2018 ANNUAL REPORT

RDA
REGIONAL DEVELOPMENT AUTHORITY
TRUSTED. TESTED. RESULTS.

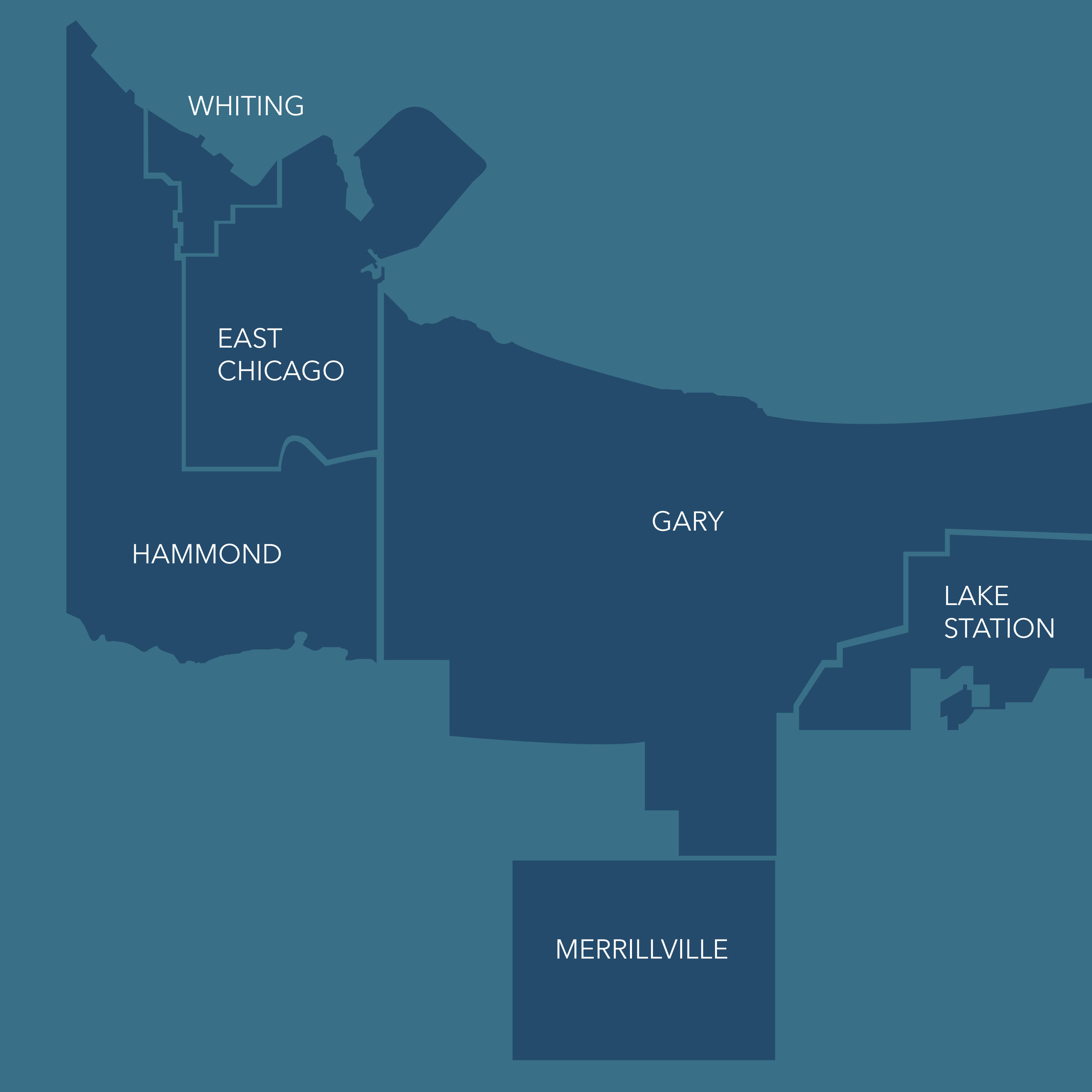

WHITING
EAST CHICAGO
HAMMOND
GARY
LAKE STATION
MERRILLVILLE

Table of Contents

From the Chairman and the President/CEO

Bill Hanna
President and CEO

Donald P. Fesko
Chairman of the Board

On behalf of the Board of Directors and the staff of the Northwest Indiana Regional Development Authority (RDA), we are pleased to present the 2018 annual report. This report includes the results of our fiscal 2017 audit conducted by the London Witte Group of Indianapolis.

Over the past year, the RDA focused its energies primarily on commuter rail expansion, working with a variety of local, state and federal partners in pursuit of federal matching funds to build the West Lake Corridor extension in western Lake County and fully double track the existing South Shore line from Gary to Michigan City. The RDA has partnered with the Northern Indiana Commuter Transportation District (NICTD), operator of the South Shore commuter rail line; the Indiana Department of Finance (IFA); the Indiana State Budget Agency; and the Federal Transit Administration (FTA).

Since receiving approval from FTA to enter the Capital Improvements Grant New Starts Project Development phase for the West Lake Corridor in September of 2016, NICTD and the RDA have worked closely with the FTA to meet each of the requirements for completion of the New Starts Project Development, including:

• Selection of a locally preferred alternative

• Adoption of Locally Preferred Alternative into the fiscally constrained metropolitan transportation plan

• Completion of the National Environmental Policy Act environmental review process

• Preparation of sufficient information for FTA to develop a project rating

• Obtain commitment of at least 30 percent of the non-CIG funding

• Completion of at least 30 percent design and engineering

In September 2018, NICTD requested entry into the **New Starts Engineering phase of the FTA's Capital Investment Grant (CIG) program for the West Lake Corridor.** Following this action, NICTD and the RDA will continue to work with state and federal authorities on funding for double tracking. Combined, the two projects are projected to attract approximately $2.3 billion in private investment to Northwest Indiana, and result in an estimated 5,700 new jobs and $3 billion in economic impact by 2048.

While our emphasis has been on commuter rail, the RDA continued to address other regional needs in 2018. These include:

Approved a **grant in the amount of $46,993.30 to Northwestern Indiana Regional Planning Commission for two years to complete their Household Travel Demand Survey** to ensure a fair and transparent prioritization and selection process for the region's transportation funding priorities.

Approved a **matching grant for the City of East Chicago in the amount of $8.545 million to fund phase III of the city's Waterfront Revitalization Initiative**, which involves the reconstruction of Guthrie Street and the Fitzsimmons retail project. RDA has previously provided $30.43 million in grants for earlier phases of the initiative. The phase III grant is the final installment of East Chicago's Waterfront Revitalization Initiative.

Approved a matching grant of **$100,000 for the City of Hammond.** This grant will go toward a $124,464 match needed for the **Chicago Street construction and demolition project.** Hammond entered into a construction funding agreement with Indiana Department of Transportation to provide $124,464 in local funds (20%) toward the total $622,318 construction contract to demolish and clear 27 properties acquired by the City in order to provide direct access to land adjacent to the proposed Gateway commuter rail station. This land has been identified for transit oriented re-development purposes which is expected to provide significant return on the investment from the state and local tax revenue generated by the new economic activity.

Also in 2018, the **RDA facilitated the first meetings of the Transit Development District (TDD) Steering Committee.** TDDs are special taxing districts which the RDA will establish around South Shore commuter rail stations on both the new West Lake Corridor extension and the existing line in Lake and Porter counties. These TDDs will provide funding for infrastructure improvements and transit oriented development around the stations. The committee was established to advise the RDA as to local preferences regarding development and to act as an intermediary between the RDA and local communities. While federal matching funds for the two rail projects have not yet been secured, the RDA believes it is imperative to begin the planning process for the stations now, as projections indicate that as much as $2.3 billion in private investment will be generated by commuter rail expansion over the next two decades. The sooner planning begins, the more control local communities can exercise over the types of development that come to their community.

We look forward to continuing to invest in Northwest Indiana in 2019. Our vision remains unchanged: To make Northwest Indiana the leading area for economic growth in Indiana and an example of what Hoosiers can be or do when given global opportunities.

Bill Hanna

Bill Hanna
President and CEO

Donald P. Fesko

Donald p. Fesko
Chariman of the Board

Board of Directors

Donald P. Fesko - Governor's Appointment, Chairman of the Board

Donald Fesko, OD, MBA, FACHE is the President and CEO of the Community Foundation of Northwest Indiana. A doctor of optometry, Fesko also holds a Bachelor's degree in Economics from Purdue University and a Masters in Business Administration from Indiana University Northwwest. He was named a Modern Healthcare Up & Comer in 2008, designated as a Fellow of the American College of Healthcare Executives (ACHE) in 2009 and was the recipient of the group's Robert S. Hudgens Award honoring the Young Healthcare Executive of the Year in 2012. Fesko is active on numerous boards and councils including the Community Cancer Research Foundation Board, the Indiana University School of Medicine Advisory Council, the Hospice of the Calumet Area Board and the Community Care Physician Network Board.

Bill Joiner - Gary Appointment, Vice Chairman of the Board

Bill Joiner is a private investment portfolio manager, President of Gary's Economic Development Commission, and a member of the Gary Redevelopment Commission. He is also on the Investment Committee of the Legacy Foundation and a member of Board of Directors St. Mary Medical Center. He is a former SVP Gainer Corp, First Vice President of Bank One / First Chicago NBD Bank /JpMorgan Chase and President and Secretary of Structure Resources, LLC, a consulting firm specializing in business development and best management practices. He holds a Bachelor of Science in Management Administration from Indiana University, a diploma from the Graduate School of Banking at University of Wisconsin and a General/ Graduate Certification from the American Institute of Banking.

Christopher Campbell - Porter County Appointment, Secretary/Treasurer

Chris Campbell, an executive at Centier Bank, oversees lending in Porter, La Porte, Marshall, St. Joe and Elkhart Counties along with small business lending. He serves on several nonprofit boards, including the Porter Starke Foundation Board, where he is finance chairman. He also serves as the treasurer for the Valparaiso Community Festivals and Events Board, and is the endowment chairman for the Valparaiso Parks Foundation board, and the redevelopment commission for Valparaiso. Chris also serves on the board of the Porter County Boys and Girls Club. He also is chairman of the EF Wildermuth Foundation, an organization that is dedicated to helping people with eyesight issues. He holds an undergraduate degree from Wittenberg University and an MBA from Valparaiso.

Thomas Golab - Governor's Appointment

Thomas Golab is Founder and Managing Member of Route 6 Development LLC and related real estate development entities, including Lakeshore Real Estate Management Inc. Golab has a Bachelor of Science Degree in Accounting from Purdue University and is a CPA. Prior to forming his real estate company in 2005, Golab held the following positions: Chief Financial Officer, Navitas Systems LLC and its predecessors 2005 - Present (technology), U-Stor-It Group LLC 2003-2005 (real estate sector), Chief Financial Officer, Lexstar Technologies Inc. and predecessors companies 1992-2003 (manufacturing sector), Corporate Controller, RTO, Inc. 1989-1991 (finance sector), Audit Manager, KPMG Peat Marwick 1984-1989 (public services). Golab has a diverse background in finance including mergers, acquisitions, financial consulting, development, capital formation and structured finance. He has two children and resides with his family in the City of Portage.

Milton Reed Jr. - East Chicago Appointment

Milton Reed Jr. is Principal of Global Consulting Solutions. Milton is an economic development and organizational cost reduction specialist with over 20 years of experience in business and economics. He received a Bachelor of Science Degree from Purdue University, West Lafayette, Indiana. Milton is a six sigma certified Engagement Manager for strategic, technical and efficiency oriented projects helping clients become high performance businesses and governments. He has worked for many years for leading senior managers and directors in large-scale projects from engineering concept, analysis, contractual agreement, and vertical integration. Milton provides program management and oversees economic development initiatives for the City of East Chicago. He has served as a member several professional and civic boards and commissions. Milton is a lifelong resident of Northwest Indiana, enthusiastic supporter of "The Region" and community volunteer.

Africa Tarver - Hammond Appointment

Africa Tarver is Executive Director of Planning and Development for the City of Hammond. Ms. Tarver is a native of Hammond and graduated from Calumet College of St. Joseph with a Bachelor of Science Degree in Organization Management. She has been employed with the City for the past 16 years in various positions. In her former role as Director of Economic Development, Ms. Tarver conducted business visits to promote retention and expansion and is continuously working to create an environment that produces a healthy business climate in the City of Hammond.

Randolph Palmateer - Lake County Appointment

Randolph Palmateer is Business Manager of the Northwestern Indiana Building Trades Council. He is a 22-year veteran of the Northwest Indiana construction industry, joining the International Brotherhood of Electrical Workers Local 697 as an apprentice in 1997. He holds multiple industry certifications and an Associate's Degree in Applied Science from Ivy Tech Community College. Palmateer is active on numerous boards throughout the region, including those of South Shore Promotions, the Challenger Learning Center at Purdue Calumet, and the Construction Advisory Board of Ivy Tech. He also is a member of the Lake County Redevelopment Commission.

LOCAL CONTRACTOR AND MBE/WBE PARTICIPATION

The Gary/Chicago International Airport opened its new U.S. Customs and Border Protection facility in August of 2018. This allows direct international flights to the airport for the first time, and is expected to significantly increase business and development at the airport.

The Board of Directors of the RDA has set goals of 15% minority-owned business (MBE) and 5% women-owned business (WBE) participation of RDA-funded projects. We have engaged Organizational Development Solutions (ODS) to track and report on the hiring of MBEs, WBEs and local companies on our initiatives. The results of the most recent report on MBE/WBE participation on our active projects through June of 2018, are presented in the table on the opposite page.

Two important caveats about these numbers:

• The RDA does not usually fund the entirety of a project. Typically, our funds are used to match local, federal or private dollars. This "leverage" increases the impact of our investment and allows for projects that otherwise would not have enough money to move forward. As an example, the RDA has provided a total of $50 million for the runway expansion project at the Gary Chicago International Airport. The total cost of the project is $177 million; that other $127 million comes from local and federal funds. The ODS report reflects only how the RDA's investment is being utilized. It does not represent the local or M/WBE participation on the project as a whole.

• Not all companies working on RDA-funded projects have provided the requested information. The majority have, and we are grateful for how far they have gone above and beyond. The data we have requested is not something usually required and so has imposed an extra expense and reporting burden on them. We appreciate their cooperation and we continue to work with our grantees to collect data from their contractors and subcontractors.

The RDA has also established a "buy Indiana" initiative to encourage use of local contractors and workers on RDA-funded projects. In order to be considered an Indiana business, a contractor must meet at least one of four criteria:

• A business whose principal place of business is located in Indiana.

• A business that pays a majority of its payroll (in dollar volume) to residents of Indiana.

• A business that employs Indiana residents as a majority of its employees.

• A business that makes "significant capital investments" in Indiana demonstrating a minimum capital investment of $5 million or more in plan/equipment or annual lease payments of $2.5 million or more.

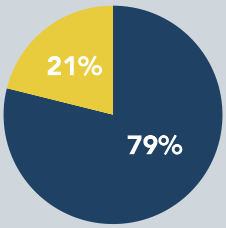
More than three-quarters of the contractors tracked as of the end of the second quarter of 2018 meet the first three criteria.

As of June 30, 2018, grantees reported the following:

PROJECT	% COMPLETED	AWARD AMOUNT	MBE EXPENDITURES	WBE EXPENDITURES
Hammond Lakefront Phase I	99%	$31,486,500	$4,098,868 87% of Goal	$4,964,668 315% of Goal
East Chicago Lakefront Phase I	79%	$17,495,000	$2,726,753 104% of Goal	$880,088 101% of Goal
East Chicago Lakefront Phase II	7%	$12,925,000	$56,577 3% of Goal	$10,868 2% of Goal
East Chicago Shoreline Gateway	72%	$3,900,000	$774,586 132% of Goal	$222,375 114% of Goal
Porter Lakefront Phase II	85%	$3,915,000	$206,624 46% of Goal	$215,630 145% of Goal
Miller Spotlight	30%	$75,000	$15,633 139% of Goal	$28,777 184% of Goal
Chicago Dash Valparaiso	7%	$6,847,000	$295,806 29% of Goal	$209,482 61% of Goal

Figures are for active projects on which expenditures had begun as of the first quarter of 2017.

BUY INDIANA PROGRAM

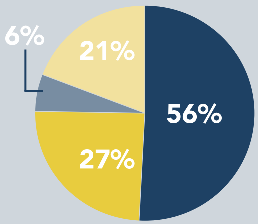


INDIANA CONTRACTORS

CONTRACTORS FROM OUTSIDE NWI/IN

79%

of contractors working on RDA-funded projects as of the end of Q2 2018 were **Indiana contractors**.



LOCAL CONTRACTOR BREAKDOWN BY COUNTY

LAKE COUNTY

PORTER COUNTY

LAPORTE COUNTY

OTHER

2017 Independent Auditors' Report

1776 N Meridian Street, Suite 500
Indianapolis, IN 46202
P: (317) 634-4747 • F: (317) 632-2727
www.lwgcpa.com

To the Board of Directors of
Northwest Indiana Regional Development Authority:

We have audited the accompanying financial statements of the Northwest Indiana Regional Development Authority, which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating significant accounting estimates made by management as well as evaluating the overall presentation of financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Northwest Indiana Regional Development Authority as of December 31, 2017 and 2016, and the results of its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters
Government Auditing Standards require that that management's discussion and analysis information on pages 4-10 and the retirement plan schedule of proportionate share of pension liability and schedule of contributions on pages 30-31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required additional information in accordance with government auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Budgetary Comparison Schedule that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statement is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on financial statements that collectively comprise Northwest Indiana Regional Development Authority's basic financial statements. The additional information (page 32) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Report on Internal Controls over Financial Reporting
We also have examined in accordance with attestation standards established by the American Institute of Certified Public Accountants, Northwest Indiana Regional Development Authority's internal control over financial reporting as December 31, 2017 and 2016, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated April 16, 2018 expressed an unmodified opinion.

LWG CPAs & Advisors
Indianapolis, Indiana
April 16, 2018

Management's Discussion and Analysis

Years Ended December 31, 2017, 2016 and 2015

The following discussion and analysis of Northwest Regional Development Authority's (the "Authority") financial performance provides and introduction and overview of the Authority's financial activities for the years ended December 31, 2017, 2016 and 2015. Please read this discussion in conjunction with the Authority's financial statements and the notes to financial statements immediately following this section.

FINANCIAL HIGHLIGHTS

2017

• Operating revenues for 2017 increased from $17,500,000 to $22,930,391 due to a inclusion of the January payment in 2018 as a receivable.
• Operating expenses for 2017 increased from $17,253,506 to $33,827,291 due to the Authority awarding more grants in 2017.
• Non-operating revenues increased due interest income increasing from $366,305 to $428,812 in 2017 as well as the Authority receiving an additional $198,336 in federal grants.

2016

• Operating revenues for 2016 decreased from $22,500,000 to $17,500,000 due to State of Indiana funding decreasing their contributions by $5,000,000 in 2016.
• Operating expenses for 2016 increased from $6,628,173 to $17,253,506 due to the Authority awarding more grants in 2016.
• Non-operating revenues increased due interest income increasing from $130,421 to $366,305 in 2016 as well as the Authority receiving an additional $323,827 in federal grants.

2015

• Operating revenues for 2015 decreased from $27,500,000 to $22,500,000 due to State of Indiana funding ending mid-year.
• Operating expenses for 2015 decreased to $6,628,173 from $30,644,268 in 2014. The decrease was due to the Authority awarding less grants in 2015.
• Non-operating revenues for 2015 decreased to $160,062 from $901,544 in 2014. The decrease was due to no state grants received as well as a decrease in federal grants.
• In 2015, the Authority adopted Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions. Based on GASB No. 68, the Authority recorded deferred outflows, deferred inflows, and the net pension liability related to its participation in the Indiana Public Retirement System.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Authority's financial statements. The Authority's financial statements are comprised of the Financial Statements and the Notes to the Financial Statements. In addition to the financial statements this report also presents Supplementary Information after the Notes to the Financial Statements.

The *Statements of Financial Position* present all the Authority's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by private-sector companies. The difference between assets and liabilities is reported as net position. The increase or decrease in net position may serve as an indicator, over time, whether the Authority's financial position is improving or deteriorating. However, the consideration of other non-financial factors such as changes within the Northwest Indiana community may be necessary in the assessment of overall financial position and health of the Authority.

The *Statements of Activities* present all current fiscal year revenues and expenses, regardless of when cash is received or paid, and the ensuing change in net assets.

The *Statements of Cash Flows* Flows report how cash and cash equivalents were provided and used by the Authority's operating, investing, and financing activities. These statements are prepared on a cash basis and present the cash received and disbursed, the net increase or decrease in cash for the year, and the cash balance at year end.

The *Notes to Financial Statements* are an integral part of the financial statements; accordingly, such disclosures are essential to a full understanding of the information provided in the financial statements. The Notes to the Financial Statements begin on page 20.

In addition to the financial statements, this report includes Additional Information. Required additional information begins on page 30 and is related to the Authority's participating in the public Employer's Retirement Fund. The additional information continues to present the 2017 Supplemental Schedule for Supporting Services on page 19.

FINANCIAL ANALYSIS

The Authority receives substantially all of its revenue from state, city and county agencies. Beginning in 2006, the fiscal officer of each city and county described in IC 36-7.5-2(b) (other than the (2) largest cities in a county described in IC 36-7.5-2-3(b)(1) (Lake County, Porter County, East Chicago, Gary, and Hammond)) shall each transfer three million five hundred thousand dollars ($3,500,000) each year to the Authority for deposit in the Authority's fund.

The Authority is appropriated from the State of Indiana $6,000,000 for fiscal year ending June 30, 2016 and 2017 (House Enrolled Act No. 1001). These funds will only be available at such time a plan and grant application for extending the Chicago, South Shore, and South Bend Railway is approved by the Indiana Finance Authority. As such, the Authority made a prior period adjustment of $6,000,000 to revenue and accounts receivable as there is no plan currently approved and therefore the Authority does not consider these funds as receivable at this time. See Note 9 for more detail. In 2015 the State of Indiana provided $5,000,000 of funding to the Authority.

The revenue is ear-marked for projects targeted for development in the Authority Comprehensive Strategic Development Plan. Based on this plan the following projects were identified:

- Commuter Rail Transportation – Plans to extend the South Shore rail line to Lowell and Valparaiso are being reviewed.

- Lake Michigan Shoreline Development – A reinvestment strategy for the Lake Michigan shoreline to provide balance between nature, industry, restoration and redevelopment while reclaiming the shoreline for public access and projects related to the Lake Michigan Marina and Shoreline Development Commission. IC 36-7.5-2-1 identifies the types of projects eligible for RDA funding.

- Town of Porter – Indiana 49 lakeshore gateway corridor area between Interstate 94 to the Indiana Dunes State Park.

A comparative condensed summary of the Authority's net assets at December 31, 2017, 2016, and 2015 is as follows:

	2017	2016	2015
Current assets	$81,099,195	$89,990,741	$87,856,140
Property and equipment			
Furniture & Fixtures, net	26,235	1,250	1,929
Long-term assets	10,105,000	11,325,000	500,000
Total assets	91,230,430	101,316,991	88,358,069
Deferred Outflows of Resources	173,927	152,784	56,704
Current liabilities	24,694,856	20,517,413	14,561,811
Long term liabilities	405,737	342,124	224,426
Total liabilities	25,100,593	20,859,537	14,786,237
Deferred inflows of resources	1,645,803	35,993	44,623
Net position	$64,657,961	$80,574,245	$73,583,913

2017

Long-term assets decreased by $1,220,000 due to the Authority receiving payments from a bond anticipation note to the City of Gary.

Current liabilities increased by $4,177,443 from 2016 primarily due to an increase in grants payable. The Authority awarded more grants than paid down in 2017.

2016

Long-term assets increased by $10,825,000 due to the Authority issuing a bond anticipation note to the City of Gary. The note will be paid in semi-annual payments over a 10 year period.

Current liabilities increased by $5,955,602 from 2015 primarily due to an increase in grants payable. The Authority awarded more grants than paid down in 2016.

2015

Current assets increased by $4,306,641 primarily due to an increase in cash and decrease in accounts receivable. In addition, notes receivable decreased due to scheduled collections.

Current liabilities decreased by $12,426,649 compared to 2014 due to a decrease in grants payable. The Authority paid down grants awards while not awarding as many grants as 2014.

Deferred outflows, deferred inflows, and net pension liability were added in 2015 due to the implementation of GASB No. 68.

CHANGES IN NET POSITION

	2017	2016	2015
Operating revenues	$22,930,391	$17,500,000	$22,500,000
Operating expenses	33,827,291	17,253,506	6,628,173
Operating income	(10,896,900)	246,494	15,871,827
Non-operating revenue	980,616	743,838	160,062
Period Restatement	-	-	17
Change in net assets	$(9,916,284)	$990,332	$16,031,906

2017
Operating revenues for 2017 increased by $5,430,391 resulting from recording accounts receivable due for the fourth quarter of 2017.

Operating expenses for 2017 increased from by $16,573,785 due to the Authority awarding more grants in 2017.

Non-operating revenue increased in 2017 due to an increase interest income and the Authority receiving more federal grants.

2016
Operating revenues for 2016 decreased by $5,000,000 due to a decrease in funding from the State of Indiana.

Operating expenses for 2016 increased from by $10,625,333 due to the Authority awarding more grants in 2016.

Non-operating revenue increased in 2016 due to an increase interest income from a loan with the City of Gary and the Authority receiving more federal grants.

2015
Operating revenues for 2015 decreased $5,000,000 due to funding from the State of Indiana ending June 30, 2015. Operating expenses decreased $24,016,095 due to the Authority awarding less grants during 2015.

Non-operating revenue decreased in 2015 due to a decrease in federal and state reimbursement based grants.

OPERATING EXPENSES

	2017	2016	2015
Salaries and wages	$679,038	$662,948	$726,917
Professional fees	2,577,486	1,296,442	626,598
Program Services	30,410,502	15,200,955	5,118,791
Other	160,265	93,161	155,867
Total operating expenses	$33,827,291	$17,253,506	$6,628,173

2017
The increase in professional fees was due to increased legal and special consultant work in 2017. There was an increase in the amount of grants awarded in 2017 causing total operating expenses to increase by $16,573,785.

2016
The increase in professional fees was due to increased legal and special consultant work in 2016. There was an increase in the amount of grants awarded in 2016 causing total operating expenses to increase by $10,625,333.

2015
The increase in salaries and wages was mainly due to staff salary increases. The increase in other operating expenses was due to an increase in insurance costs and travel expenditures.

CHANGES IN CASH FLOWS

	2017	2016	2015
Cash from activities:			
Operating	$(8,939,412)	$8,828,369	$5,542,496
Investing	1,219,207	(11,506,757)	1,050,421
Financing	-	-	-
Net change in cash	(7,720,205)	(2,678,388)	6,592,917
Cash:			
Beginning of the year	79,449,286	82,127,674	75,534,757
End of the year	$71,729,081	$79,449,286	$82,127,674

2017
The Authority's available cash decreased by $6,842,430 as of December 31, 2017. The decrease is primarily due to payments to grantees during 2017.

2016
The Authority's available cash decreased by $2,678,389 as of December 31, 2016. The decrease is primarily due to the Authority issuing a bond anticipation note to the City of Gary. The note will be paid in semi-annual payments over a 10 year period.

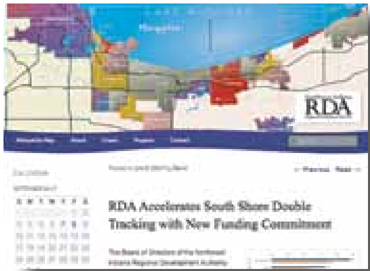
2015
As of December 31, 2015, the Authority's available cash increased $6,592,917. The increase in cash is due to collection of outstanding accounts receivable, note receivable, and collecting more in revenues than were spent on grants.

FACTORS BEARING ON THE FUTURE
There have been no new grants approved as of April 16, 2018.

REQUESTS FOR INFORMATION
This financial report is designed to provide the reader with a general overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Northwest Indiana Regional Development Authority's Office.

GREAT THINGS *are happening!*

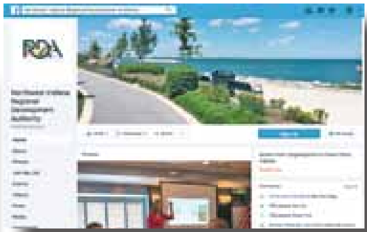
RDA investments in Northwest Indiana are ***bringing jobs and businesses*** to the region and ***improving commuter connectivity to Chicago.***



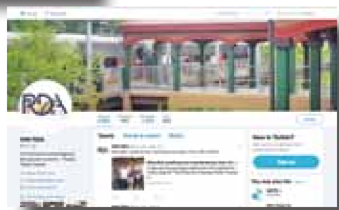
rdatransformation.com/blog

in.gov/rda

E-mail Update



Facebook: rdacatalyst



Twitter: @nwi_rda

STAY CONNECTED. STAY INFORMED.

rdatransformation.com

- Sign up for our e-mail updates
- E-mail Dave Wellman at dwellman@rda.in.gov to subscribe
- "Join our list" on facebook

Northwest Indiana Regional Development Authority

Statement of Financial Position

Years Ended December 31, 2017 and 2016

	2017	2016
ASSETS		
Current assets		
• Cash and cash equivalents	$71,729,081	$79,449,286
• Restricted cash	877,775	-
• Accounts receivable	7,218,921	2,794,679
• Interest receivable	43,492	48,062
• Note receivable - due within one year	-	500,000
• Prepaid expenses	9,926	8,714
• Current portion of bond receivable	1,220,000	1,190,000
Total current assets	**$81,099,195**	**$83,990,741**
Property and equipment		
• Furniture, fixtures & leasehold improvements	75,557	49,157
• Accumulated depreciation	(49,322)	(47,907)
Total property and equipment (net)	**$26,235**	**$1,250**
Long-term assets		
• Bond receivable	10,105,000	11,325,000
• Note receivable		
Total long-term assets	10,105,000	11,325,000
Total assets	**$91,230,430**	**$95,316,991**
DEFERRED OUTFLOWS OF RESOURCES		
• Pension costs	173,927	152,784
Total deferred outflows of resources	173,927	152,784
LIABILITIES		
Current liabilities		
• Accounts payable and accrued expenses	398,795	169,010
• Accrued vacation	47,699	49,044
• Grants payable	24,248,362	20,299,359
Total current liabilities	**$24,694,856**	**$20,517,413**
Non-current liabilities		
• Net pension liability	405,737	342,124
Total liabilities	**$25,100,593**	**$20,859,537**
DEFERRED INFLOWS OF RESOURCES		
• Deferred revenue	1,615,693	-
• Pension costs	30,110	$35,993
Total deferred inflows of resources	**$1,645,803**	**$35,993**
NET POSITION		
• Unrestricted	64,657,961	74,574,245
Total net position	**$64,657,961**	**$74,574,245**

The accompanying notes are an integral part of these statements.

Statement of Activities

		2017	2016
UNRESTRICTED NET ASSETS			
SUPPORT	Indiana Finance Authority	$1,055,391	-
	City of East Chicago	4,375,000	3,500,000
	Lake County	4,375,000	3,500,000
	City of Gary	4,375,000	3,500,000
	City of Hammond	4,375,000	3,500,000
	Porter County	4,375,000	3,500,000
	Total Support	**$22,930,391**	**$17,500,000**
EXPENSES			
PROGRAM SERVICES	Brownsfield Assessment	445,185	-
	Brownsfield RLF Loan	-	388,000
	City of East Chicago	317,917	12,935,000
	Dunes Learning Center	75,000	-
	Legacy Foundation	75,000	-
	NICTD - DEIS Study	512,272	323,608
	NICTD DT PE & EA	1,600,000	-
	NICTD WLE FEIS	20,000,000	-
	North Township	250,325	-
	Pratt Paper	-	1,400,000
	TOD Investment Strategies	150,000	-
	Valpo Chicago Dash Phase II	6,847,000	-
	West Lake TOD Planning	137,803	154,347
	Total Program Services	**$30,410,502**	**$15,200,955**
SUPPORTING SERVICES	• Salaries & professional services	3,256,524	1,959,390
	• Operating expenses	158,850	92,482
	Total Supporting Services	**$3,415,374**	**$2,051,872**
	• Depreciation expense	1,415	679
	Total Expenses	**$33,827,291**	**$17,253,506**
NON-OPERATING REVENUE			
	• Federal grants	551,804	353,468
	• Brownfield assessment	-	24,065
	• Interest income	428,812	366,305
	Total Non-Operating Revenue	**$980,616**	**$743,838**
	Change in Net Position	**$(9,916,284)**	**$990,332**
	Net-Position - Beginning of Year (Restated)	**$74,574,245**	**$73,583,913**
	Net Position - End of Year	**$64,657,961**	**$74,574,245**

The accompanying notes are an integral part of these statements.

Statement of Cash Flows

	2017	2016
Cash flows from operating activities		
• Fee revenue	$20,673,646	$20,097,048
• Payments to grantees	(26,461,499)	(9,335,749)
• Payments to suppliers and employees	(3,151,559)	(1,932,930)
Net cash provided (used) by operating activities	**$(8,939,412)**	**$8,828,369**
Cash flows from investing activities		
• Purchase of leasehold improvements	(26,400)	-
• Change in restricted cash, net	(877,775)	-
• Long term bonds issued	-	(13,100,000)
• Bond repayments	1,190,000	585,000
• Note receivable repayment	500,000	690,000
• Investment interest income	433,382	318,243
Net cash provided (used) by investing activities	**$1,219,207**	**$(11,506,757)**
Net change in cash and cash equivalents	(7,720,205)	(2,678,388)
Cash and cash equivalents, beginning of year	79,449,286	82,127,674
Cash and cash equivalents, end of year	**$71,729,081**	**$79,449,286**

RECONCILIATION OF OPERATING INCOME TO CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES:

	2017	2016
Change in net position	$(9,916,284)	$990,332
Interest income	(428,812)	(366,305)
Depreciation expense	1,415	679
Decrease (increase) in assets		
• Accounts receivable	(4,424,242)	2,219,515
• Prepaid expenses	(1,212)	15,558
Increase (decrease) in liabilities		
• Deferred revenue	1,615,693	-
• Net pension liability	36,587	12,988
• Accounts payable and other accruals	228,440	90,396
• Grants payable	3,949,003	5,865,206
Net cash provided (used) by operating activities	**$(8,939,412)**	**$8,828,369**

The accompanying notes are an integral part of these statements.

Supplemental Schedule of Supporting Services

	2017	2016
SALARIES & PROFESSIONAL SERVICES		
Accounting	$26,910	$29,890
Federal/State/compliance consultant	319,025	294,281
Financial Advisor	167,564	102,614
Human resources consultant	9,945	6,000
Legal	96,959	337,928
Public awareness and education	39,644	40,031
Salaries and related personnel costs	679,038	662,949
Special consultant	1,917,439	485,697
Total Salaries & Professional Services	**$3,256,524**	**$1,959,390**
OPERATING EXPENSES		
Bank charges	$779	$645
Furniture and equipment	6,067	-
Insurance	49,323	-
Meals and entertainment	5,833	6,200
Office supplies	6,573	10,379
Postage	14	110
Professional development	-	15
Rent	48,205	46,987
Telephone and fax services	3,777	4,761
Travel	27,401	9,997
Tuition reimbursement	10,878	13,388
Total Operating Expenses	**$158,850**	**$92,482**
Total Supporting Services Expenses	**$3,415,374**	**$2,051,872**

The accompanying notes are an integral part of these statements.

NOTES TO THE FINANCIAL STATEMENTS Years Ended December 31, 2017 and 2016

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities – The Northwest Indiana Regional Development Authority (the "RDA" or the "Authority") was established as a separate body corporate and politic by House Bill 1120 which identifies the board selection process, powers, duties and sources of funding.

If the RDA issues bonds they are to create two funds, a general fund and a lease rental account. It specifies that the lease rental account shall always maintain a balance that is higher than the highest annual debt service and lease payment.

Mission – The RDA operates with the highest ethical principles to stimulate a significant rebirth in Northwest Indiana and is a catalyst in transforming the economy and quality of life in Northwest Indiana. They are guided by a set of principles directing them to be:

• BOLD in their thinking
• COLLABORATIVE when working with many groups and organizations without regards to political affiliation, race, or social status
• TRANSPARENT to the public and press as work is done
• NON-PARTISAN as we reach out to all affected parties
• EFFICIENT in use of the public's resources
• ACCOUNTABLE for their actions, now and in the future
• SOCIALLY EQUITABLE as we conduct business (internal and external) and direct the use of our resources in ways that respect the diversity of our region

The Legislative vision for the RDA from House Bill 1120 is summarized as follows:

Lake and Porter counties face unique and distinct challenges and opportunities related to transportation and economic development. A unique approach is required to fully take advantage of the economic potential of the South Shore, Gary/Chicago Airport, and Lake Michigan shoreline. Powers and responsibilities of the RDA are appropriate and necessary to carry out the public purposes of encouraging economic development and further facilitating the provision of air, rail, and bus transportation services, project, and facilities, shoreline development projects, and economic development projects in eligible counties.

Power and Duties
• Assist in the coordination of local efforts concerning projects
• Assist a commuter district, airport authority, shoreline development commission and regional bus authority in coordinating regional transportation and economic development
• Fund projects identified in the article
• Fund bus services and projects related to bus services (facilities)
• May issue grants, make loans and loan guarantees, issue bonds or enter into a lease of a project
• Developed a Comprehensive Strategic Development Plan which identified the following:
  - Projects to be funded
  - Timeline and budget
  - Return on investment
  - Need for ongoing subsidy
  - Expected federal matching funds

Financing - The following identifies the sources of funding for the RDA:
• Riverboat admission, wagering, or incentive payments received by Lake County, Hammond, East Chicago, or Gary
• County economic development income tax received by a county or city
• Amounts from the Toll Road Authority
• Food and beverage tax (the RDA does not have the authority to impose any tax; only the right to receive income in accordance with the legislation.)
• Federal Funds
• Appropriations from the general assembly
• Other revenue appropriated to the fund by a political subdivision
• Gifts, Donations or Grants
• Private Equity

Reporting Entity – In evaluating how to define the RDA for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America. The basic – but not only – criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity is conducted within the geographic boundaries of the RDA and is generally available to its citizens. A third criterion use to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the RDA is able to exercise oversight responsibilities. Based upon the application of these criteria, no entities have been considered to be potential component units for the purpose of defining the RDA's reporting entity.

Non-Exchange Transactions – Governmental Accounting Standards Board ("GASB") No. 33 defines a non-exchange transaction, as a governmental unit that gives (or receives) value without directly receiving (or giving) equal value in return. Because the RDA distributes money to local governmental units without directly receiving equal value in return, the transactions qualify as a non-exchange transaction. On an accrual basis, expenses to grantees are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the monies are required to be used or the fiscal year when use is first permitted, and revenue requirements, in which the monies are provided to the qualified agencies on a reimbursement basis. Monies requested by year end but not reimbursed until the following fiscal year are considered grants payable.

Measurement Focus and Basis of Accounting – The accounting principles of the Authority are based upon accounting principles generally accepted in the United States of America, as prescribed by the GASB. The Authority adopted GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments,* GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus* and GASB Statement No. 38, *Certain Financial Statement Disclosures*. The primary impact of adopting these GASB statements is the presentation of net assets, which replaces the previous fund equity section of contributed capital and retained earnings, the presentation of Management's Discussion and Analysis (MD&A) as required supplementary information, and the addition of a statement of cash flows. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The accounts of the Authority are reported using the flow of economic resources measurement focus.

The accounting policies of the Authority are based upon accounting principles generally accepted in the United States of America, as prescribed by the GASB. The Authority uses the accrual basis of accounting, under which revenues are recognized when earned and expenses are recognized when incurred. Enterprise funds may elect to apply Financial Accounting Standards Board ("FASB") pronouncements issued after November 30, 1989, provided that such standards are not in conflict with standards issued by the GASB. The Authority has elected not to apply FASB pronouncements issued after November 30, 1989.

Management's Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates.

Revenue – The RDA receives substantially all of its support revenue from state, city and county agencies. Beginning in 2016, the State of Indiana distributes to the Authority admissions tax collected from Lake County, East Chicago, Gary, and Hammond. The amount to be collected from each entity is $3,500,000 per fiscal year. As of December 31, there could be shortfalls in admissions tax collected which is collected in the subsequent year. Porter County distributes funds to the RDA in the amount of $3,500,000 per year.

The IC 8-15-2-14.7 provides that an appropriation made by the general assembly to the Authority may be distributed to the Authority only if all transfers required from cities and counties to the Authority under IC 36-7.5-4-2 have been made.

Revenue is ear-marked for projects recognized with the development of a Comprehensive Strategic Development Plan. Based on this plan the following projects were identified:

• Commuter Rail Transportation – Plans to extend the South Shore rail line to Lowell and Valparaiso are being reviewed.

• Lake Michigan Shoreline Development – A reinvestment strategy for the Lake Michigan shoreline to provide balance between nature, industry, restoration and redevelopment while reclaiming the shoreline for public access and projects related to the Lake Michigan Marina and Shoreline Development Commission. IC 36-7.5-2-1 identifies the types of projects eligible for RDA funding.

• Town of Porter – Indiana 49 lakeshore gateway corridor area between Interstate 94 to the Indiana Dunes State Park.

Federal Grant Funds – The RDA is the recipient and fiscal agent of a Brownfield Revolving Loan Fund ("RLF") grant sponsored by the US Environmental Protection Agency (EPA). The grant award is $1,400,000. The reporting requirements for this grant include quarterly progress reports which are due four times a year, within 30 days of the end of each quarter: January 31, April 30, July 31, and October 31. An annual financial report is due at the end of the year and by January 31. Once all data is assembled, the Authority's project manager submits the quarterly progress report and the annual financial report to the designated EPA project officer.

The RDA is the recipient and fiscal agent of TOD planning on the West Lake extension corridor sponsored by Federal Transit Administration (FTA). The grant award is $260,000. The reporting requirements for this grant include quarterly progress reports which are due four times a year, within 30 days of the end of each quarter: January 31, April 30, July 31, and October 31. An annual financial report is due at the end of the year and by January 31. Once all data is assembled, the Authority's project manager submits the quarterly progress report and the annual financial report to the designated FTA project officer.

At times, the RDA receives money from federal agencies and acts as the fiscal agent responsible for distributing funds to local municipalities to leverage local matches from the RDA. The funds are drawn-down from the federal agencies only upon the grantee spending the money and requesting reimbursement. The RDA monitors the grant and the grantee and ensures that the grantee is in compliance with the eligibility on how the monies are spent. The RDA submits quarterly reports to the federal agencies. During 2017 and 2016, the RDA received $551,804 and $353,468 of federal funds related to Brownfield and West Lake.

Accounts Receivable – Accounts receivable represent payments due to the RDA in January 2018 for amounts collected for fourth quarter of 2017. In addition, any shortfalls in admissions tax distributions during the year are included in accounts receivable. All amounts are expected to be collected.

Prepaid Expenses – Prepaid expenses represent payments to vendors during the current period, which will reflect costs applicable to subsequent accounting periods.

Accounts Payable and Accrued Expenses – The December 31 accounts payable balance relates to materials, supplies, taxes or services provided to the Authority during one calendar year, and not paid until the following calendar year. Expenses that have occurred but not invoiced through the financial statement date are considered accrued expenses.

Accrued Vacation – It is the policy of the Authority that unused vacation time can be carried forward. Vacation time earned but not taken is considered accrued vacation and should be paid the employee at the time services are terminated.

Grants Payable and Other Related Accruals – The Authority is committed to various organizations via reimbursement based grants. These payments are made when the organization has fulfilled the terms of the grant and submitted for reimbursement from the Authority. See Note 7 for further detail.

Deferred Revenue –Deferred revenue represents amounts received as a supplemental distribution from State of Indiana admission tax. These amounts are to assist with commuter rail transportation, specifically the West Lake Line. These funds will be recognized as revenue at such time a project is approved.

Operating Revenue, Operating Expenses, and Non-Operating Revenue and Expenses – The principal operating revenue of the Authority is fee revenue. Operating expenses for the Authority include contractual and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Income Tax Status – The RDA is a quasi-government organization that operates as a separate body corporate and politic. An opinion from the Attorney General has been requested regarding the RDA's tax exempt status and Federal and State filing requirements.

Cash and Cash Equivalents – The RDA considers all investments with maturities of three months or less, when purchased, to be cash equivalents. Cash and cash equivalents are stated at fair value and consist of cash bank accounts. See Note 2 for further detail.

Furniture and Equipment – Furniture and equipment are recorded at cost less accumulated depreciation computed on the straight-line method over the estimated useful life of five to ten years. Leasehold improvements are computed on the straight-line method over the estimated useful life of three years.

Net Position – Net position is comprised of the net earnings from operating and non-operating revenues, expenses and capital contributions. Net position is considered unrestricted and is available for the use of the Authority.

Budgetary Information – Each year, the budget is prepared on or before the first day of December on a basis consistent with generally accepted accounting principles. The budget is adopted by the Board annually and submitted to the state finance committee in January of each year for approval. The legal level of budgetary control is at the total fund expense level.

Staff and Payroll – Staff salaries, other compensation, and related expenses are paid by the state budget agency and reimbursed by the RDA.

Tuition Expense – The agency offers an incentive for employees to further their education with a tuition reimbursement program.

Operating Leases – The agency has a twelve (12) month rental agreement for office space and supply reimbursement with a two year option to renew. The lease expense for the year ended December 31, 2017 was $48,205. The RDA has chosen to renew the lease term which will expire June 30, 2018. The monthly lease amount, which is due at the beginning of each month, is $3,876. The remaining obligation due for the rental agreement is $23,256.

Restricted Cash – The agency has received funding related to a rail improvement project to be done in Lake County that will not be completed until 2020 and beyond. The cash received is considered restricted in use for this project.

(2) CONCENTRATIONS

At December 31, 2017 and 2016, $800,000 of the RDA's cash and cash equivalents was insured by the Federal Depository Insurance Corporation (FDIC), and therefore classified under Risk Category 1. The Public Deposit Insurance Fund (PDIF) was created by the Acts of 1937 in the State of Indiana to protect the public funds of the state and its political subdivisions deposited in approved financial institutions. The PDIF insures those public funds deposited in approved financial institutions which exceed the limits of coverage provided by any FDIC. The RDA has funds deposited in PDIF approved financial institutions.

At December 31, 2017 and 2016, the remaining portion of cash respectively, was covered by the PDIF and classified in Risk Category 1.

(3) PROPERTY AND EQUIPMENT

All furniture and equipment is depreciated using the straight-line method. Depreciation expense at December 31, 2017 and 2016 was $1,415 and $679, respectively. Property and equipment at year end consist of the following:

	2017	2016
Furniture and fixtures	$37,655	$37,655
Leasehold improvements	37,902	11,502
Accumulated depreciation	(49,322)	(47,907)
Total property and equipment, net	**$26,235**	**$1,250**

(4) PENSION PLAN

The Authority is a participating employer in the Indiana Public Retirement System (INPRS). INPRS resulted from legislation passed in 2010 that merged the Public Employers' Retirement Fund (PERF) and the Teacher's Retirement Fund (TRF), with the merger of the funds being effective July 1, 2011. The Authority contributes to the INPRS, a cost-sharing multiple-employer public employee retirement system, which acts as a common investment and administrative agent for units of state and local government in Indiana. INPRS is governed by state statutes I.C.S. 5-10.2 and 5-10.3, effective July 1, 1995. As such, it is INPRS's responsibility to administer the law in accordance with the expressed intent of the Indiana General Assembly. INPRS is a qualified plan under the Internal Revenue Code Section 401(a) and is tax exempt. INPRS is a contributory defined benefit plan that covers substantially all of the Authority's employees.

INPRS retirement benefits vest after 10 years of service. Senate Bill 74 enabled INPRS participants to be eligible for early retirement with 100% of the defined benefit pension if certain conditions were met. A participant may retire with full benefits at age 60 with 15 or more years of service or at age 55 if the participant's age plus years of service equals 85 or more (Rule of 85). If neither of the above conditions is met, a participant may retire with 100% of the pension benefit at age 65 with 10 or more years of service. This annual pension benefit is equal to 1.1% times the average annual salary times the number of years and months of INPRS-covered employment. The average annual salary used for calculating the pension benefit is an average of the participant's highest five years of employment earning within the 10 years preceding retirement.

Participants who retire between the ages of 50 and 55 with 15 or more years of service receive a pension benefit that is reduced by various percentages according to the participant's age.

In addition, the participants are required to contribute to an annuity savings account. Legislation permits an INPRS employer to make the participant's contributions on behalf of the participants. Participants may elect to receive the contributions and accumulated earnings in a lump sum at retirement, or, they may choose to receive the annuity amount as a monthly supplement to their employer-provided pension described above. The participant's balance in the annuity savings account may be withdrawn at any time with interest should a participant terminate employment.

INPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to INPRS, One North Capitol Avenue, Suite 001, Indianapolis, Indiana, 46204.

The Authority is required to contribute to the Plan at an actuarially determined rate. The current rate is 11.2% of annual covered payroll. The Authority contributed 3% of the participant's annual salary to the annuity savings account. The contribution requirements of participants are determined by State statute.

The Authority reported a liability of $405,737 and $342,124 at December 31, 2017 and 2016, respectively for its proportionate share of the net pension liability. The Authority's proportion of the net pension liability was based on a projection of long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016 and 2015, the Authority's proportion was 0.0000894 and 0.0000840, respectively.

For the years ended December 31, 2017 and 2016, the Authority recognized pension expense of $89,142 and $63,121, respectively. At December 31, 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
Changes in proportion and differences between employer contributions and proportionate share of contributions	$27,567	$6,532
Difference between expected and actual experience	9,090	749
Net difference of projected and actual investment earnings	89,240	22,829
Changes in assumption	17,901	-
Contribution subsequent to the measurement date	30,129	-
Total	**$173,927**	**$30,110**

At December 31, 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
Changes in proportion and differences between employer contributions and proportionate share of contributions	$25,932	$3,110
Difference between expected and actual experience	14,686	708
Net difference of projected and actual investment earnings	57,686	32,175
Changes in assumption	28,921	-
Contribution subsequent to the measurement date	25,559	-
Total	**$152,784**	**$35,993**

As of December 31, 2017 and 2016, $30,129 and $25,559 was reported as deferred outflows of resources resulting from Authority contributions subsequent to the measurement date will be recognized with next year's calculation as provided by INPRS. Other amounts reported as deferred outflows/(inflows) of resources related to pension will be recognized in pension expense as follows:

YEAR ENDING DECEMBER 31	
2017	$46,174
2018	30,080
2019	26,635
2020	10,799
Total	**$113,688**

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.25%
Salary increases	2.5% - 4.5%, based on projected salary increases based on INPRS experience from 2005 to 2010
Investment rate of return	6.75%
Cost of living adjustment	1.00%

Mortality rates were based on the 2013 IRS Static Mortality Tables projected five years with Scale AA. Disability assumptions were based on 2000-2005 experience for males and 1995-2000 for females.

The long-term expected rate of return on pension plan investments is based on an estimated long-term investment yield for the plan, with consideration given to the nature and mix of current and expected plan investments. INPRS' management and Board continually monitor the investment rate of return assumption and the Board formally reviews the assumption and makes changes as appropriate.

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions would be made at the actuarially calculated rate computed in accordance with the current funding policy adopted by the INPRS Board, which requires payment of the normal cost and amortization of the unfunded actuarially accrued liability in level dollar installments over 30 years utilizing a closed period approach. Since the current funding policy was adopted, the employer contribution rate has been set by the INPRS Board at a level equal to or exceeding the actuarially calculated rate. Based on this assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 6.75%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% DECREASE (5.75%)	CURRENT (6.75%)	1% INCREASE (7.75%)
Board's proportionate share of the net pension liability	$ 582,734	$405,737	$258,625

Detailed information about the pension plan's fiduciary net position is available in the separately issued INPRS Report on Allocation of Pension Amounts.

(5) NOTE RECEIVABLE

In 2006, the RDA agreed to loan $6,000,000 to the Little Calumet River Basin Development Commission. The Indiana General Assembly passed and the Governor signed, Public Law 106 – 2012 which established a revenue mechanism for the Little Calumet River Basin Development Commission and a repayment schedule for the Commission's $6,000,000, "no interest" loan currently outstanding from the RDA. This loan was paid in full as of December 31, 2017.

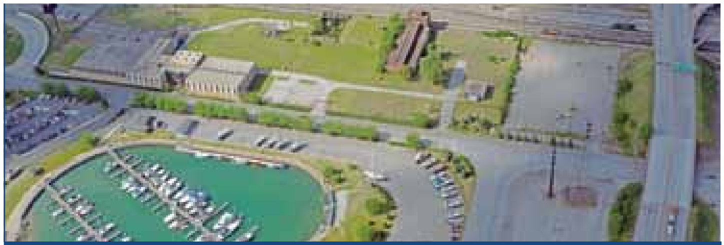
(6) BOND RECEIVABLE

In 2016, the RDA agreed to loan $13,100,000 to the City of Gary, Indiana. The amount due to the Authority from the City of Gary at December 31, 2017 and 2016 was $11,325,000 and $12,515,000 respectively.

YEAR ENDING DECEMBER 31	Principal	Interest
2018	$1,220,000	$219,850
2019	1,250,000	195,050
2020	1,280,000	169,750
2021	1,305,000	144,000
2022	1,340,000	117,700
Thereafter	4,930,000	197,021
Total	**$11,325,000**	**$1,043,371**

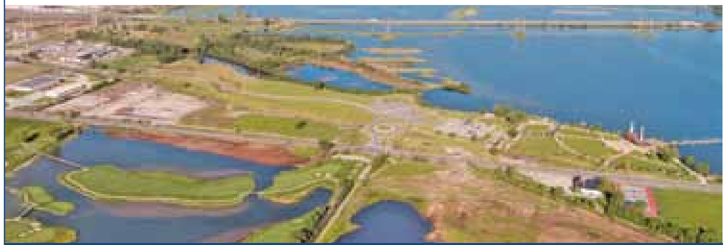
(7) COMMITMENTS

Since the inception of the RDA, there have been contracts awarded for approved projects within Northwest Indiana. Because not all awarded contracts have been completed, the RDA has remaining commitments of $24,248,362 at December 31, 2017 as follows:



WATER FILTRATION PLANT DEMOLITION

Nature of Project	Shoreline Restoration
Date Awarded	11/13/08
Initial Total Project Cost	$1,980,000
Add-ons or Change Orders	N/A
Cost Through 12-31-2017	$225,700
Remaining Balance at 12-31-2017	$1,755,000
Percent (%) Complete as of 12-31-2017	11%

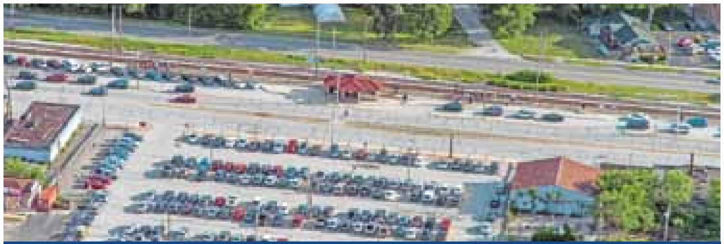


HAMMOND LAKES AREA

Nature of Project	Shoreline Restoration
Date Awarded	1/8/09
Initial Total Project Cost	$31,480,000
Add-ons or Change Orders	N/A
Cost Through 12-31-2017	$31,423,728
Remaining Balance at 12-31-2017	$56,272
Percent (%) Complete as of 12-31-2017	100%

PORTER GATEWAY TO THE DUNES (GRANT 2)

Nature of Project	Shoreline Restoration
Date Awarded	7/7/11
Initial Total Project Cost	$3,915,000
Add-ons or Change Orders	N/A
Cost Through 12-31-2017	$3,345,332
Remaining Balance at 12-31-2017	$569,668
Percent (%) Complete as of 12-31-2017	85%



NICTD

Nature of Project	Surface Transportation - Commuter Rail
Date Awarded	5/7/13
Initial Total Project Cost	$275,000
Add-ons or Change Orders	N/A
Cost Through 12-31-2017	$262,621
Remaining Balance at 12-31-2017	$12,379
Percent (%) Complete as of 12-31-2017	95%

MODERN FORGE

Nature of Project	Other - Deal Closing
Date Awarded	9/18/14
Initial Total Project Cost	$2,000,000
Add-ons or Change Orders	N/A
Cost Through 12-31-2017	$1,968,750
Remaining Balance at 12-31-2017	$31,250
Percent (%) Complete as of 12-31-2017	98%

TEC AIR

Nature of Project	Other - Deal Closing
Date Awarded	4/3/14
Initial Total Project Cost	$2,450,000
Add-ons or Change Orders	N/A
Cost Through 12-31-2017	$2,446,700
Remaining Balance at 12-31-2017	$3,300
Percent (%) Complete as of 12-31-2017	100%

SHORELINE AND DEMOLITION

Nature of Project	Shoreline
Date Awarded	7/18/14
Initial Total Project Cost	$17,495,000
Add-ons or Change Orders	N/A
Cost Through 12-31-2017	$15,618,649
Remaining Balance at 12-31-2017	$1,876,351
Percent (%) Complete as of 12-31-2017	89%

SOUTHLAKE COUNTY COMMUNITY SERVICE

Nature of Project	Public Transportation
Date Awarded	1/15/14
Initial Total Project Cost	$318,791
Add-ons or Change Orders	N/A
Cost Through 12-31-2017	$195,328
Remaining Balance at 12-31-2017	$123,463
Percent (%) Complete as of 12-31-2017	61%

SHORELINE AND DEMOLITION PHASE II

Nature of Project	Shoreline
Date Awarded	9/22/16
Initial Total Project Cost	$12,935,000
Add-ons or Change Orders	N/A
Cost Through 12-31-2017	$7,248,533
Remaining Balance at 12-31-2017	$5,686,467
Percent (%) Complete as of 12-31-2017	56%

RLF LOAN

Nature of Project	Other - Deal Closing
Date Awarded	12/22/14
Initial Total Project Cost	$160,000
Add-ons or Change Orders	N/A
Cost Through 12-31-2017	$40,436
Remaining Balance at 12-31-2017	$119,564
Percent (%) Complete as of 12-31-2017	25%

LEGACY FOUNDATION

Nature of Project	Neighborhood Spotlight Initiative
Date Awarded	12/14/16
Initial Total Project Cost	$75,000
Add-ons or Change Orders	N/A
Cost Through 12-31-2017	$57,177
Remaining Balance at 12-31-2017	$17,823
Percent (%) Complete as of 12-31-2017	76%

NORTH TOWNSHIP

Nature of Project	Dial-A-Ride Expansion
Date Awarded	5/15/16
Initial Total Project Cost	$250,325
Add-ons or Change Orders	N/A
Cost Through 12-31-2017	$213,812
Remaining Balance at 12-31-2017	$36,513
Percent (%) Complete as of 12-31-2017	85%

NICTD WLE FEIS

Nature of Project	Surface Transportation - Commuter Rail
Date Awarded	3/15/17
Initial Total Project Cost	$20,000,000
Add-ons or Change Orders	N/A
Cost Through 12-31-2017	$13,108,010
Remaining Balance at 12-31-2017	$6,891,990
Percent (%) Complete as of 12-31-2017	66%

VALPO CHICAGO DASH PHASE II

Nature of Project	Chicago Dash - Commuter Bus Service
Date Awarded	8/1/17
Initial Total Project Cost	$6,847,000
Add-ons or Change Orders	N/A
Cost Through 12-31-2017	$96,595
Remaining Balance at 12-31-2017	$6,750,405
Percent (%) Complete as of 12-31-2017	1%

PORTER COUNTY AIRPORT

Nature of Project	Taxiway Connecter Pavements
Date Awarded	2/21/17
Initial Total Project Cost	$317,917
Add-ons or Change Orders	N/A
Cost Through 12-31-2017	$0
Remaining Balance at 12-31-2017	$317,917
Percent (%) Complete as of 12-31-2017	0%

(8) NO INTEREST SECURITY FORGIVABLE LOAN

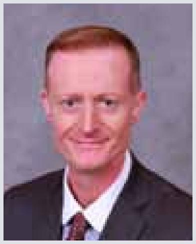
The contingent security interest acquired by the RDA under the forgivable loan program is incrementally released as the grantor complies with the grant requirements. There is no reasonable way to predict future conduct by grantees. Although there is a potential likelihood that the RDA could obtain some form of an asset at some date in the future if grantee noncompliance occurs, there is no way to predict if or when that will occur.

(9) PRIOR PERIOD ADJUSTMENT

The RDA restated the Statement of Activities for the period ending December 31, 2016. An amount of $6,000,000 was previously recorded as support revenue. During the year ended December 31, 2017 the RDA determined this amount should not be considered support revenue. These funds were appropriated by the State of Indiana however are not distributed or available until such time the RDA meets the requirements of IC 36-7.5-3-5(c) which requires Indiana Finance Authority approval of a plan related to construction projects extending the Chicago, South Shore, and South Bend Railway. This change decreased the change in net position by $6,000,000 for the year ended December 31, 2016.

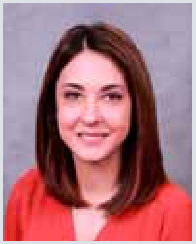
facebook RDAcatalyst
@nwi_rda

Staff



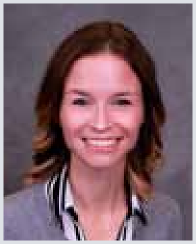
Bill Hanna, President and Chief Executive Officer

Bill Hanna is President and CEO of the RDA. Prior to his current assignment, Hanna was the City Manager for the City of Valparaiso for three years, the Economic Development Director for Valparaiso and Vice President of the Valparaiso Economic Development Corporation. Hanna earned his Juris Doctor from Valparaiso University, his MBA from National-Louis University in Chicago, and his Bachelor's degree in Organizational Management and Human Resources from Colorado Christian University. His military career in the U.S. Army as a paratrooper from 1995 to 1999 included membership in the Army's Official Presidential Escort and service as the Head Trainer/Guard at the Tomb of the Unknown Soldier in Washington, D.C.



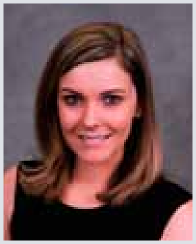
Sherri Ziller, Chief Operating Officer

Sherri Ziller, a lifelong resident of Northwest Indiana, was named Chief Operating Officer of the RDA in 2012, responsible for day-to-day operations, strategic planning and fiscal management of the organization. Previously she was the organization's Finance and Grants Manager. Ziller has been with the RDA since its inception in the spring of 2006 and provides leadership to our efforts to maximize the economic development and redevelopment potential throughout the region, increase job creation and develop greater connectivity to Chicago to promote new economic growth statewide. She holds a Master's degree in Education and a Bachelor's in Political Science from Purdue University Calumet.



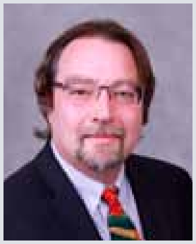
Jillian Huber, Grants Manager

Jillian Huber serves as the Grants Manager for the RDA. Jillian currently oversees the financial and record-keeping aspects of the RDA grants program and all outside grants received by the RDA. She works closely with the State's internal programs to ensure accurate financial, reporting, and procedural compliance on all grants. She researches external grant opportunities, as well as helps to develop a response to applicable grant solicitations. Jillian helps to set relevant policies and provides technical assistance as required. Jillian also maintains relationships with internal and external partners, and compiles non-financial data for the preparation of reports, compliance requirements, and grant billings. Jillian holds a Master's degree in Public Administration from Capella University, and a bachelor's degree in Labor Studies from Indiana University.



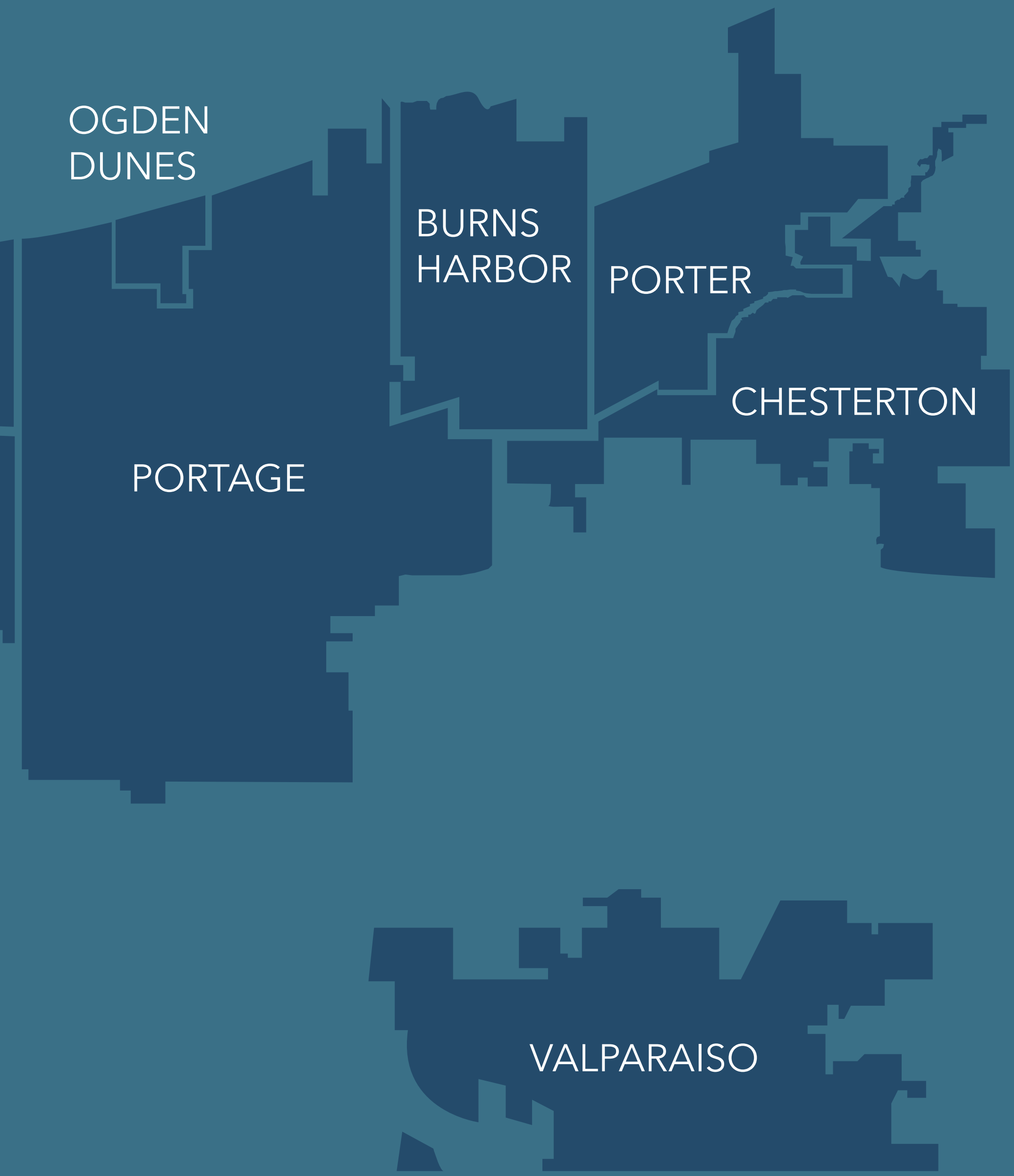
Amy Jakubin, Executive Assistant

Amy Jakubin, a resident of Crown Point, is the Executive Assistant at the RDA. She has been with the organization since 2011. Jakubin works with the President, COO, Board of Directors and staff to provide dedicated administrative support. Jakubin has a Nursing Assistant certification from South Suburban College and is pursuing a Bachelor's in Health Care Administration. Amy also serves as the RDA's Wellness Ambassador to the State of Indiana Employee Wellness Program. The program builds a culture of wellness by communicating Invest in Your Health program options to co-workers by providing constructive program feedback to the Health & Wellness Manager. Amy leads the wellness and initiative program, while striving to build a culture of wellness within the RDA.



David Wellman, Communications Manager

David Wellman joined the RDA in 2012 as Communications Manager. A 20-year business-to-business media veteran, Wellman was previously senior writer for *Building Indiana* magazine. Prior to that, he held various positions ranging from assistant editor to editor-in-chief for a diverse collection of b2b publications, including *Frozen Food Age, Supermarket Business* and *Food & Beverage Marketing*. His work has also appeared in publications such as *Ad Age, Convenience Store News, Tobacco Outlet Business* and the Times of Northwest Indiana. He holds a Bachelor's degree in Journalism from Ohio University.



Credits

Interior Cover Graphic
Mix Design

Layout and Design
Rebekah Hendricks

Board and Staff Photos
Pete Doherty, Doherty Images

Aerial Photography
Air One Aerial Photography

2018 ANNUAL REPORT

REGIONAL DEVELOPMENT AUTHORITY

NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY
9800 Connecticut Drive • Crown Point, IN 46307
Phone: (219) 644-3500 • Fax: (219) 644-3502

www.in.gov/rda
www.rdatransformation.com

www.facebook.com/RDACatalyst
Twitter @nwi_rda