My blood pressure has gone down a lot," Potter added.

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State, defense close cases

3 witnesses ID Crawford as shooter.

Photo by Parker Fishelman

Boone County Assistant Prosecutor Andrew Scholz, left, questions Taron Crawford Thursday at the Boone County Courthouse about firing a .22-caliber handgun at a house party in 2003 that left MU student Charley Blondis dead.

By Joe Meyer

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Updated July 16, 2009 at 1:37 p.m.

Advertisement
Taron Crawford testified today that he shot a .22-caliber handgun outside a north Columbia house party in 2003 after he had been attacked and that he did not intend to kill anyone.

Blondis

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"I was just trying to cease the fight," Crawford told a Johnson County jury hearing the case at the Boone County Courthouse.

Crawford, 26, was the first witness called by lawyers for the defense this morning, the second day of testimony in the retrial of the Kansas City, Kan., native. Crawford is charged with second-degree murder and armed criminal action in the Nov. 16, 2003, shooting death of University of Missouri student Charley Blondis.

Crawford told the court he had been attacked at different times by four men outside the party, which was held at a duplex on Riva Ridge Court. He said he fired the gun into the air to try to scare people.

"I held it in the air," Crawford said of the gun. "I just wanted everyone to cease and stop fighting."

The gunfire erupted after a guest inappropriately touched the girlfriend of the host of the party. Crawford, who attended the party with friends, was not associated the touching incident.

During cross-examination, Boone County Assistant Prosecutor Andrew Scholz focused on several different accounts Crawford gave police after his arrest — contentions that he did not take a gun to the party and that he did not shoot a firearm. Even after admitting he fired a weapon, Crawford lied to police about how he came into possession of the gun and where he disposed of it after the shooting.
Crawford acknowledged to Scholz that he has prior felony convictions in Kansas for burglary and stealing and that he was on probation at the time of the fatal shooting.

Defense lawyers called three additional witnesses before resting their case this morning. The final defense witness was John Cayton, a private forensic firearms examiner, who testified about damage to the fatal slug but said he could not say whether the bullet ricocheted.

Crawford was convicted in November 2004 and sentenced to 25 years in prison. But in March 2007, Boone County Circuit Judge Gene Hamilton ordered the conviction vacated after ruling that Crawford’s trial attorney had been ineffective.

Hamilton also is presiding over the retrial. Closing arguments by lawyers for both sides were expected this afternoon.

The state rested its case after calling nine witnesses yesterday, including three who identified Crawford as the gunman who shot and killed the 20-year-old Blondis.

Former MU law student Peter Lassiter testified that he awoke to a “cluster fight” outside his residence on the night of the shooting. When the fight was over, Blondis yelled for Crawford to leave the party. Lassiter said the two men were about 8 feet away from each other when Crawford pulled the gun.

“He pulled it out and pointed it directly at him and fired three shots,” Lassiter testified.

In an opening statement yesterday, public defender Tony Manansala described the shooting as a “tragic accident” caused by a ricocheted bullet and Crawford acting in self-defense.

But Boone County Deputy Medical Examiner Eddie Adelstein testified that Blondis’ wound was “clearly inconsistent” with being caused by a ricochet. The bullet hit him square in the chest and traveled in a straight line, severing the pulmonary artery, Adelstein testified.