

---

# STATE OF INDIANA

---

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



INDIANA GOVERNMENT CENTER NORTH  
100 NORTH SENATE AVENUE N1058(B)  
INDIANAPOLIS, IN 46204  
PHONE (317) 232-3777  
FAX (317) 232-8779

## Distressed Unit Appeals Board Meeting Minutes April 26, 2010

**Call to Order:** The meeting of the Distressed Unit Appeals Board (DUAB) was held on Monday, April 26, 2010 from 4:00 PM – 5:30 PM. The meeting was held at One North Capital, 9th Floor Conference Room; Indianapolis, IN 46204. Board members in attendance were Kyle Babcock, Brian Bailey, Dan Clark, Bruce Hartman, Ryan Kitchell, Chris Ruhl, and Paul Wyman. Board members Mark GiaQuinta and Phil Bane were absent.

**Discussion:** April 26, 2010 meeting of the DUAB was called to order at 4:00 PM by Mr. Kitchell. Mr. Kitchell noted compliance with the Indiana Open Door Law, having posted notice in advance of the hearing.

**Minutes:** Mr. Kitchell submitted the minutes for the January 6, 2010 meeting of the DUAB for approval and asked for comments.

**Motion:** Mr. Bailey moved to approve the minutes as submitted. Mr. Babcock seconded the motion, and the motion carried by a vote of 6-0. Mr. Ruhl joined the meeting following the vote.

**Further Discussion:** Mr. Kitchell then introduced the next item: a review of the findings from Cristopher Johnston and the Indiana Office of Management and Budget (OMB) staff as it pertains to the information submitted and reviewed by the City of Gary and petitioning units.

### **City of Gary, Gary Sanitary District, and Gary Storm Water Management District** *Lake County*

**Present for hearing:** Mr. Cristopher Johnston, Executive Director of Government Efficiency and Financial Planning for OMB; Rudy Clay, Mayor of the City of Gary; Celita Greene, City Controller; Mr. Ronier Scott, City Council President; Ms. Mary Brown, City Council Finance Chair; Rinzer Williams, III, Director of Gary Sanitary District (GSD) and Gary Storm Water Management District (GSWMD); Vern Webbs, Deputy Director of GSD and GSWMD.

**Discussion:** Mr. Johnston summarized the events leading to the day's hearing, including January's hearing with the petitioning units and fiscal monitor, Public Financial Management (PFM). Mr. Johnston reviewed the summary provided to the Board pertaining to the petitioning units: City of Gary, GSWMD, GSD, and Gary-Chicago International Airport – as well as the recommendations of PFM, the fiscal monitor hired to help the petitioning units move out of "distressed" status by 2012. Mr. Johnston also reported to the Board that the airport had not adopted a resolution to return to DUAB.

Mr. Kitchell asked if there were questions for Mr. Johnston. With none, Mr. Kitchell noted that there would be no additional testimony for the day's proceedings. He then called the Gary City Mayor and Celita Greene forward to take questions from the Board, regarding the civil city first.

Board members Wyman and Babcock in particular, discussed the implementation of PFM's recommendations and the specifics of the City's efforts which were not in line with the fiscal monitor's recommendations, particularly decisions concerning the City courts, and the responsibilities of a Chief Operating Officer. Mr. Scott, City Council President and Ms. Brown, City Council Finance Chair spoke to the Council's decision to have the Chief of Staff serve as the Chief Operating Officer instead of hiring an additional staff member.

Mr. Kitchell asked Mrs. Greene to address the gap between the City's current plan and the recommendations made by PFM as well the 92% collections expectations and repercussions if this was not achieved. They also discussed the \$8 million in refunds as pointed out by Mr. Ruhl and the need to begin thinking more about what they will do about the impact of this on their financial situation.

Mr. Williams, Ms. Webbs, and Mr. Cender reviewed the position of the GSD and GSWMD, especially as it pertains to the decision to self-operate and the related cost savings of \$4 million.

At the request of Mr. Kitchell, Mr. Johnston, reviewed the guidelines for any future petitions. He also walked through the proposal for this year, providing the staff recommendations to accept the civil city's proposal at \$47,847,656, stating that the GSD and GSWMD levies would go to PFM levels and the circuit breaker rates to 1.5% for homestead, 2.65% for other residential, and 3.79% for business property. Mr. Johnston also noted that the units would be required to show monthly cash flows, report their progress toward meeting these targets and provide a brief summary of implementation activities and outcomes, stating the PFM or other cost savings that they are implementing, within 10 days after every month.

Mr. Bailey and Mr. Johnston reviewed the remaining steps for the County to achieve settlement in late December with the other taxing units. Mr. Kitchell called for additional questions or a motion.

**Motion:** Mr. Wyman moved to approve OMB recommendations to authorize the reduction in circuit breaker credits to achieve an aggregate net property tax levy by unit as follows: \$47,847,656 for the City of Gary, \$6,129,480 for GSD, and \$641,668 for GSWMD along with the other proposals and controls put in place. Mr. Babcock seconded the motion.

**Further Discussion:** Mr. Wyman stated that the situation in Gary happened over a twenty- to thirty-year period and they all knew it would not be something they would get out of overnight. He complimented Mayor Clay and his staff for their efforts and teamwork.

Mr. Kitchell pointed out that if the community is going to make this succeed, the leaders have to get all of the units working together. Mayor said he agreed and he committed to bringing them together. Mr. Kitchell pointed out that the Council has a key part to play in this as well.

Motion to approve recommendations carried by a vote of 7-0.

**General Discussion:** Mr. Kitchell said that the 2010 petitions are concluded and there is a December deadline for 2011 and there are some things set out regarding the Board's expectations.

Mr. Kitchell adjourned the meeting at 5:30 PM.