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# STATE OF INDIANA

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DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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## Distressed Unit Appeal Board Meeting Memorandum July 13, 2015

**Call to Order:** The meeting of the Distressed Unit Appeal Board (DUAB) was held on Monday, July 13, 2015 from 7:00 P.M.-7:45 P.M. CST. The meeting was held at the Gary Career Center, 1800 E. 35th Ave., Gary, Indiana. Board members in attendance were Lisa Acobert, Representative Milo Smith, Paul Joyce, Courtney Schaafsma, and Micah Vincent, Chairman. Staffmember in attendance was Mike Duffy, Department of Local Government Finance (DLGF) General Counsel. State and locally-elected officials, Gary Community School Corporation (GCSC) officials, and members of the public and media were also in attendance.

**Discussion:** The July 13, 2015 meeting of the DUAB was called to order by Board Chairman Micah Vincent. Mr. Vincent welcomed the Board and assembled company and noted the presence of a quorum and compliance with the Open Door Law. Mr. Vincent explained that the Board needed to adopt the minutes from the DUAB's April 16, 2014 meeting and entertained a motion to do so.

**Motion:** Paul Joyce moved to approve minutes from the DUAB's April 16, 2014 meeting. Courtney Schaafsma seconded the motion.

**Vote:** Mr. Vincent voted yes. Ms. Schaafsma voted yes. Rep. Smith voted yes. Mr. Joyce voted yes. Ms. Acobert voted yes. The motion carried by a vote of 5-0.

**Discussion of Meeting Focus:** Mr. Vincent discussed IC 6-1.1-20.3-6.9, which creates a mechanism whereby GCSC can select one of three financial advisors recommended by the DUAB to provide management of GCSC's finances. Mr. Vincent made general remarks about the legislation implementing this statute and efforts by state and local officials to address GCSC's financial circumstances. Mr. Vincent then opened the floor to several state and local officials wishing to speak.

**Discussion:** GCSC Superintendent Cheryl Pruitt discussed a Powerpoint presentation documenting information including GCSC budgets, levies, student enrollment, tuition revenue, tax rate collection rates, and fund balances. Superintendent Pruitt offered a brief history concerning GCSC's fiscal data. Superintendent Pruitt emphasized that student enrollment and corresponding tuition revenue have declined significantly in recent years and that property tax collections are down to about 41%.

Mr. Vincent then discussed a Powerpoint presentation prepared by the DLGF, which included information concerning GCSC budgets, levies, property tax rates, assessed valuation, and fund balances. Mr. Vincent noted that GCSC's assessed valuation has been fairly stable and that GCSC's declining property tax collections and high deficits triggered the legislation implementing IC 6-1.1-20.3-6.9.

Senator Earline Rogers then discussed the history of the legislation implementing IC 6-1.1-20.3-6.9, thanked the state and local partners who have collaborated to assist GCSC, and emphasized that this measure is not a take-over of GCSC.

GCSC School Board President Antuwan Clemons also asserted that this measure is not a take-over of GCSC and acknowledged the collaborative efforts of state and local officials.

Indiana State Board of Education Board Member Eddie Melton made general remarks and expressed thanks and his willingness to help GCSC.

Mr. Vincent then continued to discuss IC 6-1.1-20.3-6.9 and addressed the three financial advisors the Board had selected: Robert Bobb of the Robert Bobb Group; Gilbert Hopkins of McConnell, Jones, Lanier and Murphy LLP; and Jack Martin of Martin, Arrington, Desai and Meyers. Mr. Vincent then welcomed discussion from the other Board members.

Rep. Smith stated that he felt experience was important, not just who had the biggest resume.

Ms. Acobert stated that whichever direction GCSC decides to take, the State Board of Education is ready to help.

Mr. Joyce explained that when Ms. Pruitt became superintendent, she contacted the State Board of Accounts for guidance. Mr. Joyce stated that he felt all three recommendations were good choices and that he wants a long-term fix.

Ms. Schaafsma stated that she felt it important that any advisor recommended to GCSC be able not only to develop a work plan, but also implement it. Ms. Schaafsma asserted that the DLGF is happy to assist.

Mr. Vincent then entertained a motion to formally recommend the three financial advisors the Board had selected.

**Motion:** Mr. Joyce moved to formally recommend the three financial advisors to GCSC. Rep. Smith seconded the motion.

**Vote:** Mr. Vincent voted yes. Ms. Schaafsma voted yes. Rep. Smith voted yes. Mr. Joyce voted yes. Ms. Acobert voted yes. The motion carried by a vote of 5-0.

**Discussion:** Mr. Vincent made general remarks and thanks and expressed an interest in exploring how to have a larger community outreach and partnership. Mr. Vincent then adjourned the proceedings.

**Adjournment:** The proceedings were adjourned at 7:45 P.M. CST.