

recently sold by means of this "Commissioners' Certificate Sale" have been included in the listed net assessed valuation for the City of Gary, there will be a shortfall in the anticipated collections as the taxes for these properties for all prior years are now uncollectable as a matter of law.

In September of this year, the Commissioners held another Certificate Sale at which they sold Commissioners' Certificates on several hundred more properties in Gary. The past and current liabilities for all of these properties sold by this method will be required to have all past liabilities removed from the tax duplicate as a matter of law. Therefore, we the undersigned believe that the sale of these thousands of properties by means of this Commissioners' Sale was not taken into consideration, and that if it was, the total net assessed valuation would need to be adjusted considerably and after making these necessary adjustments, will not provide enough revenue to fund the proposed budget and should be rejected on these grounds.

**\* Count ten of the objection petition:** We the undersigned, believe and allege the following to be true and applicable: Beginning on September 14, 2010, the Lake County Treasurer commenced holding a Treasurer's tax sale. On this particular tax sale, over 10,000 properties were listed for sale that are located within the taxing district of the City of Gary. It is unlikely that a significant percentage of these properties will be brought current before the sale. Only the properties that are sold will provide any revenue available to the City. This list contains properties that are at least two years delinquent. It does not reflect the properties which are less delinquent. Surely there are significant numbers of properties which are only one or two installments behind. As required by IC 6-1.1-17-0.5 (4), any properties that there is a high probability that the taxpayer will not pay taxes in the following year, are to be subtracted prior to determining the total net assessed value for the particular taxing district. We would then contend that properties that are now being offered at a tax sale, and have not been redeemed prior to said tax sale, and have been offered at tax sale and have gone unsold, have a fairly high probability of not being brought current within the next calendar year; which will fund this proposed budget. We the undersigned, believe that this law was not followed when the Lake County Auditor prepared the net assessed valuation for the City of Gary's taxing district. For this reason, we the undersigned, believe the listed net assessed valuation for the City of Gary to be grossly inaccurate, and as such, do not believe that there will be enough actual taxable valuation to support this proposed budget. and that it should be rejected on these grounds.

**\* Count eleven of the objection petition:** We the undersigned, believe and allege, that with a cursory effort, one can see how the Calumet Township Assessor's office has inflated the assessed values of many high-value properties and other properties. It should be expected that these properties will appeal these errant values which were raised significantly under the guise of Trending. There are hundreds of millions of dollars in false assessed value that have been added to these properties. With the correction of these errantly trended properties, the total NAV will be reduced accordingly. As these errantly trended values may go back several years, this will affect any tax anticipations from years gone by. If they were paid, they will be due refunds. If they were not paid, the past collection amount which may still be on the books as a

receivable, will need to be either erased or adjusted as necessary. The affect it will have on current finances is obvious. We therefore believe that due to the tremendous number of errors in assessment to properties within the City of Gary's taxing district, that once any significant number of these errors are corrected, that there will be a shortfall that will then not provide enough revenue to fund this proposed budget, and that it should be rejected on these grounds.

\* **Count twelve of the objection petition:** We the undersigned, believe and allege, there to be numerous other billing errors and irregularities which will need to be corrected. Once these are corrected, the total anticipated collections will be affected downward. It may also require past billings to be adjusted downward. If the bills which these errors affect have been paid, refunds or credits will need to be issued. If they have not been paid, the liabilities will need to be adjusted downward. Both situations will obviously affect the current finances of the City adversely. For these reasons, we believe that the revenue projections upon which this proposed budget was based to be inaccurate to a significant degree, and as such, will not yield enough revenue to fund it and that it should be rejected on these grounds.

\* **Count thirteen of the objection petition:** We the undersigned, believe, that one of the City's largest taxpayers, the Majestic Star Casinos, is in Chapter 11 Bankruptcy. The revenues normally anticipated from this revenue source may not be collectable within the near term. It should also be noted that the real property value of the casino complex was increased dramatically within the past several years under the guise of Trending by the Calumet Township Assessor's office. This property is believed to be under appeal and it is likely that the listed real property assessed value will be restored to its value before it was improperly Trended. If this is in fact the case, several years of real property tax liabilities will need to be recalculated. This will affect both the current budget, and the past budgets for which tax anticipation warrants were sold based on this as a collectable amount. Additionally, as required by IC 6-1.1-17-0.5, the total assessed valuation of any property that is part of a bankruptcy estate, which is protected under the federal bankruptcy code, should be subtracted from the net assessed valuation upon which this proposed budget has been based. We the undersigned, do not believe that the proper adjustments as required by law were made to the listed net assessed valuation upon which this proposed budget is based and should be rejected on these grounds.

\*\* Additionally, with the casino in Chapter 11, the normal payments which it makes to the City may be on hold for an indefinite period. As the City had been shoring up general operating expenses with this casino revenue (even though it was originally intended for use only on capital improvements) they will no longer be able to tap this fund as a fallback. And as a reversal of fortune, as it were, they may now need to shore up the few capital project budgets (if any are in process) which the casino money was funding from the General Fund.

\* **Count fourteen of the objection petition:** We the undersigned, believe and allege, that the City of Gary is obligated to pay dues to the RDA in the annual amount of 3.5-million dollars. We also believe that these dues have not been paid for at least two

years. We also believe that there was no provision made in the proposed budget for the payment of either these current or any payment of any delinquency of these dues. If these are meant to be paid from casino revenues, it should be then noted that the City of Gary recently took out a loan from Fifth/Third Bank for several million dollars, which was securitized by future soon-to-be-unencumbered casino revenues; which to use for general operating expenses for the 2010 calendar year. Since we do not see a line item for the payment of these dues to the RDA listed in this proposed budget, yet knowing that the City is in fact obligated by an agreement to pay these dues, we believe this proposed budget to have been prepared in error and it should be rejected on these grounds.

\* **Count fifteen of the objection petition:** We the undersigned, believe and allege, that the City of Gary may be commingling regular tax revenues and the extra .5% added to the local tax rates in Lake County that is specifically designated to pay down long-term debt. It is believed that this practice may be occurring primarily due to the fact that there is no separate listing for this debt service listed on the detail of the distribution of tax proceeds on the tax bill breakdown.

It is also believed and alleged that the additional percentage of approximately .4% which was added to the tax rate, above and beyond the increased rate that the DUAB had approved, may also be getting commingled with the other regular tax revenues. The DLGF has previously stated that this additional percentage of tax-rate increase, was to pay down some other class of exempt debt. (although they could not explain exactly what this meant with specificity) As we believe the City of Gary may be commingling the extra .5% and the extra .4%; which are to be specifically directed towards the payment of these two separate classifications of debt, with monies in the General Fund. We also believe that if the income projections were properly based without the inclusion of these extra .5% and .4% amounts, that there would not be enough projected revenue to fund this proposed budget and that it should therefore be rejected on these grounds.

\*\* The City still owes the Gary Sanitary District millions of dollars from an inter-agency loan they made to the City under the King administration. It has already been shown by the Federal government through numerous indictments that much of the money from the proceeds of this inter-agency loan was misappropriated by both individuals that have been indicted and are currently serving prison sentences in Federal prison. It has also been shown that others were involved and were listed as unindicted co-conspirators. Some of these individuals are still employed by the City; others have resigned. Yet, the taxpayers of Gary are still expected to support the repayment of this loan which was made by insiders to fund the very same conspiracy which they took part in and received direct proceeds from.

\*\*\* The City of Gary just recently borrowed millions from Fifth/Third Bank for general operating expenses just to make it through this year. To do so, they obligated casino revenues five years out. What will they do next year?

\* **Count sixteen of the objection petition:** We object to the City of Gary's proposed budget because in its current form as they have submitted it, there will be an

enormous shortfall. And with this shortfall, they will be forced to go before the DUAB to seek relief in an attempt to obtain permission from the DUAB to raise the tax rates of all taxpayers within this taxing district well beyond the statutory limits set by the State Legislature. We believe and allege that they are well aware that there is no possibility of funding this budget as it is proposed; but due to their refusal to reel in their flagrant and extravagant spending practices, and their overall resistance to taking the advice of professional advisors, have essentially submitted a budget which guarantees the City's insolvency; and that this budget proposal should be rejected on these grounds. No budget should be submitted that can only be funded if the DUAB grants relief to the administration of the City of Gary, as this relief is not relief at all, but it is instead a greater burden to the taxpayers of the City of Gary. Any budget that forces the administration of the City of Gary to seek relief from the DUAB should be considered unbalanced on its face and should be summarily rejected on these grounds.

**\*Count seventeen of the objection petition:** We the undersigned, object to the proposed budget because there will simply not be enough income to fund it. If the DLGF approves this budget, we recognize that another branch of the DLGF, the DUAB, will effectively be forced to give them relief through the means of the DUAB enabling the City to increase the tax rates to all taxpayers within this taxing district. We the undersigned, don't want the DUAB/DLGF to be forced into a position to award "relief" to the administration of the City of Gary; that comes at direct expense to the taxpayers of the City of Gary. We believe that this administration has not even begun to cut its budget as it could have. We recognize wasteful practices just about everywhere we look within the management of this city. We believe that it is high time that incompetence and fiscal irresponsibility are no longer rewarded. Without a significant amount of "relief" to this administration being awarded by the DUAB/DLGF, there will be a significant shortfall and we believe it should be rejected on these grounds.

We object to the City of Gary's proposed budget in its current form because it ensures that they will be forced to plead before the DUAB for another year of "relief"; (which is just the opposite of relief to taxpayers) and that it should be rejected on these grounds.

**\*Count eighteen of the objection petition:** We the undersigned, believe and allege, that the City of Gary has not implemented most of the recommendations of the fiscal monitor, PFM, and has disregarded many of the other recommendations and suggestions that were discussed both privately with officials of the DUAB, and in open public forum at several public meetings with the DUAB. The City effectively is refusing to significantly alter their way of doing business as usual. The Mayor has publicly rebuffed and rebuked the DUAB's and PFM's intrusion into local Gary matters on several occasions. It is believed to be the City's plan to use stall tactics in regards to implementing the necessary changes long enough until this State oversight goes away. We believe that this administration has no intention of voluntarily complying with the fiscal restraints foisted upon it by current budgetary limitations. We believe that since this administration has shown no good-faith effort to reduce its profligate spending, that this budget proposal should be rejected.

**\*Count nineteen of the objection petition:** We the undersigned, believe and

allege, that the administration of the City of Gary, in its property inventory, holds title to approximately 8000 parcels of property. When the DUAB and PFM learned of this, they recommended that the City of Gary strive to divest themselves of these properties so that they could hopefully become tax-producing properties instead of tax-consuming properties. They could find no clear strategy upon which the City's ownership of the majority of these properties was based. It should be noted that the administration of the City of Gary has made virtually no effort to divest itself of these extraneous properties; in fact, it should also be noted, that rather than divest itself of this unnecessary portfolio, they have instead been engaged in an aggressive property acquisition initiative over the very same recent years during which they go before the DUAB for relief. The expenses associated with this acquisition initiative continue--up to and through this very day; as the administration of the City of Gary has purchased properties at tax sale as recently as last month; and has also purchased properties at prior tax sales which have taken place during the same periods of time which the administration of the City of Gary appeared before the DUAB and sought and was granted relief from the State-mandated tax caps by the DUAB. The other costs associated with the acquisition of taxpayers' properties at tax sales will need to be funded from this proposed budget. (Does anyone see anything a little wrong with this picture?) At least there was still a chance of collecting property tax from the taxpayer whose property the City of Gary recently purchased at tax sale; but with the City of Gary as its new owner, there is no possibility whatsoever of collecting property taxes on it--now or in the near future. Because portions of this proposed budget will be used to fund this reckless, destructive, and irresponsible behavior by the administration of the City of Gary, it should be rejected on these grounds.

\* **Count twenty of the objection petition:** We the undersigned, believe and allege, that the administration of the City of Gary intends to pass this budget as proposed with the foreknowledge that it has materially been prepared in error; and that there may be a deliberate effort underway to have it approved by the Common Council without the proper public vetting. We also believe that this proposed budget is based on so many false presumptions, that there is no possible way that it can be funded by the actual property tax collections that should be anticipated and that it should be rejected on these grounds.

We also believe that there may be a concerted effort underway--involving numerous parties--to artificially prop up the City's depleted net assessed valuation. We believe that this effort may be underway for the sole purpose of creating the pretense that there will be enough property tax collected to be able to fund budget proposals such as this one currently under consideration. Later on, when it becomes apparent that this artifice actually cannot support the proposed budget that has been based upon it, the administration will have no alternative except to go before the DUAB again--for the third year in a row--to plead for the DUAB/DLGF to give this administration relief on the backs of the taxpayers of the City of Gary. And we also believe, that at this point, the DUAB will not have any alternative *but* to award relief to the administration, as so much time will have elapsed by the time the City presents their petition to the DUAB, that the DUAB will actually be forced to grant the relief asked for by the City. We therefore believe, that the DLGF must intervene now, before this administration has the

opportunity to spend money which they will not receive, and reject this proposed budget on the grounds that it can not be balanced by the actual property tax revenue that is likely to be collected in the year that funds the 2011 budget.

Furthermore, we believe and allege that there are plenty of budget cuts which could be made which could significantly reduce the burden to taxpayers. We believe that this proposed budget is still being used to fund numerous patronage positions. It is believed that there are many employees still on the City's payroll that produce no useful function to the day-to-day operations of the City; and that they are employed solely for political reasons, or because of the systemic practice of nepotism and cronyism; and as such, there is a strong likelihood that these particular employees are not the most qualified and/or productive in their positions. We also believe that because of the poor work product of many employees of the City of Gary, that the budget requirements to fund the City's payroll are excessive, and that this proposed budget should be rejected on these grounds.

**\*Count twenty-one of the objection petition:** We the undersigned, believe and allege, that numerous departments operating within the City of Gary, and under the direct authority of this administration, are operating with gross inefficiencies; and that many of these departments' staffs have been co-opted to do political favors for selected citizens, rather than operate in such a manner that provides services best for the city as a whole. we believe that the Department of Redevelopment, the In-House Demolition Department, and the General Services Department, are being used primarily to support the function of doing politically popular jobs that don't necessarily benefit the city as a whole. Furthermore, it is believed that the methods by which these departments are delivering these politically based favors to certain favored citizens, is being done in the most costly, destructive, inefficient, and most environmentally irresponsible manner possible. Because this proposed budget provides funding to these departments which we believe are not operating in the best interests of the citizens and city as a whole, we object to this proposed budget which seeks to fund the continued wasteful, irresponsible, and costly actions of these departments and it should be rejected on these grounds.

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**In Conclusion:** We the undersigned citizens and taxpayers in the City of Gary, are ready and willing to pitch in and help to fix this city and restore her to her former glory of not so long ago; however, we are not willing to do so as long as this administration continues to engage in its wasteful and destructive behavior and flagrant fiscal irresponsibility. Once the miasma of corruption, nepotism, cronyism, favoritism based on political affiliations, patronage, and incompetence is lifted, and the clear light of day can shine on this city, this healing process can begin.

As long as taxpayer dollars continue to fund the very same behavior and practices

which have led to this city's downfall--and continue to keep it down--there is no hope. But once the lifeblood of taxpayer dollars which funds these very same wasteful practices that restrain this city from realizing its deserved prosperity, are no longer allowed to fund this aberrant and undesirable fiscal behavior, but are instead used to provide the most basic services which people need to survive in Gary's urban setting, the road to recovery can begin--and not until then!

We therefore ask the Common Council of the City of Gary to reject this proposed budget on these grounds. We also ask that the DLGF intervene and also ensure that this proposed budget is rejected on any or all of the grounds listed within this Objection Petition to the City of Gary's proposed budget for 2011.

This is much worse than just a perfect storm. This is an oil spill and a train wreck in a perfect storm.

The City is way beyond insolvency. They need to file for Chapter 9 municipal bankruptcy protection forthwith. And besides this, they need to get their spending under control immediately. Under the Clay administration, they have done absolutely nothing to rein in expenses; despite what the mayor says.

People that choose to live in cities usually do so for a reason: they want and/or need the additional services which are normally made available to them. And as such, people that choose to live in cities are aware that taxes may be higher as the need to provide these additional services costs more money. But here in Gary, taxpayers are required to pay the highest tax rate in the state, yet we get far less in the way of municipally provided services than if we were in some remote area of the county.

As the City's income has been reduced, they have not made any real cuts to the payroll; therefore, they still insist on keeping hundreds of unneeded employees on the payroll, even though they haven't enough money to do anything. Nearly all of the property tax revenue that the City collects goes to fund salaries. Even though the payroll roster remains at or near historic levels, the actual level of services received from the City is down to nothing.

It is believed that this administration continues with this practice solely for political reasons. Politics have led to the total destruction of the City of Gary. All that is left to do now is to pick up the pieces and rebuild this city from scratch--from the ground up.

We're ready when you are!

*\*\*Note about the preparation of this Objection Petition to the City of Gary's proposed budget for 2011: All of the aforementioned allegations are supported by sufficient factual documentation. It should be noted however that when attempting to get certain information from the Lake County Assessor and the administration of the City of Gary, which may have been helpful to facilitate a more comprehensive petition; these requests were met with a certain amount of resistance. We feel that the preparation of something as critically important to the welfare and well-being of the citizenry as the proposed budget for the City of Gary for 2011--(which may be a determining factor in the quality of life and budgets of individuals and businesses situated within the limits of*

the City of Gary's taxing authority)--should be a far more transparent process than we have observed it to have been.

Subj: Gary 2011 budget legal ad  
Date: 9/2/2010 1:35:29 PM Central Daylight Time  
From:  
To:

10. ~~ITSEVA~~ PRESCRIBED BY DEPARTMENT OF LOCAL GOVERNMENT FINANCE BUDGET FORM NO. 3 (REVISED 2005) APPROVED BY STATE BOARD OF ACCOUNTS Notice is hereby given the taxpayers of LAKE COUNTY, City, Town or Fire Protection District of CITY OF GARY, Indiana, that the County Council, Common/Town Council or Board of COMMON COUNCIL OF GARY, at CITY HALL COUNCIL CHAMBERS on September 21, 2010, at 6:00 p.m. will conduct a public hearing on the budget. Following this meeting, any ten or more taxpayers may object to a budget, tax rate, or tax levy by filing an objection petition with the proper officers of the political subdivision within seven days after the hearing. The object petition must identify the provisions of the budget, tax rate, or tax levy that taxpayers object to. If a petition is filed, the political subdivision shall adopt with its budget a finding concerning the objections filed and testimony presented. Following the aforementioned meeting, the fiscal body will meet at CITY HALL on October 5, 2010, at 6:00 P.M. to adopt the following budget. BUDGET ESTIMATE

NET ASSESSED VALUATION \$1,711,409,080 Complete details of budget estimates by fund and/or department may be seen at the County Auditor, City Controller, Clerk-Treasurer's Offices or Fire Protection District Offices.

1	2	3	4	5	Maximum Estimated Funds To Be Raised	Excessive Levy	Current Tax Levy	Fund Name			
					Budget Estimate (including appeals and Appeals (included in levies exempt from Column 3) maximum levy limitations)	GENERAL FUND	\$54,593,384.00	\$54,213,161.00	\$2,000,00.00	PARKS	
						FUND	\$1,435,297.00	\$1,402,537.00		MAJOR MOVES	
							\$500,000.00	\$0.00		LOCAL RD & STR	
							\$754,000.00	\$0.00		MOTOR VEH HWY	
							\$3,236,640.00	\$0.00		CUM CAP IMP	
							\$488,675.00	\$0.00		CUM CAP DEV	
							\$710,000.00	\$274,056.00		FIRE PENSION	
							\$5,216,809.00	\$1,115,729.00		POLICE PENSION	
							\$5,754,000.00	\$1,147,533.00		DEBT SERVICE	
							\$890,614.00	\$981,321.00		TOTAL	
							\$81,742,015	\$73,579,419	\$59,134,337	\$2,000.000	\$0

The 2010 estimated maximum levy limitation for this unit is \$67,907,904 The Property Tax Replacement Credit used to reduce the rate for this unit is n/a Taxpayers appearing at the hearing shall have an opportunity to be heard. Pursuant to IC 6-1.1-17-13, after the levies have been determined, fixed by the appropriate governing body, and the tax rates published by the County Auditor, ten (10) or more taxpayers or one (1) taxpayer that owns property that represents at least ten percent (10%) of the assessed valuation in the political subdivision may initiate an appeal from the county board of tax adjustment's action on a political subdivision's budget by filing a statement of their objections with the County Auditor. The statement must be filed not later than ten (10) days after the publication of the notice. Statement shall specifically identify the provisions of the budget and tax levy to which the taxpayers object. The County Auditor shall forward the statement, with the budget, to the Department of Local Government Finance. Date August 28, 2010 M. CELITA GREEN ( City Controller) 524484 Pub: September 2 & 9, 2010  
Post-Tribune Subclassification: Legals 9/2/2010

Signature page for the attached objection petition to  
the Gary Budget proposal for 2011:

- | <u>Name</u>                  | <u>Address</u>               | <u>Date</u>            |
|------------------------------|------------------------------|------------------------|
| 1. JASON NOIASCO             | 8236 Locust Ave              | Sept. 25 <sup>th</sup> |
| <u>Signature:</u>            | <u>Jason Noiasco</u>         |                        |
| 2. Nichole CHARLENE BOTSFORD | 8236 Locust Ave.             | SEPT. 25               |
| <u>Signature:</u>            | <u>Nichole Charlene</u>      |                        |
| 3. CULLEN B. DANIEL          | 324 S. HOWARD                | Sept 25                |
| <u>Signature:</u>            | <u>Cullen B. Daniel</u>      |                        |
| 4. Kitty Bjorklund-Cozza     | 7512 Indiana Bndry           | Sept. 25               |
| <u>Signature:</u>            | <u>Kitty Bjorklund-Cozza</u> |                        |
| 5. Michael Shawn Sanders     | 1127 Benton ST               |                        |
| <u>Signature:</u>            | <u>Michael S. Sanders</u>    |                        |
| 6. Ann Gallagher             | 8525 Lake Shore Dr.          |                        |
| <u>Signature:</u>            | <u>Ann Gallagher</u>         |                        |