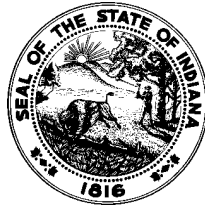

STATE OF INDIANA

DISTRESSED UNIT APPEAL BOARD



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DISTRESSED UNIT APPEAL BOARD EXECUTIVE DIRECTOR'S REPORT OCTOBER 11, 2017

The purpose of this report is to provide an update on the emergency management of Gary Community School Corporation and Muncie Community Schools and actions of the Distressed Unit Appeal Board ("DUAB") executive director since the last DUAB meeting on September 12, 2017. The information below should not be considered complete documentation of all actions taken by the emergency managers, as the statements below highlight only specific actions taken by the emergency managers and meetings held in the timeframe covered by this report.

Gary Community School Corporation

- On September 19, 2017, the State Board of Finance approved the Common School Fund loan recommended by DUAB in the amount of \$3,111,000.
- On September 19, 2017, the emergency management team held two parent forums in Gary. The forums were well-attended and provided an opportunity for parents to speak directly to the emergency management team about their concerns and considerations for the process moving forward.
- On September 26, 2017, the emergency manager provided a monthly report to the Gary Community School Corporation's Board of Trustees.
- On October 4, 2017, Dr. Peggy Hinckley and Dr. Jim Meza from the emergency management team, along with Ms. Cheryl Ramsey, principal of Beveridge Elementary School, and Ms. Angela Johnson, principal of Jacques Marquette Elementary School, presented to the State Board of Education regarding the planned responses to persistently low academic achievement in these schools.
- On October 10, 2017, the emergency management team had a conference call with Mayor Freeman-Wilson regarding the 2018 budget for Gary Community School Corporation.
- On October 10, 2017, the emergency manager provided a monthly report to the Gary Community School Corporation's Board of Trustees. In addition, the emergency management team presented an initial draft of the 2018 budget during the meeting.
- The initial enrollment count data indicates that enrollment is down approximately 535 students from last year.
- The job descriptions for the chief academic officer and the chief financial officer were posted to the Gary Community School Corporation's webpage on September 29, 2017. Applications for these positions are currently being accepted.

- The emergency management team has met with the Internal Revenue Service (“IRS”) regarding outstanding obligations. The emergency management team has contracted with Laszlo & Associates, P.C. to provide assistance in negotiating with the IRS.
 - On September 26, 2017, the DUAB Executive Director approved the contract with Laszlo & Associates, P.C. for an amount not to exceed \$250,000. This approval was done pursuant to DUAB Resolution 2017-1.

Upcoming Action Items

- The Fiscal Management Board will meet on October 12, 2017. Others specifically invited to attend the meeting include members of the Gary Community School Corporation’s Board of Trustees and area legislators. During the meeting, the 2018 budget will be presented to the Fiscal Management Board for review and recommendation. The public hearing on the 2018 Capital Project Fund Plan will also be held.
- The public hearing on the 2018 budget will be held on October 19, 2017.
- It is anticipated that the emergency management team will submit a loan request for expenses in November later this month.

Muncie Community Schools

- On September 12, 2017, the emergency manager provided a report to the Muncie Community Schools’ Board of Trustees. In addition, the public hearing on the 2018 budget was held at this meeting.
- On September 20, 2017, the emergency management team met with representatives from local financial institutions.
- On September 21, 2017, Muncie Community Schools and the emergency management team provided a presentation to the State Budget Committee in Muncie.
- On September 26, 2017, the emergency manager provided a report to the Muncie Community Schools’ Board of Trustees.
- On October 3, 2017, the emergency management team met with the Muncie Teachers’ Association in the first contract negotiation meeting.
- On October 5, 2017, the emergency management team held two town hall meetings, one for teachers and employees of Muncie Community Schools and one for the community.
- The emergency management team has had a number of meetings with financial advisors from Umbaugh and Mr. Thomas Peterson, bond counsel, regarding the possibility of restructuring the existing bond issues pursuant to IC 5-1-5-2.5.
- The initial enrollment count data indicates that enrollment is down approximately 434 students from last year.

Upcoming Action Items

- On October 17, 2017, the Muncie Community Schools’ Board of Trustees will hold a public hearing on the restructuring of the bonds.
- On October 24, 2017, the Muncie Community Schools’ Board of Trustees will hold the budget adoption for the 2018 budget.

Distressed Unit Appeal Board

- I have relocated to One North Capitol and have received an updated email address and office phone. My new contact information is as follows:

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One North Capitol Avenue, Suite 900
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cschaafsma@duab.in.gov
Office: 317-234-2273
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- I attended a meeting at the Pew Research Center in Washington, D.C. with a number of my counterparts from other states to discuss fiscal monitoring of local governments. Other states in attendance included Virginia, Illinois, Massachusetts, Michigan, New York, Tennessee, Rhode Island, Louisiana, Ohio and Pennsylvania. We also had a conference call with representatives from the European City Economic and Financial Governance Group. It was interesting to hear how these other states and entities have approached similar situations and challenges. I look forward to continuing to participate in this group.