

STATE OF INDIANA  
DEPARTMENT OF LOCAL GOVERNMENT FINANCE

IN THE MATTER OF TAX REQUEST OF )  
CLARK-PLEASANT COMMUNITY SCHOOL )  
CORPORATION (JOHNSON COUNTY) FOR ) No. 07-055  
RECONSIDERATION OF THE DENIAL OF A )  
OF A LEASE WITH CLARK-PLEASANT )  
MIDDLE SCHOOL BUILDING CORPORATION )

PETITION FOR RECONSIDERATION

Your Petitioner, the Clark-Pleasant Community School Corporation (the "School Corporation"), Johnson County, respectfully represents and shows:

1. It filed a petition on October 12, 2007 requesting approval of its lease of a school building from the Clark-Pleasant Middle School Building Corporation, pursuant to a lease for twenty-seven (27) years at an annual lease rental of \$4,905,000 commencing on the date the school building is completed and ready for occupancy or June 30, 2010, whichever is later, with an option to purchase such building.

2. The School Corporation assembled a 50 member Decades of Excellence Task Force (the "Task Force") consisting of community members of varying backgrounds and interests. This group met 22 times between November 2005 and June 2006. The Task Force's recommendation included the construction of a new middle school, the conversion of the existing middle school into a freshmen center and the conversion of the Whiteland Elementary School into an intermediate school ("Option B").

3. From June 2006 through October 2006, the Board of Trustees reviewed this recommendation and received and considered additional information including such items as unforeseeable additional site construction costs at the West Elementary which was under construction at the time. In October 2006, the Board of Trustees met in a joint meeting with the Task Force at which time they discussed the Task Force recommendation, additional information, Board concerns and potential modifications to the Option B plan. After this meeting, the Task Force revised its recommendation to consist of the revised Option B (see report behind tab 5 of the hearing information sheet).

4. The Task Force's revised Option B was presented to the Board of Trustees in November, 2006 and consisted of the construction of a new middle school which included a "common core space" to be shared with the construction of a future addition that would accommodate intermediate grade levels, minor renovations to the existing middle school to convert it to a freshmen center and minor renovations to the high school to accommodate future enrollment growth.

5. The difference in initial cost between of the two plans is fairly minimal; however, the cost of operating the additional buildings as originally proposed would be more expensive. The revised Option B plan would also permit the debt to be phased in over time, thereby keeping the debt service tax rate fairly constant. This plan would also allow a more efficient use of space because of the larger core spaces to be shared between the middle school and intermediate school students as it increased enrollment.

6. Prior to the 1028/Preliminary Determination Hearing, the School Corporation held two community forums and four public community workshops at which the plan was presented. The public was encouraged to attend, ask questions, obtain answers and voice opinions.

7. The 1028/Preliminary Determination Hearing was held on February 22, 2007. At this hearing only two people spoke against the project and the Board voted unanimously to adopt the 1028 resolution and the preliminary determination resolution. At the time of this hearing, the anticipated tax impact of the project was 13.5 cents based on the available assessed valuation for 2006 and estimated tax rate for 2007 and beyond.

8. An application petition requesting the petition and remonstrance race was filed and the race occurred from May 12, 2007 through June 14, 2007. The certified results of the race clearly demonstrate that the community supported the School Corporation's project by 2,740 signatures in favor to 1,512 signatures in opposition -- even with the 13.5 cent increase and the highest tax rate in the County.

9. The School Corporation appeared before the School Property Tax Control Board (the "Control Board") on November 15, 2007. Representatives of the School Corporation and

remonstrators were given opportunity to present to the Control Board, whose members in turn asked numerous questions. At the conclusion of the hearing, the Control Board voted 5-4 to approve the project as presented.

10. The cost per square foot of the project fits within both the 2007 and 2008 DLGF School Construction Cost Thresholds. In the fall of 2007, after receiving its certified assessed valuation and 2007 tax rates, the School Corporation updated the numbers resulting in no net tax impact instead of the 13.5 cents estimated at the time of the 1028/Preliminary Determination hearing and the petition/remonstrance race.

11. The Commissioner of the Department of Local Government Finance (the "DLGF") issued an order on April 8, 2008 denying the project in total.

12. In paragraph 13(c) of the DLGF Order, the Commissioner acknowledges that the School Corporation's enrollment increased by 370 students in 2007 and it expects to experience constant growth of 350-400 students per year over the next ten years. The Order also restates the fact that this School Corporation is the third fastest growing district in the State. No other school corporation in Johnson County even makes the list of the top ten fastest growing districts.

13. This continuous, substantial growth will result in the high school enrollment exceeding maximum building capacity\* in school year 2009/2010; the middle school enrollment exceeding maximum building capacity\* in school year 2011/2012; and the intermediate school enrollment exceeding maximum building capacity\* in school year 2010/2011 (See tab 5, presentation at 1028 hearing and tab 7, revised enrollment report as of August 2007). Even if the School Corporation could start construction today, the construction of a new middle school will not be completed until the Fall of 2010.

14. Historically, construction costs have increased at a rate of approximately 5% a year. With the increase in the cost of petroleum and steel, the construction industry is expecting even larger increases in the next year or so. The nine to twelve months that it will take to start

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\* Note that "maximum building capacity" assumes 30 students in every classroom (grades 5 through 12), which is the definition used here. Optimal building capacity for educational purposes assumes 25 students per classroom and is why there are portable classrooms being used at the high school currently.

this project over again will result in substantially higher costs for the same project which means less value to the taxpayer.

15. In light of the pressing need for space, the cost of purchasing additional portable classrooms, the poor educational environment resulting from overcrowded classrooms and portable spaces and increasing construction costs, the Board of Trustees met on April 15, 2008 and determined to explore every avenue possible in order to obtain the approval necessary to build more classroom space for its students. At this meeting, the Board voted to protect the School Corporation's right to appeal by filing a petition for judicial review of the DLGF Order and also reactivate discussions with the Task Force in an effort to expeditiously seek a consensus on a modified building proposal to address the concerns outlined by the Commissioner in her Order.

16. Paragraph 13(b) of the Order states that the School Corporation did not modify the project to address taxpayer concerns. It also states that the Board of Trustees was unwillingly to meet with Mr. Bohlson to attempt to "bridge the gap" as the Commissioner requested. However, representatives from the School Corporation and members of the planning team did meet with Mr. Bohlson several times over a 30 day period after the 1028 hearing and tried to find some way to satisfy Mr. Bohlson's concerns and avoid having to put the community through the cost and disruption of running a petition and remonstrance race. In spite of these meetings, at the end of the 30 day period, the remonstrator filed the application petition requesting the race.

17. The School Corporation has worked very hard since November 2005, to keep in communication with the members of the Task Force and work with the Task Force to pursue the right project for the community. In fact, as stated above, when the Board of Trustees received more information effecting the Option B recommendation, it took that information back to the Task Force for its consideration and review which resulted in the Task Force's recommendation of the modified plan in November, 2006. The Board believes that it is appropriate to meet with the Task Force, as a whole, which would include Mr. Bohlson, about the proposed reduced project. This meeting is scheduled for May 14, 2008.

18. It is the intent of the School Corporation to provide the DLGF with information about this reduced project as soon as possible after the Task Force meeting. The School Corporation believes that they can reduce the cost of the project by at least \$7,000,000 through (i) the elimination of the existing middle school conversion to a ninth grade center, (ii) the elimination of the renovation of the high school and (iii) reduction of costs and square footage at the new middle school. It is possible that after the meeting with the Task Force that the project could be reduced even further.

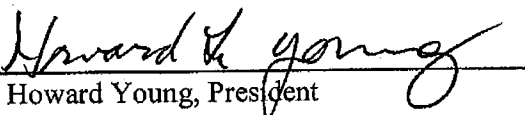
19. The School Corporation has been and continues to be very careful in considering its long term facility plans, paying close attention to the initial cost of a proposed project, the timing of the tax impact to the taxpayers and the operational cost of the plan as it effects the overall tax rate. The School Corporation believes that it selected the best project to meet its space needs at a responsible, reasonable cost with no additional tax impact. However, the Board recognizes the dire need to move forward on a project to meet its enrollment needs and is therefore willing to consider a reduced project which will result in a smaller bond issue causing the overall tax rate to be reduced.

WHEREFORE the Petitioner through the undersigned, respectfully requests that the Department of Local Government Finance reconsider its order denying the execution of said lease in light of the clearly demonstrated need for additional space and the reduced project size to be submitted to the DLGF as soon as possible and with the corresponding reduced property tax impact from the 1028/Preliminary Determination Hearing.

Dated this 2nd day of May, 2008.

Respectfully submitted,

CLARK-PLEASANT COMMUNITY SCHOOL  
CORPORATION

By:   
Howard Young, President  
Board of Trustees