
STATE OF INDIANA

DISTRESSED UNIT APPEAL BOARD



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Distressed Unit Appeal Board Meeting Memorandum

November 14, 2019

Call to Order: A meeting of the Distressed Unit Appeal Board (“DUAB” or “Board”) was held on November 14, 2019, at 10:00 a.m. Eastern at the Indiana Government Center South Building, Conference Room D, 402 W. Washington Street, Indianapolis, Indiana. Members of the Board attending the meeting in-person include Justin McAdam, Chairman, Wes Bennett, Tracy Brown, Paul Joyce, Rebecca Kubacki, Senator J.D. Ford and Representative Jeff Thompson. Courtney Schaafsma, Executive Director, was also in attendance.

Chairman McAdam called the meeting to order and recognized compliance with the Open Door Law.

Chairman McAdam introduced item four – Consideration of the Refunding of the 2012C Bonds for Gary Community School Corporation (“GCSC”). Ms. Schaafsma added detail about the refunding opportunity and introduced Jimmy Shanahan with Taft Stettinius & Hollister LLP who is the bond counsel and Jay Ryals with Fifth-Third Bank who is serving as the underwriter, both of whom were attending by phone. Mr. Eric Parish explained that GCSC is looking to go to market before the end of the calendar year, with approval from the Board. Ms. Schaafsma introduces Karl Cender with Cender & Company, LLC who is serving as the financial advisor and was attending by phone. Ms. Schaafsma welcomed any additional comments or background from those on the phone. Mr. Shanahan added that the bonds were privately placed with Northern Trust in 2013. Chairman McAdam asked Mr. Parish to explain the savings will be achieved. Mr. Parish answered that the net present value is just over \$600,000 and the gross is almost \$800,000. Mr. Bennett asked Mr. Parish to speak to terms of the refunding. Mr. Parish directed the question to Mr. Shanahan. Mr. Shanahan explained that they will not be extending the maturity, simply lowering the payments to reflect the lower interest. Mr. Bennett clarified the timeline of closing. Mr. Parish confirmed that the timeline is anticipated to be through the end of the calendar year. Mr. Shanahan added that they plan to make the most economically favorable move when it comes to timing. Mr. Ryals added that it is best to stick with early December, or if necessary, wait until January. Mr. Bennett asked if they will be privately sold. Mr. Shanahan answered that it will be a traditional bond sale. Mr. Joyce asked about the disparity between the net present value and the previous issue. Mr. Ryals explained that these bonds are taxable and the others were tax exempt. Mr. Parish explained that by gaining the Board’s approval, they will have the most flexibility and be able to make a deal when the conditions are best.

Mr. Bennett made a motion to approve the resolution to refund the 2012C bonds for GCSC. Mr. Joyce seconded the motion. The motion passed 5-0.

Dr. Peter Morikis gave the GCSC Emergency Manager Update. Dr. Morikis overviewed a variety of community engagement events and shared enrollment updates. Ms. Chelsea Whittington gave an update on GCSC’s website renovations and social media engagement with the community. Ms. Whittington recognized Sen. Ford for visiting GCSC. Sen. Ford thanked GCSC for hosting his visit. Chairman McAdam encouraged Board members to visit GCSC and take advantage of the opportunity to see the schools firsthand.

Dr. Morikis presented the consideration of Gary Community School Corporation's Collective Bargaining Agreement. He explained that the agreement includes a one-time 1.25% stipend and the opportunity to qualify for an attendance-based stipend. Dr. Morikis added that the goal of this opportunity is to improve teacher attendance and instructional time. Dr. Morikis highlighted the stipulation that teachers must work at GCSC for ten years to be vested. Ms. Kubacki asked what credible service means. Dr. Morikis clarified that credible service is service at GCSC. Mr. Joyce asked whether or not having a percentage instead of a dollar amount for the healthcare cost would make costs go up. Dr. Morikis answered that it will be a cost savings and the report will be ready next month. Sen. Ford asked if teachers were able to provide input. Dr. Morikis confirmed this. Chairman McAdam clarified that this is the final agreement and Dr. Morikis agreed. Mr. Joyce asked clarifying questions about funeral leave and Dr. Morikis answered. Sen. Ford asked about teacher compensation. Dr. Morikis answered that base salary remains the same and each teacher will receive an approximately \$600 stipend. Ms. Schaafsma credited the team for approaching this from a positive place and maintaining positive negotiations.

Ms. Kubacki made a motion to approve the resolution to adopt GCSC's collective bargaining agreement. Ms. Brown seconded the motion. The motion passed 5-0.

Chairman McAdam asked if there was any new business and seeing none adjourned the meeting.