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# STATE OF INDIANA

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## **Distressed Unit Appeals Board Meeting Minutes April 13, 2011**

**Call to Order:** The meeting of the Distressed Unit Appeals Board (DUAB) was held on Wednesday, April 13, 2011, from 10:05 AM – 11:09 AM. The meeting was held at One North Capital, 9th Floor Conference Room; Indianapolis, IN 46204. Board members in attendance were Kyle Babcock, Brian Bailey, Phil Bane, Dan Clark, Mark GiaQuinta, Bruce Hartman, Adam Horst, Chris Ruhl, and Paul Wyman. Also in attendance was Cristopher Johnston, Executive Director of Government Efficiency and Financial Planning for Indiana Office of Management and Budget (OMB), Ann Kaiser, Assistant General Counsel for OMB, Micah Vincent, General Counsel of the Department of Local Government Finance (DLGF), and Tafrica Harewood, Assessor/Auditor for the DLGF.

**Discussion:** The April 13, 2011 meeting of the DUAB was called to order at 10:05 AM by Mr. Ruhl. Mr. Ruhl noted compliance with the Indiana Open Door Law, having posted notice in advance of the hearing.

**Minutes:** Mr. Ruhl submitted the minutes for the January 7, 2011 meeting of the DUAB for approval.

**Motion:** Mr. Babcock moved to approve the minutes as submitted. Mr. Wyman seconded the motion, and the motion carried by a vote of 9-0.

**Further Discussion:** Mr. Ruhl asked for the presentation of the staff report by Cristopher Johnston.

**Gary Public Transportation Corporation (GPTC), Gary Sanitary District (GSD), Gary Storm Water Management District (GSWMD), City of Gary  
*Lake County***

**Present for hearing:** Cristopher Johnston, Executive Director of Government Efficiency and Financial Planning for OMB.

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**Discussion:** Mr. Johnston reviewed his presentation agenda, and noted that the actions of this meeting would be the last official action of the DUAB as currently constituted. Mr. Johnston provided an overview of historical data and the 2011 requests for the petitioning units: GPTC, GSD, GSWMD, and the City of Gary, all of which petitioned DUAB on December 8, 2010.

Mr. Johnston and the DUAB members discussed the County Auditor's untimely processing of pass-through assessed value, released by the Gary Redevelopment Commission. Mr. Johnston recommended that the resulting excess in distribution be placed in an escrow account. Commissioner Bailey said his staff at the DLGF would review the situation and make sure the Auditor adds back in assessed value that has been released by the Redevelopment Commission.

Mr. Johnston addressed the impact of exempt debt levies on all units. The members of the DUAB agreed that it is important for units to work to coordinate debt in order to minimize the impact of each unit's debt levy on the levy available for all units.

Mr. Johnston and the DUAB members expressed concern about the revenue to be realized from GPTC fare increases and the apparent conflicts in information shared by the unit. Mr. GiaQuinta speculated that GPTC fares were not increasing at the same rate or faster than increasing costs, resulting in overall losses and/or lower than expected returns from increased fares.

Mr. Johnston recommended that each unit work with the DLGF before the next budget season to address potential complications in advance of advertising, possibly even as early as May. Mr. GiaQuinta emphasized that petitioning and non-petitioning units should meet with the DLGF.

**Final recommendations:** Mr. Johnston presented the net levy targets, which translate into DUAB relief of approximately 25%: City of Gary, \$40,849,158; GSD, \$3,799,439; GSWMD, \$538,405; and GPTC, \$2,587,573. The total for all petitioning units was \$47,774,575, which was \$106,469 less than PFM recommendations and \$3,596,150 less than the petition levy amounts. The report provided the proposed distribution and estimated effective 2011 cap rates by property class as follows: homestead property, 1.25%; other residential property, 2.47%; and non-residential and personal property, 3.68%.

Mr. Johnston and the OMB staff were commended for their work, as was DLGF staff and the DUAB members.

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Mr. Ruhl presented the resolution for adoption by the Board authorizing the recommendations for relief as presented in the staff report. He noted that the DUAB as currently constituted would not be able to hold the units to the conditions outlined in the resolution. He proposed a change removing the conditions from the resolution.

Mr. Babcock moved to adopt the resolution with the change. Mr. GiaQuinta seconded the motion and sought an opportunity to comment. Mr. Ruhl granted that opportunity.

**Further Discussion:** Mr. GiaQuinta addressed the absence of empirical data to determine what a city needs to operate as well as the absence of leadership from political leaders in Gary. Mr. Ruhl noted the unique nature of what the people of the region can afford, and that at the State level service is equal or better where resources and spending have been reduced. Mr. Johnston added that the OMB staff researched South Bend to compare spending levels.

Mr. Wyman spoke to the implementation of a plan to get the petitioning units to the caps by 2012, reducing spending and levies progressively so that the City would not implode. He said that great progress was made and cooperation from the officials was helpful.

Mr. Ruhl asked for discussion and a vote on the motion. The motion passed 9-0.

Mr. Babcock wished Gary City Mayor Rudy Clay well. Mayor Clay thanked OMB staff and DUAB members, and recognized Celita Greene, Gary City Controller. Mr. Robert Leonard, resident of Gary, expressed his concerns to the members of DUAB. Senator Earline Rogers thanked the members of the DUAB and the State Legislature for the creation of DUAB.

Mr. Ruhl adjourned the meeting at 11:09AM.