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8 www.columbiatribune.com COLUMBIA DAILY TRIBUNE Sunday, January 2, 2011

# BIG BLUE & FORECLOSURES, TOO <sup>61</sup>

**T**here were signs this year that the local economy is getting stronger — and will continue to grow — but there also were signs that troubles are not over.

In 2009, layoffs dominated the business news headlines, but this past year more companies announced expansions and hiring. The biggest news came in the form of IBM announcing a Columbia facility, but the local 3M plant also got a boost, as did Carfax, which announced it was adding jobs. Linen King, an Oklahoma company, purchased a building for a new facility, and two local companies received federal grants to extend broadband coverage in Mid-Missouri.

And it wasn't only limited to Columbia. Moberly had two big announcements — the largest being a multinational company that is building a sugar substitute factory there — and Mexico, Mo., saw its firebrick plant reopen.

In a sign that the area still is experiencing fallout from the recession, Boone County is on pace to set a new record for foreclosures, and a Mid-Missouri bank fell to regulators under the weight of nonperforming loans. And a large chunk of land that once held the promise of a mixed-use development that would draw a regional crowd was sold on the courthouse steps. The previous owner of that property, Jose Lindner, passed away.

## BIG BLUE ARRIVES

The banner business news of the year — literally — came when local officials unwrapped

"Project Tiger" and announced IBM had chosen Columbia as the site for the corporation's fourth technology service delivery center in the United States, a decision that ultimately could lead to as many as 800 jobs.

In November, officials gave local reporters a tour of the facility at 2810 LeMone Industrial Blvd. The 92,000-square-foot structure is a "delivery center" and neither hosts servers nor processes data. The corporation's other delivery centers in the United States are in East Fishkill, N.Y.; Boulder, Colo.; and Dubuque, Iowa. About 20 more delivery centers are positioned around the globe.

Joseph Dzaluk, vice president of global infrastructure and resource management for IBM, noted the company sells computer hardware, software and a variety of other computer-related technology. The 800 people expected to be employed in Columbia will help IBM's clients use those products, he said.

Diane Diggelmann, IBM's vice president of North American delivery transformation, declined to say how many people have been hired by IBM to work in Columbia. She noted "thousands and thousands" of people have applied to work at the Columbia delivery center and that her team is "on track" to hire 800 people by 2012.

She said a large group of employees was undergoing training. IBM is using William Woods University's facility on Falling Leaf Court as a training site as well as another temporary space.

However, the news of IBM's arrival was not



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met with universal cheer.

Regional Economic Development Inc., which spearheaded the recruitment of Big Blue, was criticized for not providing more information earlier in the process to the Columbia City Council.

First Ward Councilman Paul Sturtz, who joined fellow council members in May to unanimously approve a \$500,000 appropriation as a down payment for the IBM facility and to enter a lease agreement with the company, said the lack of transparency during the process was "disquieting."

"It was a secret to 99.9 percent of our citizens," Sturtz said in May.

Fifty-two corporate entities and 112 individuals are credited with involvement in the deal that brought IBM to Columbia, and a review of membership roles in REDI, the Columbia Area Jobs Foundation and the list of subcontractors for the \$10 million renovation of the IBM building showed considerable overlap of names.

### MORE COLUMBIA JOBS

Once the manufacturing jewel of Columbia, 3M had experienced a dwindling presence here in recent years, and news about the plant seemed to always revolve around job cuts.

In August, the Missouri Development Finance Board approved an incentives package that would allow Columbia's 3M plant to move forward with plans to add about 120 employees over the next three years. The company employed 208 people at the time of the announcement, down from a high of near 500 just a few years ago.

This fall, a team of Columbia 3M employees was living temporarily in Minnesota to learn how to manufacture a new protective material — a thin film — used in solar energy panels.

Columbia 3M Plant Manager Bill Moore said a six-person team from his plant is working with a group of engineers and scientists on a pilot project in St. Paul.

In July, Carfax said it would expand its Columbia data center with a 10,000-square-foot addition. The vehicle history report provider, founded in Columbia in 1984, acquired almost 4 acres next to its facility at 2301 Maguire Blvd. for the growth.

Gary Lee, Carfax chief technology officer, said the Maguire facility is "at capacity," adding the parking lot has 122 spaces, but the facility employs 145 people, including summer interns. He said Carfax is looking to fill 40 to 50 new jobs over the next five years.

Those jobs, which Lee said he planned to fill locally, would all be technical jobs, from Java programmers to specialized infrastructure jobs such as storage management. The salary range would be about \$50,000 for someone right out of school to as much as \$100,000 for someone with experience, he said.

Shortly after the IBM facility was announced, an Oklahoma laundry business said it was moving into town and bringing as many as 100 employees.

Bixby, Okla.-based Linen King purchased a 52,000-square-foot building at 2600 Maguire Blvd. — around the corner from the IBM facility on LeMone Industrial Boulevard — to create a cleaning facility that will be used to serve a large St. Louis-area health care customer. The facility will have the capacity to grow to close to 100 employees in less than five years.

Linen King was founded by L.K. McCullough,



Dave Griggs, chairman of Regional Economic Development Inc., on May 17 introduces Missouri Gov. Jay Nixon, who announced that IBM selected Columbia for a new technology service delivery center that could employ as many as 800 technical professionals.



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Joshua A. Bickel/Tribune

**ABOVE:** Carson Coffman, vice president of sales and marketing and co-owner of Socket Inc., answers a question during an Aug. 6 news conference at the company's Columbia facility. Gov. Jay Nixon visited Socket to talk about \$23.7 million in funding that Socket received to expand broadband access in rural areas of western Callaway County and eastern Boone County. **LEFT:** On July 9, Nixon announced to more than 300 people at Moberly Area Community College that Mamtek International Ltd. would be building an artificial sweetener production plant in Moberly that could employ 600 people.



Don Shrubshell/Tribune

Kevin Jordan and Leonard McCullough in 1999. The company specializes in laundry services for the health care industry and will have more than 200 employees this fiscal year with revenues approaching \$20 million, according to information provided by the company.

### MAGIC TIME

With great fanfare in July, Moberly officials were joined by Gov. Jay Nixon to announce the construction of an \$8.5 million production facility expected to employ more than 600 people at the Moberly Area Industrial Park.

Mamtek International, a Hong Kong-based multinational that produces sugar substitute SweetO, laid out plans to invest \$46 million into Moberly's economy. The 120,000-square-foot facility would be owned by the city and funded by bond sales and private investments.

A collection of local and state economic development groups, with coordination by the Missouri Department of Economic Development, put together a package of economic incentives that includes tax credits, grants and other state funds. The city of Moberly also offered grants and services in excess of \$500,000.

Almost three weeks ago, Moberly had another announcement. The "Magic City" landed Vest-Fiber, a company headquartered in Denmark.

Vest-Fiber supplies fiberglass products and services primarily to the wind-turbine industry. Nixon pointed out the Missouri Department of Economic Development courted Vest-Fiber with a number of economic incentives. The facility will create 50 local jobs and make a capital investment of \$2 million to put a new manufacturing facility in the former Premier Paper facility at 715 Sturgeon St.

### FIRED UP

In June, on the 100th anniversary of the opening of the A.P. Green factory, Mid America Brick & Structural Clay Products LLC closed on the purchase of 100 acres and the buildings on the former A.P. Green site in Mexico, Mo.

The cost of the purchase and for recommissioning the 500,000-square-foot former A.P. Green facility is \$21.9 million.

The A.P. Green firebrick plant, which had been in operation since 1910, closed in 2001. At its height during World War II, the plant employed nearly 4,000 workers. At the end, it had 118 on its payroll. The next year, 2002, Mexico's last brick factory closed, taking with it 200 jobs.

### BROADBAND BOOST

More than \$7.2 billion has been dedicated by Congress to expand Internet access across the rural United States, and two Mid-Missouri firms received millions for projects that are expected to help connect residents.

The government made two announcements.





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**Greg Harmon, a broker with Re/Max Boone Realty, leaves a foreclosed home on Nov. 18 in Columbia. There were 319 foreclosures in the first 11 months of 2010.**

in August.

► **BlueBird Media**, based in Columbia, received a \$45.1 million federal grant that will enable the company to move forward with plans to extend broadband infrastructure across northern Missouri.

BlueBird Media is a subsidiary of Cygnus Towers, which was formed last year by Otto Maly, president of Maly Commercial Realty, and Chris Martin, whose family owns GlenMartin Inc., a Boonville manufacturer of towers for communications, electric power transmission and wind power. Cygnus develops, constructs and manages towers. Jefferson City entrepreneur Greg Johnston also is a partner in BlueBird Media.

The federal funding will enable BlueBird Media to build an "ultra-high capacity middle-mile network" that will make broadband infrastructure accessible in an area that contains about 600,000 households and 57,000 businesses, according to the company's funding application.

► **Socket**, also based in Columbia, was awarded \$23.7 million to build a "last-mile" network in Callaway County.

Socket will use the funding to build a fiber-to-the-home network in parts of Fulton and the surrounding areas of Callaway County. The project is expected to bring high-speed Internet to about 3,033 households, 260 businesses and 36 community institutions.

Once the new fiber-optic system is installed, Callaway customers will be able to contact Socket to purchase phone, Internet and high-definition television service. Prices are expected to be competitive with costs for similar services in the Mid-Missouri market. Many users in the area now only have access to dial-up Internet access.

## FORECLOSURES

Despite signs the economy is improving, foreclosures continue to pile up in Boone County.

The county is on pace to set a new record for foreclosures this year, beating the record set in 2008, when 307 foreclosures were recorded. Experts believe the trend is growing beyond the national subprime mortgage crisis because it is affecting an ever-widening pool of people, many of whom have conventional mortgages.

There were 319 foreclosures in the county in the first 11 months of 2010. In 2009, there were 298 total foreclosures, and there were 307 in 2008, Boone County Recorder of Deeds Bettie Johnson said. For perspective, there were 81 foreclosures for the entire year of 2000.

Nationally, residential property prices rose by about 80 percent between 2000 and 2005 but dropped by about a third since the peak. Prices

appear to have stabilized since 2008.

David Keller, president of The Bank of Missouri, said locally a home valued about \$143,000 has dropped in value between 5 percent and 10 percent since 2005. He's expecting another 5 percent decline in value in 2011.

People who own upper-end homes — valued at more than \$350,000 — might see declines of as much as 20 percent, Keller said, particularly if they built their homes during 2005-06.

## END OF THE BANK

Premier Bank began the year on the edge.

Thanks to a ballooning amount of nonperforming assets, the bank had lost tens of millions of dollars over the previous two years, and many observers expected it to be shuttered by the Federal Deposit Insurance Corp.

A midyear move temporarily delayed that outcome.

In June, First State Community Bank of Farmington closed on its acquisition of Premier's three Columbia locations — 15 S. Fifth St. in downtown Columbia, 300 Diego Drive in south Columbia and 3200 Golden Bear Drive in northeast Columbia.

After the deal, Jefferson City-based Premier had nine branches: three in Jefferson City, four in the St. Louis area, one in Osage Beach and one in Texas.

The end came Oct. 15 when the Missouri Division of Finance declared Premier insolvent and turned it over to the FDIC. As of June 30, the bank had roughly \$1.18 billion in total assets and \$1.03 billion in total deposits, according to the FDIC.

Columbia-based Providence Bank agreed to purchase roughly \$658 million of Premier's assets and assume all its deposits. A loss-share agreement covered \$408.7 million of the assets, which meant loan losses would be shared on a percentage basis by the FDIC.

## END OF DISCOVERY

Forum Development Group took two major hits this year.

Founder Jose Lindner died Sept. 13 after several years battling heart problems. He is survived by sons Jay and Scott. Jay Lindner took over day-to-day operations of Forum Development Group, and he and Scott remain involved in the business as partners.



**Jose Lindner:** Founder of the Forum Development Group died Sept. 13.

Some of Jose Lindner's projects included Forum Shopping Center, Nifong Shopping Center, The Broadway Shops and The Broadway Bluffs.

In August, several prime commercial tracts at Highway 63 and Discovery Ridge Parkway owned by Bristol Development Group, a Lindner company, were sold at auction.

The parcels, totaling about 207 acres, were auctioned because Lindner's company defaulted on the terms of loan agreements and the land was in foreclosure. Counted all together, the land sold for \$4.77 million in three separate trustee sales.

In 2008, Bristol announced plans to create a 225-acre "mixed-use community" at the Discovery site. The plan called for more than 400 residential units and 800,000 square feet of retail and office space.

