The Board met in due form with the following members present: Gerry Scheub, Rudolph Clay and Frances DuPey. The Council Members present: Elsie Franklin, Will Smith Jr., Ron Tabaczynski, Thomas O'Donnell, Donald Potrebic and Larry Blanchard. They passed the following orders, to wit:

There was a moment of silent prayer; the Pledge was given and the Emergency Exit Announcement made.

Order#1

In the Matter of 2% Cap Relief Program & Pay Back Options.

Councilman Will Smith said o set the perimeters for today's meeting, basically this is an informational setting that the L.C. Council and County Commissioners wanted to afford all of the taxing unit head and Calumet Township specifically and other units of government throughout Lake County. But specifically issues related to 2% Circuit Breaker by Governor Kernan, and the recent settlements with USX. Questions regarding those issues is why we felt is was necessary to bring you all in the same room as possible for any questions that you might have and hopefully a resolve. So one you hear from our County Officials regarding the options and the pay back options of the 2% and the settlement issue as well as the time frame of our tax mail out bills and our mail out schedules and why its important that we quickly resolve these issues pro or con. It's important that everyone in Lake County is afforded the same kind of relief not just an exclusion of people. However right now we have a conference call with the Governor's Office representatives on hold. All of the unit heads and the press are asked to come back to this room with your questions that you might have to the Governor's representative and then we'll come back out into the public open forum and further discuss these issues.

The Conference Call was held in the L.C. Council Conference Room with Melissa Henson, Director of Department of Local Government Finance. Present also was the Mayor of Gary and the press. On the line with Melissa Henson was Brian Popp, John Dull, and Mr. Shelburn, the Attorney for the DLGF.

Mayor King said he spoke with Melissa a week ago, and he didn't have any questions at the present time.

Mary Elgin, Calumet Township Trustee identified her Board Member, Roosevelt Allen, Nancy Valentine, Curtis Whittaker, their CPA for Calumet Township.

Mary Elgin said that certain elected leaders have consistently held that the tax dollars and the tax settlement should go directly to the taxpayer. Mary Elgin asked how might this be done, and could a tax credit be given to the taxpayers in question, and that means that can those dollars now still be directed to the taxpayer, as it has been stated on a number of occasions, that they go directly to the taxpayer since it seems to be so much discussion about where those dollars now separate and go...

Melissa Henson interrupted Mary Elgin and said that she thought the purpose of this discussion was that there were some questions related to the Circuit Breaker that had been approved by the County Council.

Mary Elgin said, it is. Then said that her second question was on the schedule for the agreement that was signed by the County and the State. Mary Elgin said the schedule for agreement clearly states that the County will cause the City of Gary to pay $9,097,118.00, plus interest as provided in the Memorandum of Understanding. Mary Elgin said since the $9 million, originally includes the shares of all local government entities in Gary, and the Cities that agreed to it, why is the City now being allowed to renege on the agreement, despite the fact that the City of Hammond, East Chicago, and Gary, and other parties have agreed and have said they will adhere to the agreement. It appears that now we are being allowed to alter that?

Melissa said Mary Elgin is correct that the County advised them to state that each City understands and agreed that if the City fails to pay it's respective share of the advance, the State can withhold that share of the admissions tax or wagering tax, so this is really a local issue, this is not a State issue.

Once the County advises us that the City of Gary has not paid, then the State can withhold, we have that authorization.

Mary Elgin said she is not understanding, and asked who you are going to be withholding from?

Melissa said they will be withholding from the share of admissions tax and wagering tax. The Casino money.

Mary Elgin said, that means it has nothing to do with and as she believes, this agreement, and the repayment, as it's listed. It has nothing to do with this USX Settlement.

Melissa said they are separate.

Attorney Ray Szarmach said the agreement, the MOU with the State of Indiana provides that repayment to the County, from the entities can be made from any legal source correct?

Melissa said, it says actually that it could include Admissions Tax/Wagering Tax to any other legal available revenue.

Attorney Szarmach said, so that's a yes? Melissa said, yes.

Attorney Szarmach said, any legal source. At this point in time, the other two Cities and the 16 non- vote communities have agreed with the County for payback system. They've all agreed to pay back the County, so we can pay you...

Melissa said, that's fine.

Attorney Szarmach continued, pay you from their Casino revenues. The City of Gary has not.

Melissa said the fact is, you have an out in Schedule Four. Once you advise us, the State, that the City is not paying, then in paragraph five, we as the State, can withhold the City of Gary' share.

Attorney Szarmach said he understands that, then asked if Melissa is telling us today, that the County can make distribution to unit 25 that's Gary City entities, of the 2% money you're holding, and if the City does not repay the County out of their Casino monies, you're going to withhold it, and that's true whether or not the City of Gary agrees to

go along with that payment plan?

Attorney Szarmach asked again, are you telling us that even though the City of Gary does not agree to the MOU, they are not a party to the MOU, that once the County makes distribution to all the entities within that taxing unit?

Melissa said, her answer is no. The County has signed this Contract. You are to advise the State that the City has failed to pay its' respective share.

Attorney Szarmach asked, if she understood the City objects to paying the share for the other taxing units?

Melissa said that you also, when you signed this agreement as the County, you advise the State that each City understands and agrees.

Attorney Szarmach said that's false.

Melissa said that becomes a local issue, it's no longer a State issue. Attorney Szarmach said

it becomes a local issue.

Attorney John Dull said, the point here is if the City of Gary does not sign, then they are not saying that they are going to withhold the money from the gambling tax. If everybody signs down there, all the units sign, and then Gary doesn't agree to pay the gambling tax, then they will withhold.

Attorney Szarmach asked, so Gary does not have to be a party to the MOU between the State and the County?

Melissa said, correct.

Attorney Szarmach said it's not in that MOU

Melissa said there is nothing in there requiring Gary to be a signatory.

Szarmach said, well I'm telling you that all of the conversations we had was with your department was that the County is going to be responsible for making sure the County gets repaid from the different entities, because the County is on the "hook".

Melissa said, right, the County is on the "hook".

Attorney Szarmach said, so if we don't get paid by the City of Gary, you're going to withhold their gambling funds?

Melissa said you can request us to withhold.

Attorney Szarmach said, he needs to know if you are going to withhold the gambling funds. I need to know that in writing.

Melissa said, that is bigger than this agency, you will have to go to the Property Tax Replacement Fund Board.. That is not a decision, we can make. That is bigger than this agency.

Mary Elgin said she has one more question. She said the fact that she was not involved in any part of the agreement, as the Township, or any of the other taxing units involved in that agreement, and signed to that agreement. at this point now, regardless to who is making a decision on the repayment, Mary Elgin asked, is the Township or the other taxing units responsible in any way for refunding the money through any
source, since we did not approve it, and was not a party to it? Are we responsible for any money?

Melissa said, no.

Darren Washington said we need to move on to the next issue, because the State has nothing to do with this, this is two totally separate different issues. 2%, $53 million dollars, we need to deal with, because whoever made this up, this has nothing to do with the settlement, and we are bringing the State into this where they want their $9 million dollars. they don't care how they get it, but we as tax entities want to know is, who came up with the plan to break our sections down to pay back something that the Mayor promised with, the Mayor of East Chicago, and the City of Hammond to pay back out of Casino funds, it has nothing to do with the State.

Smith asked if anyone else had any questions of the State, related to the 2% issue, or the Settlement.

Robert Fleets, Treasurer at the Airport, said there is an excess levy fund, whereas if a unit receives more than 102%, in any year, it goes into an excessive levy. My question is, how will the tax settlement of US Steel affect that?

Melissa said if the US Steel money is receipted in as part of the 2003 payable 2004 property taxes, when we look at the calculation of money access for 2003 pay 2004, we will include, included in that will be the property taxes attributable to US Steel. She said if Lake County happens to do a 2004 payable 2005 collection later in the year, that is a separate settlement unrelated to 2003 payable 2004. So 2003 payable 2004 only captures those property tax dollars attributable to the 2003 pay 2004 settlement being done, which would include the US Steel settlement money

O'Donnell asked, what's the impact on the excess levy?

Melissa said, then we will calculate levy excess for 2003 pay 2004 based on 100 per cent of certified levy, and anything over that, then would fall into the levy excess category.

Curtis Whittaker said, then those funds then in order to be expended.

Melissa said, those funds are used to reduce an ensuing year' levy. In that case, it would be 2005 payable 2006.

Mr. Whittaker asked do those funds need to be placed right away into a levy excess account?

Melissa said, yes after the distributions are finally determined and the settlement made for 2003 pay 2004, but typically the DLGF notifies the unit of the amount of money that needs to be moved into the levy excess fund.

Mr. Whittaker asked, then the DLGF will determine afterwards the amount that should be transferred into, either a general fund, or in the case of a Township, into it's Property Township Assistance Fund?

Melissa said, right in the year that is required to be used as a reduction in property tax levy.

John Dull mentioned that the chart he gave to Smith is the correct chart on the levy excess. That money goes into that levy excess for one year.

Smith said, he wants to make sure that we get it out to all of the taxing heads and the units so they will have a copy of it, as well.

Commissioner Clay asked if the City of Gary does not pay the 2%, out of the Casino monies, you are saying to us that *we* have to request the State, another entity, from the State to get the money. Commissioner Clay asked if this word request is that a mandate, we wit get that money, or are *we* just requesting?

Melissa said, you have to advise us that the City failed, so if the City failed, on Schedule 4, paragraph 5, then the State Property Tax Board, they can make a determination to this Board.
She said it depends on the PTRC Board, and that is a question that should be directed to the PTRC board, and not us.

Mary Steel, Superintendent of Gary Public Schools said she just wanted to be clear that the original MOU, or agreement that was made for the repayment of this money, has it been modified in any way, or is there some type of amendment to it, if not, then *we* are pretty clear with the original MOU?

Melissa said there has not been any modification or amendment that we are aware of at the DLGF. Benjamin Coleman,

from the Library asked, what happens if that request is not made? Melissa said, the County is on the hook.

Smith said, which means, *we* have to pay the tab.

Booker Blumenberg, Calumet Township Assessor said to Melissa that he just wanted to get an understanding of the money that will go into the excess levy fund. He asked if he is to understand from what Melissa said that if for 2003, all the local governments units collect 100 percent of the revenue that they are suppose to, then the settlement money would flow into the excess levy fund for the following year?

Melissa said for 2003 pay 2004, the settlement money flows through the system as property tax dollars to the individual units. Then for the calculation of levy excess, she said, we look at the property tax distributions made to each unit in Lake County for 2003 pay 2004 and anything in excess of 100 per cent of certified levy then becomes part of the levy excess fund for that unit, where it will stay for one year and then in the following year, those funds will be used to reduce in ensuing years property tax levy.

Mr. Blumenberg asked will the total amount be used to reduce the ensuing year' property tax levy? Melissa said, yes.

Mr. Blumenberg said, so then that could be a significant drop in the tax rates of each unit of government for the ensuing year.

Melissa said, correct.

O'Donnell said the understanding that we have is, you have already authorized Scott King to use the $53 million dollars to pay back this 2%?

Melissa said, no she does not see anything in the agreement that allows that to be done. The US settlement money has to flow through the system like property tax dollars.

O'Donnell said that Scott King is of the opinion he believes

Smith said that is exactly the reason why we are here today. The Council and Commissioners thought it was imperable that our taxing units in Calumet Township, at least know where they stand, and we are getting conflicting answers here.
Smith said it this is very important from where all of us are sitting today. We have MOU' from every taxing unit, every City and Town in Lake County, with the exceptions of Gary taxing unit 25, Calumet Township, so we need to know where we are.
Melissa said, yes, but remember she stated that it has to be on a property tax bill because it's property tax dollars.

Melissa said the US Steel settlement money, is money that will be paid in the form of property tax dollars through the Lake County Treasurer. Those property tax dollars are then allocated to each taxing unit within the particular districts, US Steel lie, as property tax dollars to those units.

Mayor King said he believes when they had a conversation, you indicated that the protocol that it was going to be used, or at least you were recommending it be used in order for the US Steel tax settlement to be received, was to send out two bills, one for the year 2001. He asked is that still?

Mayor King said, and even though the methodology of in 2005, sending out a 2000 and a 2001 bill, and he said correct him if he is wrong, but current State Law would require the treatment of those settlement dollars together with the 2003 pay 2004, and should it happen, the 2004 pay 2005 all as 2005 property tax dollars?

Melissa said no, she made it very clear at the beginning of the conversation that 2003 pay 2004 is one settlement, and 04/05 is a completely different settlement process, even though from an accounting perspective for you on the local levels, you may see it all as revenue in the year 2005. She said the DLGF has to recognize it as revenue attributable to an 2003/2004 settlement. and if you do a bill for 04 pay 05, as revenue for an 2004 pay 2005 settlement.

Mayor King said the amount of the settlement then, only treating it with an 2003 pay 2004, even though 2004 is coming in 2005, in terms of the portion that would have to be treated as an excess levy, that would represent what, that would be first dictated by what the collection rate of 2003 pay 2004 is and asked if that was correct?

Melissa said, that's correct.

Mayor King said for example, if the collection rate for 2003 pay 2004 was, hypothetically,80 percent, then 20 percent of the settlement would not be required to be treated as an excess levy. 80 percent would be, in that hypothetical circumstance, is that correct?

Melissa said, right, we look at the first 100 percent of certified levy, and if ignoring the US Steel settlement, if your 2003 pay 2004 collections came in at 80 percent, you would have no levy excess, but if you add in the US Steel settlement, and you came at 105 percent, then you would put 5 percent of the revenue in a levy excess.

Mayor King said, carry it forward and reduce the levy in 2007 by that amount. Melissa said, no it's 2005 pay 2006.

Mayor King said he doesn't disagree with what she just said, but you are aware that there is legislation in the State, that the City hasn't produced, but then again, Mayor King said, it's anybody' guess what the legislature is ever going to do on our best day, but seeking a relief from the normal operation of the excess levy rule, given the unique circumstances of this settlement, and of the Lake County delay, because of the delay in assessment of these bills coming out. He said obviously, should that legislation pass, should the Governor sign it providing relief in whole, or in part from the normal excess levy rules, our circumstances we're discussing here today would be different.

Melissa said she doesn't have the legislation in front of her, so she can't agree or disagree. That legislation and what it specifies as far as levy access.

Mayor King said he would make sure that our lobbyist get a copy in its' present form over today.
He said he thinks after our last meeting with some County officials, we agreed to amend it to not just be Gary, but also to for the whole County.

Ray Szarmach said that the big question was, and Mayor King was not in the office, when we spoke, and you gave us the opinion that even if the City of Gary did not sign on and agree with the MOU, and the County disperse the funds to the entities, that the PTCR board has the authority to withhold their Casino funds to repay the County.

Attorney Szarmach asked, what authority does the board have to withhold anybody' gambling money? Melissa said that's

provided for in the contract.

Attorney Szarmach said, you're telling me that that Board can make a contract with a County, or any municipality and that affects...

Melissa said, this contract is out there, and not until the County has made the Contract with. Attorney Szarmach said, that affects their Casino funds, or anybody' Casino funds?

Melissa said it says in here clearly, and she doesn't have the answer to the question of exactly what the State Board will do, you will have to direct those questions...

Attorney Szarmach said he is questioning whether or not, the State Board has even the authority to do.. Melissa said that is a

question we can't answer.

Attorney Szarmach said, that what he needed to hear.

Melissa said, if you want to direct that question, you need to arrange a meeting with the State Board, the Property Tax Replacement Board and have that conversation with them, that is not a conversation that we can have with you.

Mary Elgin said this goes back to her original question, after the discussion about the levy and the excess levy, the question still remains. What responsibility does the taxing unit, such as the Township, the School district, or some of the other taxing units have to do with the paying back any parts of this agreement?

Melissa said, as far as she can tell, from this contract, none.

Curtis Whittaker asked can the US Steel settlement dollars, as opposed to being paid to the taxing units, can they be given as a credit to taxpayers, which would then alleviate then levy excess discussion?

Melissa said, we don't see any authority for that, you would have to watch legislation.

Will Smith said to John Dull that he wanted to make sure that the conversation today, if possible we get something written from the State, specifically on these positions here, Smith said it would be far better for us, as *we* proceed.

John Dull said, you are not going to get it Will. Then further said, here is what is very clear. They are talking about a levy year, not a calendar year. So there's a levy year, there is an 03 levy year, there's 2003/2004 levy year, there's a 2004/2005 levy year.
He said the second point is when we are finished here, he will try to go over to that Property Tax Replacement Board to see if he can talk to somebody over there, but you're not going to get anything in writing from here.

Blanchard said it seems from what's been said, that the settlement money, the PTR and the settlement money goes back to all taxpayers.

John Dull said that's correct, and ultimately if there is an excess levy, it would serve to reduce property taxes in the year 2005/pay 2006.

Blanchard said that the City of Gary has not signed on to the MOU with the County, as has all of the other units have. How can they be bound to pay anything, or how could the State withhold anything?

John Dull said that Melissa is not saying that, Melissa is not saying that the City of Gary would have to *be* bound, she is saying if, there is a legal basis for the Property Tax Replacement Board to do it, they will do it. She is not saying that there is even any such legal authority to do it.

Blanchard said, so if they haven't signed on to the MOU, they're not bound...

John Dull said, if they signed on to the MOU, then they are bound, if they are not signed on to the MOU, if you don't get a definitive ruling from that Property Tax Replacement Board, then it's a "crap shoot".

Attorney Szarmach said that's why he prepared Resolutions for each City, and the group of 16 to become part of that MOU, in other words they opted in.

John Dull said, they opted in, and you've got them all, then he would feel that the Property Tax Replacement Board may honor that, but we have to find out.

Smith said the only one not in is Gary.

Attorney Szarmach said. if they don't opt in, then he doesn't know of any statutory authority that allow that Board to do anything with the Casino money.

John Dull said, neither does he, but that Board has to speak for itself. He is not the lawyer for that Board, so what he has to do is go over there this afternoon to try to talk to somebody. John said this is a very, very critical issue, and it's one that could blow up is people' face, if they are not definitive, so, Me Board that he is with right now, Melissa' Board over here, that's not

their call, they have no authority to do it, if that PTRC Board is not going to do it, then it's a "crap shoot".

Smith said there are two important things that they must understand here, the status of Gary, the status of the tax bills that are being prepared to be sent out, and whether the people in Calumet Township, specifically Gary, will get any credits at all, with the new bills going out, if something is not resolved here.

John Dull said, if something isn't resolved, they probably will not get a credit, in other words, if the City does not sign on, John said he thinks, as Szarmach would say, he then said, Szarmach is not going to put his neck on the line and say, go ahead and do it. He said the basic thing here is that if the City of Gary jumps on, then you've got the chance to get it accomplished some ruling from the PTRC Board because they would be a stop from saying no don't do it till later, but if they don't sign on, then what you're faced with is technically send some bills out to the other units, they get a 2%, Gary doesn't get a 2%.

Smith said, that's exactly the point that.

John Dull said the point he wants to make is this, that on June 30, 2005, we haven't paid back our TAW' by State Law, one of the things you need to consider is, you may need to get that date moved, because the bills are going out late, which they are, there are two payments. which they are, and if we don't have 100 percent to pay back those TAW' by June 30, 2005, Jim Bennett will tell you about the potential for default. Smith said that is another reason why the Commissioners and the Council had this informational meeting here today, to start some communication that we have not had, in the past, related to these issues. He said, there will be some presentations from our county people, when they return to the Council chambers, in terms of where we are, and the bills, and the impact to Gary, absence of those dollars, and our citizens there who will get no relief, and that information will be forthcoming.

Councilman Smith announced that the L.C. Council is now is session with our County Commissioners. Smith said we did have conversations with the Governor's representatives and the Department of Local Government of Finance.

Attorney Szarmach said let's concentrate on the 2% Circuit Breaker. This is the Memorandum of Understanding that was signed by the County, and the State of Indiana on December 14 of last year. This is a contract between two parties, the parties are the County, and the State of Indiana. The taxing units out there, are not parties to this contract. As soon as this was prepared and was signed I prepared resolutions for all of the taxing entities, the City of Hammond, the City of East Chicago, the City of Gary, and the 16 Non-Municipal Communities for them to come on board, opt in to this Contract. Everyone, but the City of Gary is opted in on the Contract. What that means is, if you opt in, you are now bound by these terms, and you will get your portion of the advance, based on your tax rate, with the different entities, and when your draw comes for Casino money, we will withhold that here at the County, or the State will withhold it if you don't agree to withhold it at the time. What we learned from the State today, is that the City of Gary does not opt in, become a part of this Contract, there is no guaranteed mechanism for the County to get $9 million dollars back. The State suggested we make a request to the PTCR Board, and see if they would withhold the monies from Gary's Casino monies, for us for repayment, but that's not a sure thing that the Board will withhold the Casino monies from Gary so that we are reimbursed. The bigger problem I don't know if statutory authority, and neither does John Dull who is the County Attorney, that would allow PTCR Board to do anything with Gary's Casino monies unless Gary is onboard and becomes a party to this Contract. So at this point in time, our first step is going to be to contact PTCR Board to see if what their position is on withholding Casino money, if Gary does not opt in and become a party to this Contract and we will go from there.

Mark Pearman stated as you can see by looking at this time line that if we have no more issues that arise. To cause any more delays the tax bills will be mailed on April 11, with a due date on the first installment of April 27. The first installment settlement, date is June 7, that's if we don't run into any more delays. We have the current issue right now is the 2%. We are ready to load the 2% figure to the database. We are holding back because of this issue. If this issue isn't resolved, and we don't get a final answer by the first of March, this proposed schedule changes. We're not at the point of having a schedule. Bu if we don't have a determination of what figures we're going to load onto the database that will cause a delay.

Smith said specifically, the issue that is standing out now. It's parable that some kind of actions on it, or else the bills will have to go out absence of this.

Mark Pearman said yes.

Jim Bennett said I know we had all these delays but I think we need to ask the units of Government what their capacity is to repay their loans by June 30, because the statutory authority, all temporary loans from 2004 must be repaid by June 30, there is no statutory authority to go past that date, so if, in fact those tax bills, the first tax bill coming in, won't cover the repayment of your old payment, you will not be able to meet that June 30 deadline. I will give an example the County itself is projected to bring in about, for the general fund, $43.5 million dollars, which was supposed to be in February, under the original plan that's now moved to April or May. We owe $42.5 million dollars, from last year. If in fact, we would have any delinquency at all. We could be in a position where we're going to have to borrow money some other source. But no banks, no borrowing to pay these monies back. Now that's just the County. How many other units of Government out there will not be able to repay their loans on June 30, That's the question that he is throwing out here, because there may be, there are 60 units of Governments in Lake County, there may be some units of government that may not be able to repay them. I think that some of the Northern Cities that have gaming and other sources of revenue, may not have that problem, I don't know about the School Districts. I know that most people are borrowing at their max because we've had no tax collections for 2004, other than the property tax replacement credit. And by the way in most cases, the taxing units that had any outstanding loans, that money went to help pay down those debts. It's not being used as cash flow. He wanted to bring to the Council' and Commissioner' attention, that he thinks it is something that we need to get everybody heads up on, If *we* are not going to have this second payment, being able to be at least advanced to the units of government by June 30, then we need to make sure that all those units of government are able to repay their time warrants for 2004 because if you have somebody to fault, and we almost had that happen at the end of last year, if we have one unit of government default in this County, it will affect the entire County, if not the whole State.

O'Donnell said what we need to know is, what is Gary going to do? We've got plenty of representatives here from Gary.

Smith said I totally agree with you. That question has to go to Gary. That was our reasons for wanting to have an informational gathering today.

Commissioner Clay asked Mr. Bennett, if one unit of Government defaults, how does it affect everybody?

Jim Bennett said, Lake County and the State of Indiana has been, as far as I know since 1855 nobody has ever defaulted on a loan in the State of Indiana. The credit of a unit of government, is governed by other units of government, in other words, if there is a tax problem, that creates a default, it's only affected one unit of government, technically everybody here will go under credit watch. The City of East Chicago went on credit watch last year because of their delinquency. They just got taken off of that because they were able to borrow money, nobody believed they would be able to borrow money, so what I'm saying is, that it will affect the amount of money that everybody pays in interest, if they can even borrow it, because they've had a default within that unit structure, and it's created because we weren't able to collect taxes, it's not that the unit didn't want to pay the debt, or they couldn't pay it. The couldn't pay it because they were supposed to collect taxes a year ago, and we still don't have that done, and for some very obvious reasons, because of lawsuits, and the 2% cap, and other issues, we have not been able to get ready to do a billing for 2004, a year ago, and at some point, the investors, out there, the banks are not going to be willing to give credit to the County, or to any unit of government because they don't know that they are going to get their money back.

Smith said it represented a change differences about $1 million dollars that we would be looking to give back to the State. We only want to be responsible for those dollars that we really need. Due to the good work of our Auditor and our work with assistance quite honestly with a gentleman whose over in Iraq right now that represents the Post Tribune dogmatically did some things that helped with this final list here and so we're able to at least look at rebating back to the State about a million dollars out of that finding which was very helpful to us overall. Second part of this would show the further breakdown, which would be the interest, and what the pay back schedules would be for those entities that

opt in to the program. What Ray Szarmach pointed out it is an optional program, the taxing units don't have to take it on, and they would have to answer to the citizens that they represent, from my perspective. Smith said that from our standpoint, we want to try to make available to you, all the information that we could, and from my perspective as a representative, and a homeowner in the Gary taxing unit district, I'm extremely concerned that I might not be beneficial of this relief that we've worked so hard for. That is why it was necessary, with Commissioner Clay, and Council lady Franklin, and I, because it is specifically a Calumet Township/Gary issue. We asked our colleagues if they would bear with us and make sure we were able to bring forward to all of our taxing units, to their constituency, that we represent. We want them to be able to get everything that any other citizen in Lake County is getting. From my perspective all I heard today is Casino money, and it seems to me if the release of Casino monies to augment this program, was done, *we* would not have to be here going through any other changes, other than harmoniously, trying to work on the settlement dollars, and how we are going to advance our community as a whole, and be fair, and have our people participating in everything else that everyone else in Lake County is participating in.

Smith said from my perspective, speaking only for me, I think there are two pots of monies here. This plan that was graciously put together by Gov. Kernan and his people. Sure there was some wholes and some flaws in it, but that was a "good faith" effort and attempt by him to bring some relief to Lake County as a whole. The settlement dollar is money that just came on board, it was not there as an option, only in a hypothetical sense. So now we have the settlement dollars. To me the people in Calumet Township shouldered the blame, and the hurt when their tax rates went up, when USX did not pay their dollars during that period. We shoulder the hurt, none of the taxing levies missed a beat. The money was still there for their operations because we paid the tab. It seems to me, that that pot of money should go back to relief to all of the taxpayers in Calumet Township. The 2% Circuit Breaker issue. is a separate one, in my mind. That should also be relief. When you look at all of the taxing units, and all of the Cities in Lake County who have signed on to pay back with Casino money, Why should Gary be any different? Why should our people have to suffer anything with this? And I believe we can put all of this to rest, if Mr. Mayor you say casino money, the City Council, which has authority to approve, that mood issue. We've got relief on one pot, and we've got relief coming from the settlement end, and it seems to me that would be harmoniously for all of us in Lake County, particularly the City I represent, that's my feelings.

Scott King, Mayor of Gary said that he doesn't know if any of you has ever had the experience of being invited out to dinner by a group of people, and at the end of dinner find out for the first time, that you're paying the bill. That is precisely what is going on here. I didn't know that today would also "combine theater with the meal". Everybody go back, the first meeting on Governor Kernan 2% proposal, the meeting took place, I believe, in this room. Then Commissioner of the Department of Local Government and Finance, Beth Hinkle was here. She was laying out the program. There were representatives from not only the City of Gary, but there were other people here from Calumet Township, but there were other people, including some of his colleagues, from North Township, and others. And we all know, that really, the two townships, of North and Calumet have been the hardest hit by the implications of the new methodology of assessment coupled with the new methodology of reassessing industry. The figures you've presented are correct that the total costs for the 2% benefit, as proposed as one time benefits, proposed by the former Governor, slightly in excess of $14 million. All of the units, from the State on down, from Calumet Township, comprise $8.4 million of that amount. So the "lions share", for the entire County, that benefits 2%, are in fact, from Calumet Township. If you will recall, with some nature of accuracy, the discussion that took place at that meeting, you will recall that the stated position by, myself, as the Mayor of Gary, which continues to be his stated position here today, was, we support the Governor' plan. Unlike North Township, there is the prospect of property tax settlement with US Steel. If you will recall, the status at that time was, it was pending in the Supreme Court, that's where it was. Everybody in the room, myself included agreed, that as of that meeting that was in the late summer, or early fall, that was not, a done deal. The Supreme Court can do whatever they want. What he stated at that meeting was, Civil City had reduced its property-taxed based budget, by 10%, including laying off more than 10% of our workforce. We had already done that when we had this meeting. He calling on all of these other units of Government, and the biggest myth was that when people get a tax bills, they think it's the City, it's not. There's a lot of mouths that get fed with property tax dollars, as we all know.

Mayor Scott King said and what did I say? I said all of the other units, need to take a hard, effort and look at reducing their property-tax baseline. At least moving forward, and if that occurred and if there were insufficient funds for your schools, via the County, via anybody, and if the settlement doesn't come in, then the City would stand behind them. Do you how many units of government did that? None. With all due respect to his colleagues here in County government, from what I can tell, on documents I have been sent by the County, and accounts I've read in the newspaper, the County spent time, money, and effort preparing and disseminating a report as to why they shouldn't cut their property-tax based budget. If we're going to provide real property tax relief, we have to do a number of things, but it includes, we have to reduce where we can and sometimes dramatically, property-tax based budgets. I'm not saying this because misery loves company, although it was miserable to have to lay off 180 people. I'm saying it. We used $8 million dollars in calendar 2004 for property tax relief, the bulk of it to avoid using property tax dollars by way of a supplemental appropriation to provide for Police and Fire safety. Overtime, the balance of it, being used to bridge the cost increase to provide health insurance to City employees. $8 million in Casino revenues, the City of Gary puts in for property tax relief, in addition to the cuts that we made. The reality is, Mr. Szarmach, with all due deference to Mr. Dull who is in Indianapolis, the truth of the matter is, there is a choice everybody gets their benefits, and I want to assure taxpayers in Calumet Township, I'm not going to fight to the last "drop of your blood". You need the relief. Homesteaders are who get the relief under this plan. I hope the bill currently sponsored by Senator Mrvan succeeds and the 2% is extended to multi-family and the small businesses, but right now, the reality is, in the Calumet Township circumstances, we do have a choice that we did not have when the Governor's plan was proposed, and that's because the tax settlement has in fact been approved by the Indiana Supreme Court. It was approved on December 24, 2004. Under the terms of that agreement, correct me if I'm wrong Mr. Szarmach, 120 days is the time-frame in within US Steel has to pay, in total, their settlement. Is that 120 days from the billing, or 120 days from the final decision by the Supreme Court, if you recall?

Attorney Szarmach said I do not recall.

Mayor King asked has the bill gone out to US Steel? Because you just heard it repeated by the Director of Local Government and Finance, two bills have to go to US Steel to have them put the check in the mail. Number 1 we need to get the money in. If we use that money, what is being proposed now, is that the Civil City take almost $8.5 million dollars, out of Casino funds, over the next five years, with interest accrued to the loan from the State. So with $8.5 million out of civil city, pay everybody's tab in Calumet Township all in five years with interest. The alternative I've advanced means everybody pays, and quite frankly, if we get the bills out to US Steel, it will be a simultaneous transaction. By the time the State sends their property tax replacement credit money in, and we can pay back in one year, with no interest this advance. What does that mean. It means in the case of Lake County, your share of the settlement is $3,500,000.00. Your share of the 2% Cap fund amount is $568,000.00. What that means is immediately paying back the State, no interest, the County still walks out with $2.9 million dollars in settlement money. The Schools, their share of the settlement $13, just short of $14 million dollars. Their share of the 2% cap, $2,000,256.00 dollars. Even paying it back immediately, without the City paying back with interest, the Schools in this calendar year, and if we are aggressive about it, in this quarter, will bring in $11,738,000 dollars. Calumet Township, almost $3.6 million dollars, that's your share of the settlement. Take out $579,000 dollars, to immediately, one time pay back, without interest, Calumet Township has $3,000,013.00 dollars. That's what the numbers are, and quite candidly in any setting, it makes sense, other than the other units of government, other than the Cities, why not take full advantage of we're providing 2% relief, but it's all on the City's dime. Never mind the City making cuts, never mind the City taking $8 million dollars to continue

public safety, without further burdening property taxpayers, and never mind the other local governments even looking to cut their property tax budgets. You know what if I were in your shoes, that sounds like a good deal to me too. I'd have my cake, I'm eating it too, and somebody else is paying for it". That's what I'm standing here for. Hammond and East Chicago do not have the option. They don't have the settlement. This money can be used, if the units agree to.

This money, I hope, if somebody gets the bills out to US Steel, this money will be received, and we anticipate at a minimum, both of the 2004 tax bills will be received this year, and it is current hope and expectations that the first half of the 2005 bill will be received this year. A portion of the US Steel settlement, as you know will be split up between two bills. We just heard this reiterated by Melissa Hanson. One portion of it is going to be added back on for last year's levy. Everyone is going to have to do the math to see what they're going to see if they are going to do above 100%. In the amount of 100%, you have to be very forward and automatically, dollar for dollar, reduce the 2006 levy at all units of government, so we have some math to do to see what the amount in excess of the repayment of the 2%. We have to be able to, as Councilman Smith has suggested, to put money back in to provide further relief in this calendar year, and to do that, we've got to make wiser use of these property tax settlement dollars from US Steel, than is being contemplated right now. It makes no sense, it is unfair to the Cities, to have it pay the whole tab. It makes no sense to pay over 5 years with interest, what we can clearly pay in one year with no interest, and it makes no sense not for everybody to share respective liability for it. Haven't said that in the event, that these other units within Calumet Township, that they make a choice that they are not going to agree to use these revenues, these funds coming in from the Settlement, I am not going to jeopardize the homesteaders that need this money. What I am appealing for, is at least maybe in the future, that we do a better job of trying to move together, collectively deal with each other in a crisis, and objectively, and honestly review, digest, understand, and report, the facts. The City's position remains, the fairest, smartest, use and methodology for this 2% Cap is what we proposed going all the way back to late last summer, and now the money is here, and now the money can *be* used this way, and this is the kind of relief we can do and permit the City to continue doing, within it's own budget what we have been doing, but have these other units of government do the same. That's the City's position. I would like to hear when is date certain for either hearing back from these other units of government, including County, or from the Cities?

Councilman Smith said that we had Mark Pearman, who gave a synopsis on the mail-out schedules, and the figure was March 1 that was talked about. This was an attempt to put everyone in an harmonious informational setting. And you mentioned the word twice in your report about theatrics and you are the major components of that. I'm saying this to you to say this, that it was this Council, and this Commission, this government out here is out here to put the out the fact and give everyone a chance for input. It was not for anything else other than that, and I really take offense to your statement about theatrics. We represent the same constituents.

Attorney Ray Szarmach said I think everyone's needs to get on the same page with this tax issue reassessment, 2%. It is going to be a real catastrophe, financially for this area of the State, and we need to move forward on this. Let me read the first sentence of the repayment schedule of the MOU. It read: "The County will repay the Advance from all legally available revenue, including (but not limited to) the revenue described in this schedule 4, and that's the Casino funds". Attorney Szarmach said that was put in there on the insistence of the Lake County Council after that first meeting because when you talked about the settlement money, that first paragraph, that first sentence didn't include all legal available revenue, it had only, the Casino money. There is some authority, that when the State presented this to us, they were contemplating a repayment from that Settlement money. When I talked to you after you had met with Melissa and the Governor, I was under the impression, and I thin you were too, that they were going to give you the okay to do that.

Mayor King said that what has transpired one thing was said, and that is why somebody came out and got me, and then after some questions, it seemed to be unsaid at that juncture, so I agree with you, the State is presenting a moving target, at this juncture.

Attorney Szarmach said, at the end of the conversation on the phone, Melissa was basically saying don't bring us, we're not going to give you anything in writing, we're not going to make any, or give you any opinions, go back to the fund board and see what they will do. Well then you're looking at statues, and they are going to do what the statue says. Any event, that was put in there so that ail the entities in Unit 25, which is Calumet Township, could use the settlement money, if they wanted to. I think that is probably still enforceable, and the key words in your presentation were, if the units agree. That is the key. If the units agree, we would make a separate MOU with all the units, to use that money, but then there is the hurdle down State. At the end of the conversation today on the phone, and we were not sure that that is going to happen. It's a two step purpose. First of all we have to get separate MOUs for all the entities. I think the wisest thing the State ever did was throw the "ball in our court". and say you figure out how everybody is going to pay you back, Lake County, but Lake County you owe us $15 million dollars, over 5 years, and here is the payment schedule. It would have been nice if the State had gone to each one of you and made your own agreement, but they didn't, they threw the ball here, so at this point in time, to use that Settlement money, we would need to make MOU's with each group, they would have to agree, as Mayor King said. Pay it back through that revenue because they have control of that, the second step is we would have to get the approval of the Board for repayment from that.

O'Donnell said I think we are at "brass tacks". February 15 is brass tacks, since they have to have those bills out, and the process by March 1st they have it printed and checked over and things like that. I just want to go through a few things that you said Mayor. You talked about the first meeting being here, but the first meeting was actually at the Radisson and that's where we were "all in". Everybody was on board, and that's what we were going to do with this 2% Circuit Breaker because it was the best possible thing for the whole County, that was the "drumbeat" that we all marched to. Numerous meetings were held, with the Cities and Towns, and group of 16, and the decision was made, apparently, that we were going to repay this with Riverboat money. I went through some of the numbers because this was, I thought, about good government because we all found ourselves cumulatively as a county of 480,000 people, some of our neighbors were hurting, and some of our neighbors weren't hurting. In the Town of Highland, well let's talk about my District. My neighbors in Griffith, and my neighbors in Munster were hurting. 1,500 people in each of those communities would benefit from this plan; however, in two of the other Towns I represent, Schererville, and Highland, 7 families would benefit, as opposed to 3,000 from the other Towns. Highland's benefit is going to be $356 dollars for the 5 families in Highland, but the civic leaders in Highland said, we all need to "step up to the plate" on this one. We will "pony up" $211,000 dollars to net the benefit of 356 dollars for our taxpayers. The Town of Schererville, and I took some heat on this one from the Council there, they're going to get all of $46 dollars, and that $46 dollars for those 2 families in Schererville, is going to cost the Town of Schererville, $223,000 dollars. I perceived it, from the start as this was about the greater good. There were some people that we needed to help, and there were some people that we didn't need to help, but let's all do this because the States the one that "stuck this" to us. The State is the one that did this to us, let's fix it cumulatively and we will show them how we can fix it, and if it's as politically, as my colleague at the other end of the table thought it was, then maybe this will even help the Governor, but we've got to get these bills out, and I'm not comfortable saying," you know what Gary, you're getting 60% of the benefit, but you don't want to play ball with it, so let's, I'm going to change my vote, and I'm going to vote that we don't send $9 million dollars to Gary, let's send the $5 million dollars to the other Towns, but you don't want to play that game either. I don't want this to be "political theater". Everybody needs to be on board, and a Memorandum of Understanding between Mary Elgin and you, Dr. Steele and the you, needs to come later, there is no time for it now. The first time that I heard that the you weren't going to use Riverboat money was, when he read it in the paper. We don't talk. We weren't shy about using them for lots of improvements all throughout this County, this is the time when we need to "pull the trigger" right now and say that's what's going to happen, and we will do our Memorandum of Understanding with these other units of government in Calumet Township, later. There is no time to do it right now. We've

been believing all along, that this was going to be Casino money, and $474,000 dollars was going to be here by the time, out of your money, the Riverboat money, by the first payment that was going to be due, and under this chart, that's due on April 15th, so there is no time. We need to all cumulatively say, we're all on board, and we're ready to go forward.

Mayor King said that the point is we have another resource, methodology of the receipt and distribution of the resource, and that's to pay back more quickly.

O'Donnell said but effectively, under the Memorandum of Understanding, with the 16 Cities and Towns, and the Riverboat Towns, they're paying the County's share, and you're saying, no, don't, why would the City of East Chicago, they are going to say "hey, we got faked out here, we're paying the County' share out of our Riverboat money". Why would Dan Repay, as President of the Hammond City Council, want to pay our share, if Gary is not going to pay the County's share in this mix?

Commissioner Rudolph Clay said in the year 2001, he was almost a one-man band for about four years to try to get the Mayor of Hammond, the Mayor of East Chicago, and the Mayor of Gary to use Casino funds to pay the property taxes for these Senior Citizens. East Chicago has opted into that program. They are now doing that. Hammond has opted into that program, they are now doing that. The City of Gary has not spent one penny of Casino monies to pay the property taxes for Senior Citizens, or anybody else. Now here have $52 million dollars sitting there, the US Steel settlement, over here we have this 2% Circuit Breaker. If you have a home, and it is assessed at $100,000 dollars, with this 2% Cap that Governor Kernan instituted, you will not pay over $2,000 dollars on your bill. He said a lady told me today, that her bill went from $1,200 dollars, to almost $6,000 dollars, and said can you help me. Yes we can, if we can all come together here because we have $52 million dollars from US Steel. I think the $52 million dollars from US Steel is a refund because you are the one who paid, so you are the one who should get it back through the entities of government such as, Libraries, Schools, etc. That's where it came from, that's where it should go back to, but as Councilman Smith said, it's up to those entities to decide what they are going to do. The 2%, as it relates to keeping your bills down, so to speak, East Chicago has opted into using Casino, Hammond has opted into using Casino, but they don't have the option of the $52 million. Now the Mayor has said, if he heard him right, that if, "push comes to shove', that you are not going to leave the people of Gary hanging out there, and don't fund this 2%, if he heard him right, but he would rather have everybody look at the figures here to opt in or not, but, not position is clear. If US Steel's taxes went down, and I put money in for them to go back up, I think that money should come back to the taxpayers. I think *we* could work it out on this Casino money and the 2% situation, because I don't think it's fair that we would spend millions and millions of dollars of Casino money over the last 10 or 11 years, and not one penny for Senior Citizens to pay their property tax bills? And the irony of it all is, 94% of that money would bounce right back to the citizens of Gary, and we didn't get a penny. So all I'm saying is, we've got to work this out, we can not allow the citizens of Calumet Township to not get tax bills and send this money back to the State. We've got to work this thing out as human beings here that I think is rational, so that the people of Gary will get this tax break that they're really due. I think I heard the Mayor say that. I don't think he is going to leave us hanging.

Mayor King said he looks forward to working with everyone.

Calumet Township Trustee, Mary Elgin said that some of the stuff was directed directly at the taxing units, in particularly Calumet Township. Had I've been given a choice, because there was a Memorandum of Understanding, which to her was an agreement that was already signed, sealed and delivered, the people had made a decision, those that sat at the table and signed the agreement, and it was a done deal. The dollars in the payback, the percentages, all those things were agreed to, to give the taxpayers some relief, and I do believe that we paid the bill when we were in trouble, they gave U.S. Steel the break that those dollars should go directly to the taxpayers. That's what I believe, when the USX agreement was out there, that's what I believe today, that those dollars should have gone, and should still go to the taxpayers who paid the bill when there was a shortfall, and we know what happen when we gave that break to US Steel, today they're making $420 something billion dollars in profit, more than they have ever made in their lives, so we gave them that break, and it was our Mayor who agreed and almost was comfortable with the $44 million dollars, and pushed the settlement along with some other statements that were added to the pot so we could have it. But to challenge the Township, the School district, and some others and say the only reason, is we are not living up to the agreement, the memorandum, and I'm assuming that contents of the memorandum was a done deal, and all those parties, all the Mayors, all the Cities and Towns, all those people, made an honest agreement, a commitment to pay that money back in the form of the Memorandum of Understanding that was my understanding of the agreement, what would have never happened.

Smith said she is talking about two separate things, you're talking about the Circuit Breaker?

Ms. Elgin said she is talking about the memorandum on the 2%, the Circuit Breaker. Had not those units.

Smith said, that's why I want to be clear.

Attorney Szarmach said that the Memorandum of Understanding is between two parties, Lake County, and the State of Indiana, not any of the taxing units.

Ms. Elgin said, right, that's just where she is, but the Township's budget, the Calumet Township has reduced its budget, since I took office last year, maybe not to some one else's satisfaction, but to the best they could afford, and still operate that township. $800,000 dollars may not seem like a lot, for the first year to the City, or some of the County, but for a township that has to provide 100% service by law to those indigents that come in there, that is a cut and a sacrifice. Over a million dollars this year, $900,000, or close to $1 million in our budget this year, is a sacrifice, It may not be what someone else likes, but it's a cut, and it's a reduction in the budget of the Township, as well as looking forward in using some money because the cut was greater than that, so we looked forward as well to make some plans for the future, and to budget ourselves for that. We have not been budgeted to repay any of these dollars that we are sitting here talking about today. As a matter of fact, I don't feel it is our responsibility, and our Board never approved of doing that, the Circuit Breaker, any of those dollars. We do not have discretionary dollars to shift and use Riverboat dollars, at our discretion to offset our budget in the times of operation. Had we had that, probably could make some changes. Talking about cutting your personnel, and your payroll, those are the same people at Calumet Township that are responsible for paying those taxes. You cut their salaries, you cut their jobs, they can not pay those taxes. You still have the same situation. We've cut our budget, we've made cuts in the Township, it's been advertised, publicized. I wasn't given a choice to make changes. Now back to the agreement that's with that settlement, those allotments were set forth by someone else. The taxpayers in Calumet Township, and the 2% of that total dollar that Calumet Township itself will receive, was already set. We sat in that room and talked about the tax levy, the excess levy, and it's possibility, we may not even have any of that money to distribute, if we had 98% of those dollars in taxes the last draw. We are sitting here talking about dollars that will be coming in under a new agreement, different agreement, for the Township, into the taxing units, they may not even be able to distribute to pay back the loan, that was in riverboat dollars.

I agree with Commissioner Clay, Councilman Smith about the riverboat dollars that come in Gary, while we give an account for the Township budget and the School district budget, we've had Riverboat money all along arid have not benefited in my mind, directly to the taxpayer in the form of what the other Cities have done, so I think most citizens, agree as I do, that those dollars can now be used to benefit taxpayers to offset some burdens that we now have. Any dollars we have, that Mr. Bennett said will not offset and pay the loan that we have had outstanding to operate. The Riverboat money, or any money,

will pay, or cover the amount of money that Calumet Township has to borrow to maintain itself while we are waiting for tax dollars. That money will assist us in getting out of debt, not assist us in paying someone else's obligations on a new plan and paying their debt.

Smith said they heard what Jim Bennett said today about the temporary loans, and the payback schedule of those temporary loans.

Mayor King said that in 2004, they used one-third of their Casino revenues for property tax relief. We've got to be careful on how we use these funds.

Smith said that there were two things on the agenda, the time frame, is what was attempted to bring to all of the taxing units, to all of the citizens, the time-frame involved here of the tax bills that they are waiting to come out. On those tax bills, was the credit from this plan, and what the hold up is once again is Gary, and Gary's citizens, and Gary's property tax payers, and the homestead credit people who are eligible for this Circuit Breaker end, the hold up to our bills is this information. March 1st, we need to have all of that information in whether Gary is going to opt in or not, so when the bills go out, will our Gary citizens, or the people in Unit 25, get a credit, or will the bills go out without them having a credit. That's the issue – time frame?

Mayor King said, we will be back, we will be back with the appropriate Elected Officials at the appropriate time. So are suggesting that that's the only reason for this delay in getting the bills out?

Smith said he isn't saying that, the Treasurer, Dan Repay, from the Auditor' Office, and they can far better explain what the holdup is, but what was conveyed to us and that's why it was necessary for us to have this meeting, and hopefully we can come out of here with something that makes sense, but we don't have the luxury as we just heard about USX, and we heard the State say, that the money from USX has to come back through a cycle on the bills before it can be re-distributed, and if that's a fact, then the March 1st deadline here, for people in Gary, we can't get.

Mayor King said we will meet the March 1st deadline, but I would urge, let's get those bills out to US Steel, I would have thought that would have been done already.

Councilman O'Donnell said that he has been involved in lots of lawsuits, and when he gets a judgment against somebody, he never has to send them a bill, they just owe it. He asked Treasurer Katona, if she has ever been told by an appeal that she has to send a bill?

She said they have to post it, it's within the order.

Mayor King said he thinks that the citizens that have taken time from their day here have a third option, they would like heard here including by the Mayor, and I would ask these two bodies to at least try to get some concise comments here, because neither of the solutions that I'm hearing, are palatable to the taxpayers who are about to lose their homes.

Smith said if you would hold one second, that part of the agenda is forthcoming. The informational setting to the taxing unit heads, that has to be done first for them to understand, because they are the ones' who have to make the decisions, and are always open for the public participation, but these are issues that we had to take care of.

Mary Elgin said that said that Mayor King is of the opinion that the Township, the School district, and other taxing units have to justify their budgets to him, in order for him to be in cooperation with what the other Cities are doing, and I just wanted to make that clear that that is not the call, so if somebody heard it, they ought to pass it on to him.

Councilman O'Donnell asked Mark Pearman, if it is possible, if we don't get the "green light" from Mayor King, is it possible for Data to say, exclude Unit 25 from the credit, and still send out bills?

Mark Pearman said, yes.

Smith said to exclude Unit 25 is not what they wanted to do. O'Donnell said he doesn't want to do that, but he doesn't want to put the County at risk for $9 million dollars.

Commissioner Clay said, if Gary don't opt into that 2% refund plan, then everybody's bill in Gary is going to go up, and the blame would have to go on the Mayor of the City.

A taxpayer said that foreclosures are happening, we don't have, many of us don't have the luxury to wait, people are losing their homes.

Smith asked the representatives from some of the taxing units, do you have any questions of this Council. If you do would you please step forward:

Curtis Whittaker, Financial Advisor for Calumet Township Trustee said that we heard in the conference call with the Dept of Local Government and Finance, we heard clearly, Melissa Henson and her Attorney say that the dollars that are available from USX settlement, must be placed into excess levy. I know that Calumet Township receives 98% of it's collections in prior year, so that would only leave, if the Mayor is working off 100%, that would leave only 2%. 2% of the USX settlement, is not enough to repay the circuit breaker amount that is going to go against Calumet Township, and Trustee, Mary Elgin. As they stated, the remainder of those dollars must go into levy excess. Each unit , the Township, the School Board, the library, even the City, none of these units have the ability to use those dollars above and beyond 100 percent to make payment to the Circuit Breaker.
I just ask that you keep that in mind.

Smith said that's why they began the meeting by stating to everyone, from where the Council was, that we had in hand, MOUs from every City's taxing units, other than Gary taxing unit 25 for the Circuit Breaker program, and it's relief paid for back to the County, out of Casino monies. We're trying to make that clear.

Blanchard said I assume there is a reason that PTR money is following the settlement, and it's because the State feels that the mechanism is in place to credit all taxpayers that experienced the tax increase, due to USX's failure to pay their total tax bill. The last time I looked, there were about 60,000 parcels in Calumet Township, and you've got about 15,000 that qualify for the Circuit Breaker, and if I was one of those 45,000, and not getting as big a break on my taxes from the settlement, and the PTR money, I would be pretty upset. That's why I feel the PTRC follows the settlement from the State, otherwise the why would the State give PTR money? It's certainly not to pay for a circuit breaker, that shows people who are eligible. This is a democracy, and there is a mechanism if someone feels that a unit of government levy is excessive, and there are open books, the County's books are open for anyone to view. And if you feel our levies are too excessive, or if you feel the School's levy is too excessive, then every taxpayer has the right to go to the meetings and voice their opinions and actually have the numbers in front of them, that are certified numbers of that taxing unit, and say "hey look, we want this down", otherwise, when we go to the polls, we are going to vote you out of office and get somebody else in there that will". If I was in Mayor King's shoes, I'd probably be saying the same thing he has, but these meeting that were held last August and September, and there's been plenty of time to discuss the issues we has had with the units, we felt had excessive levies and needed to cut their budgets, and that's the reason for not opting into the Circuit Breaker program like all the other Cities and Towns. There still is a window of opportunity that he cut 2005 budget, if I

understand correctly. Negotiations could still be ongoing.

Councilman Tabaczynski said initially I agree with Mayor King, that every governmental unit should have shared in the repayment, and that's when the Circuit Breaker was first proposed to us, I offered a plan that would have done that. It was simply to tell the State if you advance PTRC money to provide the relief, then let's accomplish the repayment through reducing our future draw of PTRC money, and in doing so, we would have touched every governmental unit that drives an individuals' tax bill above 2%, to the same proportionate share in sharing that "pain", of repayment. I will acknowledge however we lost that argument early on, and we lost it in this room, when our legislators, who seemed to believe that they bestow Casino revenues upon the County and Cities and therefore; are in the position of withdrawing those, or subjecting how they are going to be used. In doing so, they left us with a framework for 2% payback, which basically left us no option, other than Casino revenues, and in retrospect, I'm sorry that the Mayor of Hammond, and the Mayor of East Chicago did not voice their feelings, as passionately as Mayor King did, in saying that those Casino revenues should not be subjugated to pay for overspending by all those other government entities, but again, we lost that argument, unfortunately, we lost it early on because the legislators seemed to believe that the laws which they passed, which produced shifts of hundreds and hundreds of millions of dollars, from industry to homeowners can be covered up through local budget cuts and the adoption of income taxes, and that's simply not true, and until they really start to acknowledge that, and realize that one of the problems of being a local government official, and trying to budget in the framework that they construct for us, is one of the biggest problems, and until they start trying to be a partner in finding a way out of this property tax and assessment crisis, then we are going to continue to be battling decisions that are made downstate, like the one that doesn't give us options on how this is going to be repaid.

With that said let me remind my colleagues that the memorandum of understanding is an agreement between the County and the State. Anything beyond that, as we heard Melissa say today, is a local agreement, and we need to deal with it locally. To Councilman O'Donnell, I'm not ready today, to vote to say send property tax bills out, excluding the 2% for unit 25, but I do think we need to, at this point, acknowledge that participation is either all or nothing at this point, and pick a date fairly soon, to possibly return and say, either Unit 25 using Casino revenues is either in, in it's entirety, or it's out in it's entirely, but we can't continue to hold up the entire County, including Unit 25 because there is still disagreement out there, so I absolutely agree with the Mayor's principles on this, but I do acknowledge that it was battle that we lost, unfortunately, but had the other Mayors been as passionately about it, then maybe our legislators would have seen the wisdom of doing it differently. I think the only option we have right now is, to say this is the decision that the State has left us with, is either whether unit 25 participates or not, the agreement, the payback agreement is with the County, we therefore need to decide if we're going to send out tax bills, grant that credit, or not grant that credit. I think we need to pick that day where we need to hear back from the Mayor, and from those units that are affected in unit 25, of what their decision is, either participate, or not participate.

Franklin said it has always been in the back of her mind, that we were going to use both pots of money to give the relief to unit 25. my contention has always been as a citizen of that community, and a representative. We've not done enough for the people in my City, for tax relief. We have utilized, and the reason why the State is so adamant about the Riverboat money, is because we were not frugal. We used that money so frivolously and did not do anything to upgrade the lives of the Citizens of Gary, or give them any kind of relief and I personally feels that both pots of money need to be considered so that we can move on and do what we have to do. I listened to the Mayor talk about the reduction of staff, and things that he did to offset costs. Truthfully, what we did was added to the tax roll costs, being that those persons either went the Welfare Department, or the Calumet Township Trustee Poor Relief. They still had to feed their families. Some of them had mortgages, so we did not do anything to relieve that community of any burdens, we didn't do that when we reduced the staff. So I'm saying that hopefully in his statement he said that he would take a look at it, and he wouldn't leave everybody hanging out there. The Casino revenues need to be utilized and we need to impress upon the Mayor as citizens of that community, that we expect and we demand, that he help alleviate the burdens that we are facing in that community as related to taxes.

Smith said the President of the Gary City Council, which is a part of the makers in some decisions to be made, if Casino monies were in fact used, that should certainly have come before your body. Do you have any comments at all about that?

Councilman Chuck Hughes, President of the Gary City Council said my comments are general in nature. Obviously I think we all realize now that our Mayor negotiates solely by himself on the City of Gary, just as you find out information, is the same way we find out information. I think there is an overriding lesson that I hope, in the future no matter what takes place that we all realize that there are more than one branch of government in the City of Gary, particularly even if the Mayor chooses to utilize these Casino funds, then it's my guess that it would still have to come before the Common Council, then you are talking about a whole different lobbying effort by individuals who would make a decision, who has been part of no decision. It's always fashionable just to invite the Mayor out, and have discussions with the Mayor. I've been a Councilman longer than Mr. King has been Mayor, and has never been invited to a meeting countywide, local wide, or otherwise. That is certainly a fight that has taken place now, that I am happy to see that because of the crisis that we all face, everybody. Not just public enemy number 1, who is me but everybody now has to understand that the accountability of office sharing of power and responsibility has to take place amongst everybody who is elected to be leaders of a community. I want to see other leaders step up and demand what is fair and proper for the people that's been represented, but as I listened to the Mayor talk about the sacrifices that he made, I can make this comment publicly in a Council meeting, I think the biggest sacrifice is that we put people out of work, and we created more work for Mary Elgin and others as such because my council manic body. Mayor didn't do any voluntary cuts out of his operations, we did it during the budget process, but then the Mayor vetoed our budget cuts, and he had four Council members to sustain his veto, so the Mayor is not suffering. People who are out of work are suffering. We do have that cushion of Casino funds. The Public safety that the Mayor spoke about, our Public Safety employees have not received a raise in four years. There is nothing being done for Public Safety, other than *we* do have that luxury of the Casino Funds, so that we do big events at the ball park, Marquette, or those kinds of things that we can put an inordinate amount of Policemen out, and those figures can go under the total of Public Safety, but there are no sacrifices that have been made in the name of public safety. The point is, whatever the Mayor chooses to do, with these Casino funds, I think it will only be done at the urging of those who have the privilege of meeting and representing with him, and those who have a vested interest in the price that we are all going to pay. And I would just again say finally that we can get our way through all of these crisis, and next one that occurs. I just hope that everybody who actually have a say in the matter will be brought to the table. I can't speak for the entire Council but I can speak for myself and we have always felt as though, the taxpayers have not benefited from the Casino funds. There have been special projects, by the Mayor, as in special interests, by the Mayor that has benefited from these Casino funds, but I think the Council would be amenable to something where every taxpayer, every citizen, whether you gamble, or don't gamble, can say that these casino funds impacted my life in a positive way.

Smith acknowledged Vice President Ronier Scott as a representative of the Gary Common Council. Smith said he thinks that is significant because we have Gary citizens here. W*e* have to be setting and making some subsequent meeting schedules to ensure that people in the taxing units of 25 from Gary, will receive some kind of relief in the same manner as anyone else in other parts of the County.

Commissioner Clay said to the Chuck Hughes, President of the Gary City Council, on that senior citizen issue that we presented to the Council and the Mayor in 2001, I must say that the City Council we had 9 votes on the City Council to use casino monies to pay the property taxes for the senior citizens in the City of Gary, but there was a State Law, at that time, that the Mayor of the City, must present the" money" issues to the City Council, and he would not present that to the Council to pay the property taxes

for the senior citizens, but the City Council was on board with it.

Smith said that it is time for the citizens who came to this meeting to speak, and they have to take the message back. All *we* were just message and information givers.

Spero Batistatos, a citizen of Gary said that perhaps we have not invested the riverboat gaming past proceeds in Gary, as fruitfully as we might have. I would agree with many of you that the policies of the current administration has not yielded to economic development that we hope to see from the kinds of opportunities the riverboat tax money should create, and it really pains me to say this, but I think Scott is right. I think that everybody has got to give a little "blood". I know that many of the citizens here, believe that the 2% repayment should come out of all 17 units of local government, and this $54 million dollars should not be used to repay the 2% cap, it should be put in, for future years to lower the property tax levy in our county. People are going to lose their homes, *and* while that may seem like a trite quote for perhaps something that many of you can not necessarily appreciate, I can list off, as every person in this room can from Miller, a half dozen people who are our neighbors, that in 90 days, are going to lose their homes, or come real close, because the banks are going to want to take them. We do not want to see the $54 million dollars used to repay the loans. I assume that every one, from the School City, on down could find the 1/5th share of their pro rata share, to pay back the 2% cap to keep these people's taxes lower, and get the job done, so neither of the scenarios that were brokered here today, in his mind, are palatable. What is palatable is for all to look around, check your travel budgets, check all of the discretionary funds that you have, and none of you can look any of us in the face, and tell me that you don't have discretionary funds, because everybody is going to a convention this year, every has special travel perks in their budget. Every one of you has somewhere to cut. These people are cutting their vacations, they 're cutting their remodeling, they're cutting their kid's education. "This is unacceptable". There is a lot that the Mayor had done that I don't like, as a private resident of the City of Gary, but he's right, and this puts the 16 of you in an uncomfortable position to hear the fact that you need to "give a little blood", then so be it. Go back in your line items, look in the 400 series, look in the 300 series, because you got it. The school city can come up with there pro ratic share given the performance that it has and some of the things that come into light in the newspaper about what goes on in the school board. You guys has to be kidding us if you can try to look at us straight in the face and tell you don't have this money in your budget. Reduce the property tax 2% Circuit Breaker from your operating budget and please put your $54 million into property tax relief for future years. That is the only fair thing to do. There is plenty of "fat" in the Calumet Township levy that causes us to pay $9 dollars, and whatever cents, to get this job done.

Ned McKnight, a citizen of Gary, IN. agreed with Mr. Batistatos that the taxing bodies are spending too much of our money. I hear about reducing my budget. It's not your budget it's our money. The budgets have to be reduced, in all the taxing bodies. You have to lower the rates or there will be no Gary. Some kind of mechanism has to be put in place where that money is for tax relief. Maybe he is hurting himself because they are primarily commercial investors, but without a community, then our commercial investments are moot anyway, because there won't be anybody there to rent the spaces, and provide services to these people.

Smith said that we are going to try to work out a subsequent meeting, understanding our deadline is March 1, 2005.

Daren Washington, President of Gary School Board thanked Councilman Smith for calling this meeting together. The issue is, we can agree and disagree on what individual units are doing with their budget that there were promises made, and those promises should be kept. It is unfortunate that the taxing unit of Gary has to bring it's "laundry" in front of the entire Lake County population, which we, with our Chief Executive Officer, could have met months ago to talk about this issue with the taxing units, and to hear the ideas of our Chief Executive Officer, on how he feels that things could be handled. The Superintendent of the Gary Community School Corp, Mary Steele, met with the Chief Executive Officer months ago, and that is when we first read, not through their CEO, but through the newspapers, that his proposal would be to take monies from the other taxing units from the $53 million dollars settlement. At that moment, I asked him are you going to call a meeting with those taxing units to be able to discuss your plan? He informed us that he would talk with the Local Department of Finance, and then he would call a meeting. As of yet, that meeting never happened. What needs to happen now is, tax circuit breaker bills have gone out to residents in the City of Gary, and those residents feel that they're going to get a tax break. What we need to do at this point, we can agree to disagree on budgets and things of that sort, but we need to meet with the taxing units, we need to get a decision on each unit, if they are going to say, yes or no, and, if everyone says no, then we start the process in getting that money from the City of Gary. We need to meet as soon as possible, with the taxing units, properly to find out what our individual stance is, when you find that out, then we go from there because these tax bills need to be made. Promises was made, promises need to be kept. A lot of deals were made in back rooms, that many of us knew nothing about, so we ask the persons who made those deals in those back rooms, to keep those promises that you made in those back rooms, and make sure that the people of Gary, and their taxing unit receive the tax credit that they deserve.

Smith said during that process we needed the input. The taxing units needed correct information. Nothing was ever given to them because it was uniformly thought that casino monies and they didn't control casino monies so they could not, unless something was brought to them of any options. That all of those meetings, all of the time that was put in with the 16 Cities and Towns, this Council and Commissioners, give their Casino monies a portion to, we met, went over and over, and got many of them to buy on to the program, even at the expense of themselves, so everyone could get some relief. Now we are down to taxing unit 25, and we are hearing something all together different, we have Memorandums of Understanding from Hammond, who is paying for their schools, who's paying for North Township Trustee, who's paying for all of the taxing units, everybody's signed on. Where were you then? We have March 1st, at the latest for the bills to go out. How can we turn around now, and circumvent that? This is the process and this is the reality, and it was up to us to bring it to you, and that's what we're doing today.

Elizabeth Kloss talked of what her taxes went to, and said I support the Mayor of the City of Gary, and ask that a hiring freeze and job eliminations be instituted within County Government. Harboring unnecessary jobs that can be done by one person and are held by twelve, as well as jobs that are duplicated. Is there a human resource department for Lake County?

Councilman Smith said "no".

Attorney Szarmach explained that the County portion of your total tax bill is very small. You talked about the County cutting. County has cut quite a bit. The County portion of your tax bill in Calumet Township is very small, 10 percent.

Kloss said the Human Resource Department, which is monitored by the State, can help consolidate people's use of their funds. If jobs are reviewed and evaluated to see of they are needed, as well as hiring freezes an firing. We heard about a train that runs from Northlake County to Southlake County. Figuratively speaking that train is going to be hauling a lot of debt. If Northlake County can no longer pick up that debt it's going to go to Southlake County. Everyone will be in trouble.

Commissioner Clay said we could cut budgets out here all day long your tax bill will still be about $18,000.00 unless they put that cap on. I think we need absolutely to keep that 2% Cap on because of the fact, that it will keep your property tax bill down. I agree that they should streamline County Government, we have given up our cars and phones, cutting down to the bone, but all of that, if the Mayor of Gary does not opt in to this 2% refund plan, your bills are going to go up even higher.

Mrs. Kloss said I believe that the 2% Circuit Breaker, and the $53 million dollars are a separate issue, and that each should be applied to their own year because we have other years that we have to shoulder.

Commissioner Clay I think the 2% should be permanent.

Smith said the reason for having this meeting was being held was for informational side. I said it early on in the meeting, that these are two separate issues here. Two separate reliefs here, and we should not bow in to either one of them. We are working on the Human Resource program as well.

Attorney Douglas Grimes said that hundreds of people are on the verge of losing their homes. My point is that they don't lose focus about units of government negotiating and getting together and calling a meeting. I think the gauntlet that has been laid down today, is the proper one. We could get together and set a "drop dead" date by which the City of Gary makes it's decision. The Mayor is not out there by himself, we do, in fact have a City Council, and to suggest that they have no power, is absolutely ludicrous. I want you to move forward, and don't lose focus and resolve this issue. If the units of government want to get together next year, and talk about it and how they're going to do it and discuss how they can get around State Laws as to how they can spend that settlement money, then let them do it. My taxes doubled. I want some action. I think that the job that you are doing is going to force that action.

The following officials were Present:
Attorney John Dull
Attorney Ray Szarmach

The next Board of Commissioners Meeting will be held on Wednesday, February 16, 2005 at 10:00 A.M.

There being no further business before the Board at this time, Clay made a motion, seconded by Scheub, to adjourn.

_____
GERRY SCHUEB, PRESIDENT

_____
FRANCES DUPEY

_____
RUDOLPH CLAY

ATTEST:

_____
STEPHEN STIGLICH, LAKE COUNTY AUDITOR