

WITH A CREATIVE APPROACH, STEPHENS HELPS FORT SMITH GET THE COMMUNITY BEHIND A LARGE INVESTMENT IN ITS EDUCATION.



Not since 1987 has the Fort Smith School District benefited from a citizen-voted millage increase to fund capital improvements. As a result, the average age of school facilities in the district is 63 years old. Addressing the infrastructure with additional millage would require the approval of voters. In order to receive their assent, civic leaders took extraordinary measures to receive the community's buy-in, a plan that required considerable financial analysis from a seasoned public financing partner.

With deep experience in and knowledge of education-related bond financing, Stephens Public Finance was able to help district leaders specially tailor decisions on specific projects. This would allow the district to present to voters a thoughtful ballot issue with the best chance of success to pass and enhance the area's public education – a school system that comprises 26 public schools, including 19 elementary schools, with some 14,000 students.

Normally, when a district comes to Stephens with funding needs for capital improvements, the request comes in the form of a list of projects composing a single total cost that is assigned a millage rate, explains Kevin Faught, Senior Vice President of Stephens Public Finance. But in the case of the Fort Smith School District's recent litany of projects, each received an individual analysis and its own millage rate. The detailed attention given to all the possible improvements was the result of the district's 57-person citizen committee established to make recommendations to the school board on which projects to tackle and prioritize.

With a decades-long relationship, Stephens and the Fort Smith School District had begun discussing the initiative back in late 2016, with the work beginning in earnest in January this year to be ready for a May vote. "It was quite an undertaking," Faught said. "We started with about 30 different projects to assign a millage rate, and there were multiple iterations. Typically that analysis is not all that

complicated, but when you take into account all that the district required, it became complicated."

Throughout the process, Stephens worked closely with Fort Smith's seven-person school board as well as Superintendent Dr. Doug Brubaker, Chief Financial Officer Charles Warren and Deputy Superintendent Dr. Terry Morawski.

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Likewise, the citizen committee put forward considerable effort to give each project its due attention, logging more than 900 collective hours evaluating the different possibilities. "It is unusual to have a bond initiative like this where so many citizens are involved," Faught said. "The committee pulled in civic leaders, parents, folks from a lot of different backgrounds. Their approach went a long way in securing the community's buy-in. This was a really good way to go about it, even if it did require a lot of work on our end. We are happy to get creative and roll up our sleeves for the client's benefit."

The citizen committee made its recommendations to the school board, who with the help of Stephens wrote the ballot initiative, which went to Sebastian County voters in May. With 63 percent of the total voting yes, voters approved \$121 million in school bonds, which received an Aa2 rating from Moody's.

The district will first issue \$90 million of those approved bonds to fund school security upgrades, enclose open classrooms at four elementary schools, renovate and make additions at a junior high school and the district's two high schools, and develop a career and technology center at an existing facility.

With student safety in mind, secure entries and additional exterior lighting will be added to Barling, Cook, Morris and Woods Elementary schools, along with Americans with Disabilities Act improvements, totaling more than \$10 million. Construction is planned to begin early next year and be completed in the 2019-2020 school year.

Likewise, Darby Junior High will receive security upgrades in the form of a secure entry, fencing and the enclosing of outdoor hallways and lockers. Second- and third-floor classrooms in the school's main building will also be renovated. Construction on nearly \$10 million in improvements is targeted to begin early next year and planned to be completed by the third quarter of 2020.

At the district's two high schools, Fort Smith Northside and Fort Smith Southside, upgrades include secure entries and front offices, cafeteria and kitchen improvements, classroom and media room remodels and additions, new centers for ninth-graders, and the addition of four storm shelters, two for each school. (Infamously, in 1898 the town was completely devastated by a tornado that killed 55 and injured more than 100 while nearly destroying its newly built high school, which was barely a year old.) The construction work, totaling nearly \$50 million, is planned to commence during the 2019-2020 school year with an eye

to a late 2021 completion. Another \$29 million has been earmarked to provide each of the high schools with 2,500-seat gymnasiums, large enough for school assemblies, athletic tournaments and special events, as well as new locker rooms.

An existing district facility will see \$13.7 million in renovations for a new career and technology center, with specialized lab spaces and classrooms for health care, information technology, manufacturing and other programs. It will provide an education that caters to some of the area's largest employers, including Sparks Health Systems (2,200 employees) and Mercy Medical (about 1,500 employees), as well as Baldor Electric Company (1,800 employees) and Rheem Manufacturing (700 employees).

The community's investment in public education mirrors Stephens' own. The firm has been serving public finance clients in the state since 1933, emphasizing a high level of integrity and sustained success. Decades of long-term relationships, putting clients' interests first and providing unparalleled expertise have made Stephens an ideal partner for the state's school districts – a partner with a vested interest in education excellence in Arkansas, the place the firm has always called home.



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