
STATE OF INDIANA

DISTRESSED UNIT APPEAL BOARD



ONE NORTH CAPITOL AVENUE, SUITE 900
INDIANAPOLIS, IN 46204
PHONE (317) 234-2273

Distressed Unit Appeal Board Meeting Memorandum

July 31, 2017

Call to Order: A meeting of the Distressed Unit Appeals Board (“DUAB” or “Board”) was held on July 31, 2017, at 2:00 p.m. EDT at Room 404, Indiana State Capitol Building, 200 West Washington Street, Indianapolis, Indiana. Members of the Board attending the meeting include Micah Vincent, Chairman, Kent Hatcher, Paul Joyce, Courtney Schaafsma, Representative Milo Smith and Senator Eddie Melton.

Chairman Vincent called the meeting to order and had the DUAB members introduce themselves. He then acknowledged that the meeting was being held in compliance with the Open Door Law. Chairman Vincent indicated that DUAB would not consider the approval of minutes, as documented on the agenda, as the minutes were not yet available.

Chairman Vincent explained that the main goal for the meeting was the selection of the emergency manager for Gary Community School Corporation (“School Corporation”). Ms. Schaafsma summarized the process that had been taken to date in the selection process, including a Request for Information, interviews and public presentations. Chairman Vincent summarized the previous meetings discussion on criteria for the emergency manager, focusing on the connection between academics and finance, community engagement and team resources.

Representative Smith indicated that he would like to see the selected emergency manager “on the ground” as quickly as possible and emphasized the role academics would play in helping the School Corporation out of its financial situation. Mr. Joyce expressed that he considered the ability of the emergency manager to bring value, vision and innovation to the School Corporation and that the emergency manager and DUAB to continue to engage the community. Senator Melton expressed that the students of the School Corporation deserved the best opportunity possible and that DUAB should do everything it can to ensure this process is successful. He also thanked the public for their participation in the process and encouraged teachers, parents, the Gary community and the State of Indiana to not give up on the School Corporation.

Chairman Vincent started the discussion of the candidates by focusing on financial experience and Indiana school finance experience. Ms. Schaafsma expressed that financial experience could include a variety of things. She indicated that she felt Bronner Group, Comer Capital Group, Crowe Horwath, and MGT Consulting all had aspects of the financial experience that would be necessary to this project. Mr. Joyce indicated that MGT Consulting, Comer Capital Group and Crowe Horwath all had the level of financial experience necessary for the School Corporation. Senator Melton indicated that he felt financial success was as important as financial experience, particularly success in an emergency management situation. He then expressed that he felt that it would have been preferable to have a rubric

for considering the candidates and passed out an example. Chairman Vincent acknowledged the idea of the rubric and indicated that he felt Indiana school finance experience was unique.

Chairman Vincent then turned the discussion toward academic vision. Mr. Hatcher expressed that he considered the candidates largely through an academic lens and that immediate action was necessary. He indicated that he believed that there's a need for a fresh academic approach at the School Corporation which then also ties into the financial situation. Mr. Hatcher indicated that he felt Comer Capital Group; Crowe Horwath; Bronner Group; Martin, Arrington, Desai & Meyers; Gatekeeper Accounting Services; and Robert Bobb Group all brought unique experience or perspectives to the project. He then said that he felt MGT Consulting Group stood out among the candidates for their academic experience and vision. Senator Melton acknowledged the progress the School Corporation had made on academic performance. He then highlighted Crowe Horwath, Comer Capital Group, Robert Bobb Group, and MGT Consulting Group for their academic experience. Ms. Schaafsma discussed the need for the emergency manager to provide the academic vision for the School Corporation and mentioned that Robert Bobb Group and MGT Consulting Group both proposed superintendents as the emergency manager. She also highlighted that the Bronner Group, Comer Capital Group and Crowe Horwath also had superintendents as members of their teams. Senator Melton indicated that he felt that it would have been good to have had the Department of Education more involved in the selection process if the emergency manager was expected to provide the academic vision for the School Corporation. Chairman Vincent discussed the role of academics in increasing revenue for the School Corporation and indicated that he felt MGT Consulting Group had the strongest academic vision. He highlighted the day-one plan that MGT Consulting Group had provided as a strong point for the group. Ms. Schaafsma discussed the unique nature of the concept of building capacity at the school building level as presented by MGT Consulting Group during the interview process.

Chairman Vincent moved the discussion to community engagement and interaction with key stakeholders. Senator Melton indicated that he liked the approach proposed by Comer Capital Group the most. He also emphasized that which candidate was selected needed to be prepared to do community outreach, and specifically identified parents and students as key stakeholders. Mr. Joyce indicated that Crowe Horwath, MGT Consulting Group and Comer Capital Group stood out in terms of community engagement. Chairman Vincent said that he felt all of the candidates had strengths in community engagement and he recognized that Comer Capital Group had already been working to build community relationships. He also highlighted the role of professional development for teachers in community outreach. Representative Smith spoke to the need to interact with the media. Ms. Schaafsma highlighted Mr. Comer's and Ms. Miller's (Gatekeeper Accounting Services) connections to the City of Gary. Senator Melton acknowledged the involvement of the community during the selection process and the email responses provided in favor of Comer Capital Group. He also stated that Ms. Miller shows a passion and desire to help the School Corporation. Chairman Vincent also mentioned the importance of the emergency manager interacting with various State agencies.

Chairman Vincent opened the discussion to a more general discussion on long-term outlook, team resources and emergency manager experience. Ms. Schaafsma said that the team proposed by MGT Consulting Group provided experience not just at the emergency manager level but deeper into the team. Ms. Schaafsma highlighted MGT Consulting, Comer Capital Group, Bronner Group and Crowe Horwath all provided plans for the long-term success of the School Corporation. Mr. Joyce also discussed the importance of the experience and vision the members of the team would bring to the

School Corporation. Senator Melton indicated that the emergency management process was a temporary process with a goal of returning the School Corporation to local control.

Chairman Vincent turned the discussion to the goal of selecting the emergency manager. He also acknowledged that there had been some discussions of a joint proposal between MGT Consulting Group and Comer Capital Group but that the joint proposal was not where it would need to be for the purposes of the decision at the meeting. He indicated that he would hope that there continue to be conversations between the two companies to see if there is an opportunity for partnership.

Senator Melton recommended Comer Capital Group be selected as the emergency manager due to their emergency management experience and success, their academic skill set, their financial experience, commitment to the School Corporation as demonstrated by past actions, and the community response in favor of the company.

Mr. Hatcher indicated that he was impressed with many of the candidates and that he felt MGT Consulting Group and Dr. Hinckley brought the best proposal to the table in terms of making the quickest and biggest impact and creating a sustainable model for moving forward.

Mr. Joyce stated that he had made arrangements to step away from the School Corporation as it relates to his audit responsibilities under Indiana Code. He stated that he had appointed one of his deputies to address all aspects of his responsibilities in regards to the School Corporation for the duration that the School Corporation is under emergency management and DUAB control. Mr. Joyce acknowledged the positive community response for Gatekeeper Accounting Services but expressed concerns with the lack of a team. Mr. Joyce then highlighted the success of Dr. Peggy Hinckley as an Indiana superintendent and that her involvement with MGT Consulting Group brought clarity to his decision that MGT Consulting Group would be best able to be “on the ground” every day.

Representative Smith indicated that he felt time was of the essence and that, while he was very interested in the proposal between MGT Consulting Group and Comer Capital Group, he was concerned with the amount of time that would be necessary to negotiate that agreement.

Ms. Schaafsma expressed that many of the candidates were creative in their approach to this situation but that she felt most comfortable with the vision presented by MGT Consulting Group.

Representative Smith indicated he also was in support of MGT Consulting Group.

Chairman Vincent entertained a motion. Mr. Hatcher made a motion that MGT Consulting Group be named as the emergency manager for Gary Schools. Mr. Joyce seconded the motion.

In discussion on the motion, Senator Melton expressed concerns with MGT Consulting Group and charter school affiliations and indicated that it would be encouraging to the community to know that there is no intention of dismantling the School Corporation. He also acknowledged the proposal presented by MGT Consulting Group and Comer Capital Group and indicated that he did not think it should be off the table. Chairman Vincent expressed that DUAB wants to get to a strongly functioning public school corporation and that he believes it is going to be important that the School Corporation competes with the charter schools in Gary. He also expressed that he felt it was important to select an

emergency manager at this time but that he hoped the discussions between MGT Consulting Group and Comer Capital Group would continue.

The Board voted 4-0 to approve the motion to appoint MGT Consulting Group with Dr. Peggy Hinckley as the emergency manager for the School Corporation.

Representative Smith acknowledged the many good candidates that had proposed on this project and Chairman Vincent agreed.

Ms. Schaafsma made a motion to authorize the Chairman to enter into contract negotiations with MGT Consulting Group. Mr. Joyce seconded.

Senator Melton asked what the next steps would be in pursuing the agreement between MGT Consulting Group and Comer Capital Group. Chairman Vincent indicated that he felt it was important the MGT Consulting Group begin to move forward quickly as the appointed emergency manager and that the ongoing conversations between MGT Consulting Group and Comer Capital Group continue to be discussed.

The Board voted 4-0 to approve the motion to authorize the Chairman to enter into contract negotiations with MGT Consulting Group.

Representative Smith questioned what would happen after the contract negotiations. Ms. Schaafsma made a modified motion that DUAB authorize the Chairman to enter into contract negotiations and execute the contract with MGT Consulting Group, bringing the contract back to DUAB for ratification after it is finalized. Mr. Joyce seconded.

The Board voted 4-0 to approve the motion to authorize the Chairman to enter into contract negotiations and execute the contract with MGT Consulting Group, bringing the contract back to DUAB for ratification after it is finalized.

New business: No new business was discussed at the meeting.

Closing Remarks: Senator Melton expressed that he is in favor of moving the School Corporation forward and that the children are most important. He also asked that there would be communication with the School Corporation, parents and students on the next steps as the start of the school year was nearing. Representative Smith indicated that MGT Consulting Group's proposal included a communication strategy for communicating with the School Corporation, parents and students on the start of the school year.

Adjournment: Chairman Vincent adjourned the meeting at 3:40 p.m.