

## **Umbaugh advises Indianapolis Public Schools on Indiana's largest school construction program**

Indianapolis Public Schools embarked on a plan in 2001 to improve its school buildings in what has become the largest school construction program in the state of Indiana. Umbaugh has advised the district throughout the process for a total of \$693 million in bond issues.

When IPS commissioned a comprehensive facility study at the beginning of its Capital Improvements Program, some of its then 78 schools were approaching 100 years of age, and it had been more than 20 years since the urban district had been able to pass a major bond issue to support facility improvements. Most of its schools lacked air conditioning, and the spaces did not support a modern education.

After intensive community consensus building, community members agreed to support an \$832 million plan to improve every IPS school building over what was planned to be a decade-long program. The program was divided into phases to ease the impact on taxpayers.

Much has changed since 2001 – including the process for approving school construction projects, a nationwide economic downturn, a major statewide property reassessment, a property tax crisis in Marion County and the closing of several IPS schools. As a result, the overall schedule and scope of the Capital Improvements Program has been adjusted, and the third phase will be completed in 2014.

Colette Irwin-Knott of Umbaugh has advised the district on financing, bond issues and adjusting its financial and strategic plans to changing conditions. She also facilitated innovative bond financing packages in 2009 and 2010 using bond programs available under the American Recovery and Reinvestment Act (ARRA) of 2009, commonly known as the federal stimulus program.

“What IPS accomplished with the 2009 and 2010 bond issues had never been done before. It really was quite remarkable,” said Irwin-Knott.

The Phase 3 financing saved IPS taxpayers more than \$141 million in bond payments, due to low interest rates, IPS’ strong credit ratings and the unique combination of bond programs.

“Our financial team led by Umbaugh was on the leading edge to take advantage of the stimulus funding programs,” said Dr. Eugene G. White, IPS superintendent. “It is definitely good news for IPS taxpayers.”

The net interest rate on the bonds sold in 2010 was 1.346 percent. “This is the lowest interest rate I’ve seen in my nearly 30 years of working with school bond issues,” said Irwin-Knott.

Umbaugh also assisted IPS with presentations to secure the excellent bond ratings and with refinancing bonds to reduce interest rates. In addition Umbaugh Cash Advisory Services has assisted IPS with the investment of bond proceeds.

Phases 1 and 2 of the Capital Improvements Program saved money for taxpayers as well: interest savings were \$67 million in Phase 1 and \$1 million a year in Phase 2.

“When Indianapolis Public Schools asked taxpayers to support the initial phases of its Capital Improvements Program we knew there would be no second chances,” said White. “With Umbaugh’s help we have kept our promises to taxpayers about tax rates and budgets. Because of sound financial management and favorable interest rates, each phase of the IPS Capital Improvements Program has been a success.”

“So much of managing a project of this magnitude depends on earning the trust of all of the stakeholders -- from individual taxpayers to business leaders, bond rating companies, legislators, the Department of Local Government Finance and even the Governor’s office,” said Debra Kunce of Schmidt Strategies, the program manager for the IPS Capital Improvements Program. “The financial information Umbaugh has supplied for the IPS Capital Improvements Program has been essential. When Umbaugh provides financing and tax rate projections, people know they can rely on those numbers.”

The ultimate result of the IPS Capital Improvements Program is that learning environments are being improved for 25,000 IPS students and their teachers. Although each school’s needs are different, the IPS Capital Improvements Program is providing adequate classrooms, modern media centers, access to technology, air conditioning, comfortable and healthy air circulation, better lighting, functioning restrooms, building safety, playgrounds, lunchrooms and compliance with the Americans with Disabilities Act. The renovations are also saving energy and helping IPS reduce operating costs.