

MINUTES
STATE BOARD OF FINANCE
October 28, 2015
IGCS Media Studio
10 a.m.

Members in Attendance

Brian Bailey, SBA Director
Kelly Mitchell, State Treasurer
Suzanne Crouch, State Auditor

Also in Attendance

Deanna Oware, SBA Deputy Director
Justin McAdam, OMB General Counsel & Policy Director
Courtney Everett, Deputy Auditor
Maggie Johnson, Auditor's Office
Jillean Battle, Treasurer's Chief of Staff
Mike Frick, Deputy Treasurer
Lisa Acobert, Department of Education Exec. Director
Larry Wright, Martin, Arrington, Desai & Meyers, P.C., Certified Public Accountants and Consultants (M.A.D.M.)
Jack Martin, M.A.D.M.
Bill Aldridge, M.A.D.M.

CALL TO ORDER

SBA Director Brian Bailey called the meeting to order at 10 a.m.

APPROVAL OF MINUTES

Auditor Suzanne Crouch moved to approve the September 15, 2015, meeting minutes. Treasurer Kelly Mitchell seconded the motion and the minutes were unanimously approved.

TRANSFER OF FUNDS TO THE GARY COMMUNITY SCHOOL CORPORATION

The Gary Community School Corporation requests an interest-free loan of \$15,000,000 from the Common School Fund.

Section 81 of HEA 1001-2015 authorized the Distressed Unit Appeals Board ("DUAB") to recommend to Gary Community School Corporation ("GCSC") a financial specialist to take financial control of GCSC, which financial specialist will act in consultation with the governing body of GCSC. Under this provision, DUAB recommended three candidates, one of whom GCSC selected.

Section 81 of HEA 1001-2015 also permits DUAB to recommend to the Indiana Board of Finance grant of a loan from the Common School Fund to GCSC interest free and for a term no longer than six years.

On October 22, 2015, the financial specialist for GCSC presented to the DUAB a petition requesting an interest-free loan from the Common School Fund in the amount of \$15,000,000. At that meeting, DUAB voted 5-0 to recommend to the Indiana Board of Finance that it make GCSC an interest-free loan from the Common School Fund in the total amount of \$15,000,000 for a term no longer than six years.

Mr. Jack Martin is the candidate GCSC chose as their financial specialist.

The Board questioned Mr. Martin about his firm's plan for the loan money, how they are going to reform the school to continue paying off debt, how GCSC will ensure that similar problems do not reoccur and what the long-term plan is for the school corporation.

Mr. Martin's plan includes continuing to interview staff of GCSC and investigate the root causes of current funding problems. Most likely he will recommend cutting around 200 positions from the GCSC and outsourcing the payroll and maintenance functions in order to significantly reduce labor costs.

The loan money will be focused on paying critical vendors in order to keep the schools' doors open and will be repaid on a monthly basis starting in 2017. Monthly status reports will be given to the DUAB and the Auditor's and Treasurer's Offices will be notified when money is withdrawn from the loan trust. It was also agreed that information regarding the money spent will be placed on the Indiana Transparency Portal.

Auditor Suzanne Crouch moved to approve the transfer, Treasurer Kelly Mitchell seconded, and the motion was unanimously approved.

NEW OR OTHER BUSINESS

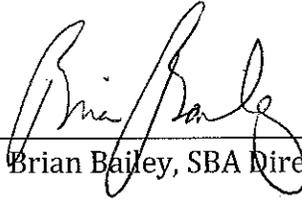
No new business was brought before the Board.

FUTURE MEETING

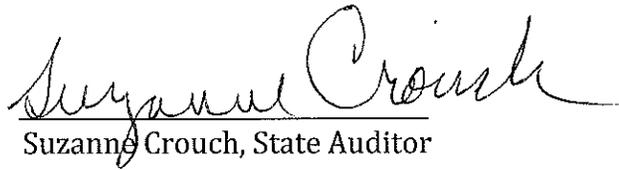
The next meeting of the State Board of Finance is scheduled for Tuesday, November 17, at 9 a.m.

ADJOURNMENT

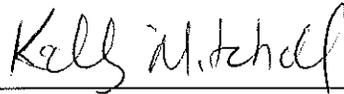
SBA Director Brian Bailey adjourned the meeting at 10:54 a.m.

A handwritten signature in cursive script, appearing to read "Brian Bailey".

Brian Bailey, SBA Director

A handwritten signature in cursive script, appearing to read "Suzanne Crouch".

Suzanne Crouch, State Auditor

A handwritten signature in cursive script, appearing to read "Kelly Mitchell".

Kelly Mitchell, State Treasurer