
STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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Distressed Unit Appeal Board Meeting Memorandum

March 31, 2017

Call to Order: The meeting of the Distressed Unit Appeal Board (DUAB or Board) was held on Friday, March 31, 2017 from 2:04 P.M.-3:21 P.M. EDT. The meeting was held in Conference Room A of the Indiana Government Center South Building, 302 W. Washington St., Indianapolis, Indiana. Board members in attendance were Kent Hatcher, Paul Joyce, Courtney Schaafsma, and Micah Vincent, Chairman. Board member Sen. Ryan Mishler was unable to participate. Staff member in attendance was Mike Duffy, Department of Local Government Finance (DLGF) General Counsel. Representatives of Gary Community School Corporation (GCSC), GCSC Financial Consultant Jack Martin, and other persons were also present.

Discussion: The March 31, 2017 meeting of the DUAB was called to order by Ms. Schaafsma as Chairman Vincent was delayed. Ms. Schaafsma noted the presence of a quorum, as well as compliance with the Open Door Law, and asked the Board members to introduce themselves. She also stated the Board needed to adopt the minutes from the DUAB's March 10, 2017 meeting and entertained a motion to do so.

Motion: Mr. Hatcher moved to approve minutes from the DUAB's March 10, 2017 meeting. Mr. Joyce seconded the motion.

Vote: Ms. Schaafsma voted yes. Mr. Joyce voted yes. Mr. Hatcher voted yes. The motion carried by a vote of 3-0.

Discussion of Meeting Focus: Ms. Schaafsma then discussed the meeting's purpose, which was to review GCSC's compliance with conditions imposed by the State Board of Finance on the Common School Fund loan provided to GCSC on March 16, 2017. She then introduced Mr. Martin.

Presentation: Mr. Martin proceeded with his presentation. He began by addressing a new issue, specifically GCSC's payment agreement with the IRS. The IRS initially cancelled its payment agreement with GCSC on the basis that GCSC had failed to make agreed-to payments, but the IRS acknowledged it erred and has since waived the penalties imposed. Mr. Martin explained that GCSC may need to negotiate a new agreement with the IRS and that it will solicit quotes from firms to help negotiate with the IRS.

Mr. Martin then discussed a cash flow analysis, as well as a handout provided to Board members regarding GCSC's compliance with the loan conditions. Mr. Martin responded to questions posed by Board members.

Chairman Vincent arrived at approximately 2:14 P.M. EDT. He reiterated the purpose of the meeting, and stated that no action by the Board would be taken.

Mr. Martin and Interim GCSC Superintendent Cordia Moore responded to various questions from Board members.

Mr. Martin explained that GCSC will need funding to make second payroll in April 2017, and that GCSC will continue to communicate with local banks about loans.

Adjournment: The proceedings were adjourned at 3:21 P.M. EDT.