
DISTRESSED UNIT APPEALS BOARD
ORDER DENYING BEECH GROVE CITY SCHOOLS' PETITION FOR RELIEF

Under IC 5-1-5-2.5(d), certain eligible school corporations may issue refunding bonds to refund a percentage of their outstanding bonds and obtain an annual savings to their debt service funds. The annual savings may then be transferred from debt service funds to a school corporation's capital projects fund, transportation fund, or school bus replacement fund.

In order for a school corporation to be considered eligible, it must submit to the distressed unit appeals board (DUAB) the school corporation's financial plan for paying any refunding bonds. The DUAB must either approve or disapprove the financial plan not more than sixty days after the date the school corporation submits the plan. The DUAB may grant approval of the plan after making a determination that the financial plan is feasible. The DUAB may not unreasonably deny the school corporation's financial plan.

PROCEDURAL HISTORY

1. On May 3, 2013, the DUAB received a petition from Beech Grove City Schools (Beech Grove) for approval of a financial plan for paying refunding bonds.
2. The DUAB scheduled a public hearing for June 28, 2013, to hear testimony from Beech Grove and scheduled a public hearing for July 2, 2013, to vote on Beech Grove's petition. On June 24, 2013, notice of the hearings was sent to Beech Grove legal counsel Jane Herndon. Notice of the first and second hearings was posted outside the meeting room on June 25 and June 27, 2013, respectively. Copies of the notices were posted on the Department of Local Government Finance website.
3. On June 28, 2013, the DUAB conducted a public hearing where it heard testimony from representatives of Beech Grove, including Beech Grove legal counsel Jane Herndon, Superintendent Dr. Paul Kaiser, Assistant Superintendent Dr. Tom Keeley, and Beech Grove Treasurer Brian Tomamichel.
4. On July 1, 2013, Beech Grove submitted to the DUAB an answer to a question previously posed by the DUAB.
5. On July 2, 2013, the DUAB conducted a public hearing during which DUAB board member Micah Vincent stated: the DUAB was still unclear as to how assessed values would perform going forward and what expected growth will be; while there are economic development initiatives that Beech Grove is considering, he still did not know which projects would be accomplished; the DUAB has discussed how unanticipated occurrences have affected assessed values and such unpredictability would persist over the next ten years when the bonds would be repaid; and with this in mind as well as the ability for Beech Grove to present to voters after

January 1, 2014, a referendum for restructuring, he believes Beech Grove would be able to more accurately project its financial situation at that time.

6. In addition, at the July 2, 2013 hearing and prior to voting, then DUAB Chair designee Brian Bailey stated: with regard to Ms. Herndon's discussion of plan feasibility, he believes the DUAB has more discretion regarding what constitutes a feasible financial plan; the General Assembly gave the DUAB authority to review the kind of information that Beech Grove supplied with regard to how the school's assessed value has and will perform and the assumptions made about the ability to support debt in the future; he appreciates the steps Beech Grove has taken to work with its city and community to foster economic development and with the redevelopment commissions to have them release assessed value for the support of the school; and while he feels comfortable with Ms. Herndon's confirmation that Beech Grove's General Fund with current enrollment is going to support payback of a Rainy Day Fund loan, he is less comfortable with the restructuring and the related projections.

7. At the July 2, 2013 public hearing, the DUAB voted 3-1 to deny Beech Grove's petition.

FINAL DETERMINATION

THEREFORE, the DUAB hereby denies Beech Grove's petition for approval of a financial plan for paying refunding bonds.

Dated this 30th day of September, 2013.

STATE OF INDIANA
DISTRESSED UNIT APPEALS BOARD



Christopher D. Atkins, Chairman