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## **Stung Luxury Dorm Bondholders Say University Broke Promises.**

- **University of Oklahoma had 'moral obligation' to renew leases**
- **Trustee calls the university's decision a 'belligerent act'**

The trustee representing bondholders who invested \$250 million in a luxury dorm at the University of Oklahoma accused the college Monday of breaking a promise to lease retail and parking spaces over the 40-year term of the bonds.

The dorm at OU's flagship campus in Norman has struggled to attract students and in late July suffered another blow when the university notified the complex's non-profit owner that it wouldn't renew the annual leases. Bonds issued in 2017 to finance the 1,230-bed complex known as Cross Village, which had a 27% occupancy rate at the end of March, lost a third of their value after the university terminated the agreement.

The rental payments, projected to make up a third of the dorm's revenue, were a "moral obligation" of the university, lawyers for the trustee, UMB Bank, wrote in a letter to the university's outside counsel Monday. Failure to renew the leases could result in a downgrade of the university's bonds, driving up borrowing costs, the letter said.

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### **Bloomberg Markets**

By Martin Z Braun

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