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# STATE OF INDIANA

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DISTRESSED UNIT APPEAL BOARD



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## Distressed Unit Appeal Board Meeting Memorandum

July 9, 2020

**Call to Order:** A meeting of the Distressed Unit Appeals Board (“DUAB” or “Board”) was held July 9, 2020, at 10:00 a.m. EDT via WebEx. Members of the Board attending the meeting include Justin McAdam, Chairman, Wes Bennett, Tracy Brown, Paul Joyce, Representative Vernon Smith, and Rep. 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 agenda item three – Contract Approval by DUAB Executive Director – American Eagle Security, LLC. Ms. Schaafsma provided background information on the \$121,030.50 contract for security equipment. Mr. Bennett asked if the buildings with smaller expenditures already have some upgrades and Ms. Schaafsma confirmed. Mr. Bennett asked if this get Gary Community School Corporation’s (“GCSC”) security equipment up to where it needs to be and Dr. McNulty confirmed that it does.

Chairman McAdam asked Dr. McNulty to provide the GCSC Manager Update. Dr. McNulty shared that they have been meeting with the local health department and will be announcing their reentry plan. She added that they will be doing a Facebook Live to answer community questions after the announcements. Dr. McNulty overviewed improvements being made to West Side and the Career Center. She also discussed the process of adopting new curriculum as well as the hiring process for a new CFO and CAO. Chairman McAdam asked about the community’s feedback on the school reopening plan. Dr. McNulty said that they feel it will be well received and that parents are anxious to get their students back in school. Chairman McAdam added context as to why the Board does not have to approve the CFO and CAO contracts. Rep. Smith asked why those positions were shifted to be covered by the local budget. Ms. Schaafsma answered that statute required DUAB to pay for the positions through June 30, 2019. Rep. Smith asked Dr. McNulty to clarify how they are planning curriculum and adopting textbooks. Dr. McNulty explained their selection process. Rep. Smith asked what role Cender and Company have played and Dr. McNulty answered that they have been used as a financial manager in the interim and will not be needed after the hiring of a CFO. Rep. Smith asked where they are based and Ms. Schaafsma confirmed that they are local. Rep. Smith offered feedback on the yard signs font size and distribution.

Chairman McAdam introduced agenda item five – Consideration of Operating Referendum Authorization for Gary Community School Corporation. Mr. Eric Parish offered background information of GCSC’s finances and stated that a referendum is the most direct path to achieving a balanced budget and ultimately the end of distressed status. Mr. Parish explained why November 2020 is the most opportune time to pass the referendum as well as how the funds would be distributed. Chairman McAdam asked why now is the right time to do this and Mr. Parish explained the importance of the high voter turnout tied to a presidential election year as well as how this year fits in GCSC’s financial schedule. Chairman McAdam clarified that for any chance of success the next opportune time would be in four years and Mr. Parish agreed. Chairman McAdam asked what would have to be done to balance the budget in two to three years without the referendum. Mr. Parish explained that the only options are to

increase revenue and decrease costs. He added that they have already cut many costs and that there are few methods to increase revenue. Chairman McAdam clarified that those actions could be detrimental to student growth and academic services. Mr. Parish confirmed. Mr. Joyce asked how the payment from US Steel impacts GCSC going forward. Mr. Parish explained that the payment was a replacement of 20 years of property taxes from the investment. He added that the lump sum payment will long-term hurt the deficit as they will not be receiving as much money as they would have. He explained that the money is currently set aside in a reserve fund. Mr. Joyce asked how communicating with the community can be improved in the current climate. Mr. Parish answered that they will meet with people in the virtual methods currently available. Rep. Thompson stated that from the state perspective they want the very best for GCSC and are not wanting to permanently run the school. Rep. Smith asked if DUAB will be required to approve the use of the funds received from US Steel and Chairman McAdam answered that they will be handled in the same way all other funds are. Mr. Parish confirmed. Rep. Smith reiterated that the lack of restrictions allows these funds to be used as a “slush fund”. Mr. Parish clarified that the US Steel funds are being used as an emergency fund. Chairman McAdam added that the funds are subject to the same oversight by the state as other property tax dollars. Rep. Smith made a request for transparency and Mr. Parish agreed. Rep. Smith asked if there was a plan for the referendum and Mr. Parish said there was an outline. Rep. Smith asked if the Board would have access to the plan and Mr. Parish said it would be made available. Rep. Smith asked about how many students from Roosevelt were retained by GCSC and Dr. McNulty said she had the numbers and would get them to him. Rep. Smith warned the Board against holding a disorganized campaign and recommended holding a hearing before they made a decision. Chairman McAdam spoke to the tightness of the timeline to meet deadlines to be on the ballot and supported the idea of a listening session. Rep. Smith stressed the need to listen to the community. Ms. Schaafsma clarified that the Board would be deciding whether or not GCSC can move forward with the referendum if they so choose. Mr. Parish warned about the tight deadlines and added that he would hate to miss out on the referendum due to a technicality. He added that the referendum will require community engagement. Mr. Bennett agreed that the referendum is the most direct path to giving GCSC back to the community noting the importance of open discussion with the community. Chairman McAdam asked what the overall strategy and community involvement will look like. Mr. Parish said it starts sooner rather than later and is a 24/7 message of why this referendum matters and the good it will do for the community. Rep. Smith spoke to the importance of beating rumors with facts and getting accurate information on the referendum out to the public. Chairman McAdam asked if it is possible to hold a public forum before the referendum is placed on the ballot and Mr. Parish said that there is time. Mr. Bennett encouraged the community to consider the value of spending an average 16 cents a day to invest in GCSC. Chairman McAdam echoed this and added that it is the most direct path to a balanced budget.

Mr. Bennett made a motion to authorize Gary Community School Corporation to adopt a resolution to place a referendum question on the November 2020 ballot. Mr. Joyce seconded the motion and restated the importance of working with the community and educating them on why it matters. Chairman McAdam agreed that this needs to be a community-supported referendum. The motion passed 4-0.

Chairman McAdam introduced agenda item six – Consideration of School Improvement Fund Expenditure Approval Policy. Ms. Schaafsma presented the details of the policy and recommended reassessing in a few months. Mr. Joyce made a motion to approve the policy and recommended to revisit it to make adjustments as necessary. Ms. Brown seconded the motion. The motion passed 4-0.

Chairman McAdam introduced agenda item seven – Consideration of DUAB Public Comment Policy. Ms. Schaafsma presented the details of the policy. Mr. Bennett stated that he believes this policy captures the essence of what the Board is trying to do. Chairman McAdam asked when the policy would go into effect and Ms. Schaafsma said she would anticipate public comment be added to the next agenda. Rep. Smith asked where in the meeting the public comment period would fall. Chairman McAdam answered that he anticipates the comments being taken at the beginning of meetings. Mr. Bennett made a motion to pass the policy as presented. Mr. Joyce seconded the motion. The motion passed 4-0. Rep. Smith thanked the Board on behalf of the community.

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