

# Annual Report

## Fiscal Year 2011



a catalyst to transform  
the economy and quality of life  
in northwest Indiana

## Message from the RDA

Greetings!

The role and function of the Northwest Indiana Regional Development Authority continued to evolve in 2011 as the initial investments made during its formative years have matured, and their impact on the economy and quality of life in northwest Indiana has become more apparent. During its six years of existence, the RDA has invested nearly \$210.5 million in the region, and that investment has attracted an additional \$667.3 million from other public and private sources. Put another way, every dollar that the RDA has committed has had the impact of \$3.17 because of that financial leveraging.

This report outlines the specific activities and accomplishments of the RDA during 2011. Each of them relate directly to the RDA's mission:

*To be a catalyst to transform the economy and quality of life in northwest Indiana.*

From its inception, it was clear that the RDA should target transformational initiatives that were beyond the capability of any single unit of government in the region. The General Assembly focused the organization's initial emphasis on four such initiatives:

- Expansion of the Gary Chicago International Airport
- Redevelopment of the Lake Michigan Shoreline
- Creation of a Regional Bus Authority
- Extension of the South Shore Commuter Train Service

Building upon these priorities, during 2011, the RDA addressed another transformational need in the region: job creation efforts that will enhance the region's economy. In partnership with the Indiana Economic Development Corporation, the RDA established a fund to help assure that the region can compete with other locales in attracting major new employers. As a result, when all other sources of funding have been exhausted and a funding "gap" needs to be filled to be competitive, the RDA can assist. This fund helped assure that the CN Kirk Yard expansion came to Gary, Indiana rather than a location in another state. Likewise, the decision by Modern Forge to move operations from Illinois to Merrillville was supported by the RDA economic development fund.

The effectiveness of the RDA is facilitated by the work of a dedicated staff, consultants who are committed to the RDA mission, and a very effective Board of Directors whose sole compensation is the knowledge that they are helping to make a positive difference in this region.

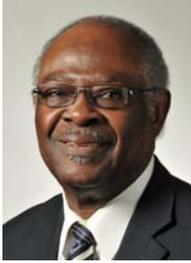


**Leigh Morris**  
Chairman



**Bill Hanna**  
President and Chief Executive Officer

## Northwest Indiana Regional Development Authority Board of Directors



**Ed Glover**

*East Chicago Appointee*

**Working Groups**  
Lakeshore Redevelopment,  
Surface Transportation



**Jeff Good**

*Porter County Appointee*

**Working Groups**  
Gary Chicago International Airport,  
Economic Development



**Bill Joiner**

*Gary Appointee*

**Working Groups**  
Lakeshore Redevelopment (Chair),  
Economic Development



**Lou Martinez**

*Lake County Appointee*

**Working Groups**  
Surface Transportation (Chair),  
Lakeshore Redevelopment



**Leigh Morris**  
**Chairman**

*Governor's Appointee*

**Working Groups**  
Gary Chicago International Airport  
(Chair)



**Peter Novak**

*Hammond Appointee*

**Working Groups**  
Economic Development (Chair)



**Harley Snyder**  
**Vice-Chairman**

*Governor's Appointee*

**Working Groups**  
Gary Chicago International Airport,  
Surface Transportation

## Northwest Indiana Regional Development Authority Staff



**Bill Hanna**

*President and  
Chief Executive Officer*



**Sherri Ziller**

*Finance and Grants  
Manager*



**Jill Huber**

*Executive Assistant*

# Northwest Indiana Regional Development Authority

## Annual Report for the Fiscal Year 2011 (January 1–December 31, 2011)

June 30, 2012

### Table of Contents

#### Northwest Indiana Regional Development Authority

Who We Are.....	2
2011 Accomplishments.....	3

#### Development Snapshots

Gary Chicago International Airport .....	7
NICTD Commuter Rail.....	9
Regional Bus Authority .....	11
Shoreline Development.....	13
Economic Development .....	15

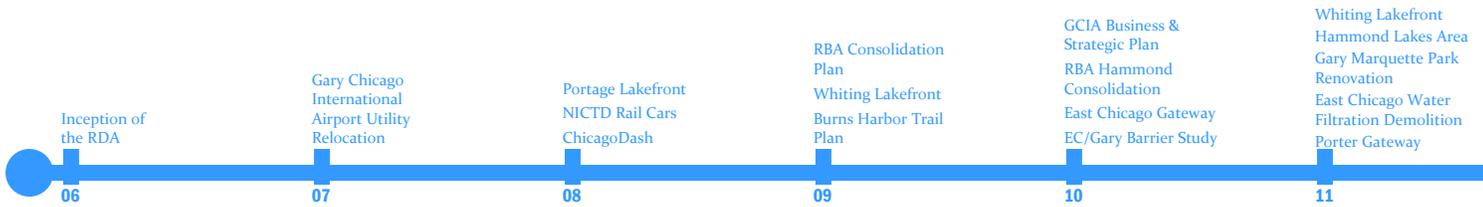
#### Financial Performance

2011 Financial Management Highlights.....	16
2012 Outlook.....	20

#### Appendix

2011 Independent Auditors' Report* .....	23
--	----

\*Also available in its entirety at [http://www.in.gov/rda/files/Financial\\_Statements\\_December\\_31\\_2011\\_\\_2010.pdf](http://www.in.gov/rda/files/Financial_Statements_December_31_2011__2010.pdf)



# Northwest Indiana Regional Development Authority

## Who We Are

The Northwest Indiana Regional Development Authority (RDA) is a quasi-governmental agency responsible for investing in capital projects that no one unit of government could do alone and at a scale that attracts private sector investment. In 2005, the Indiana General Assembly established the RDA through bi-partisan support of I.C. 36-7.5. This unique statutory framework—the first model of its kind in Indiana—enables state, county and local revenues to aggregate at the regional level then apply those as RDA funds toward catalytic projects related to the:

- Expansion of the Gary Chicago International Airport
- Extension of the South Shore commuter rail system
- Creation of a regionalized bus transit system
- Redevelopment of the Lake Michigan shoreline
- Advancement of other qualified economic development projects

This investment portfolio represents northwest Indiana’s major infrastructure assets that are, or can become, key drivers of economic growth and renewed prosperity throughout the region.

The Regional Development Authority’s agenda is supported by annual revenues of \$27.5 million. Of that amount, the State of Indiana provides \$10 million a year, and the local units of government contribute \$17.5 million annually or \$3.5 million each year from Lake County, Porter County, and the Cities of Hammond, East Chicago, and Gary. The RDA forecasted in 2007 that by 2040, for every RDA dollar invested, the estimated average return on investment will be \$154.

The mission of the RDA is to be a catalyst for the transformation of the economy and quality of life in northwest Indiana. The organization values boldness, collaboration, transparency, non-partisanship, efficiency, accountability, and equity in its decision making and actions.

The governing body of the RDA is a seven-member board of directors who are appointed by the statutory contributors. The President and CEO, staff, and consulting teams constitute a lean, effective organization. As a major funder, the RDA seeks to maximize long-range capital improvement investments alongside its partners in the public, private, and philanthropic sectors. By working together as a region, northwest Indiana is discovering that it can, indeed, address its most formidable infrastructure challenges more rapidly, while creating new and future market opportunities in which all can benefit and thrive.

### Statutory Annual Revenue Sources of the RDA

State of Indiana, Major Moves Fund, \$10 million

Porter County, a portion of the CEDIT, \$3.5 million

Lake County, Casino Revenues, \$3.5 million

City of Hammond, Casino Revenues, \$3.5 million

City of East Chicago, Casino Revenues, \$3.5 million

City of Gary, Casino Revenues, \$3.5 million

Hammond Lakes Area  
Gary Marquette Park  
Renovation  
Porter Gateway  
Gary Chicago  
International Airport  
Runway Extension

Porter Gateway  
Gary Chicago  
International Airport  
Runway Extension

12

13

14

15

16

17

## 2011 Accomplishments

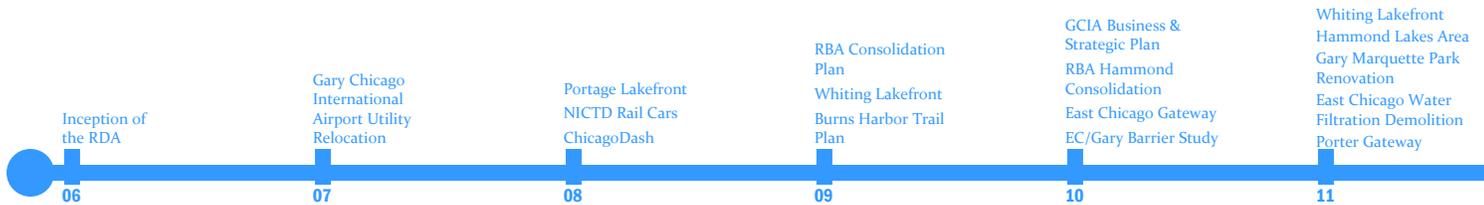
In 2011, the RDA committed to invest \$39.9 million on new capital projects, leveraging an additional \$124 million from other funding sources. The entire RDA portfolio, reflecting all projects funded since 2006 through 2013, shows that the RDA has committed over \$210.5 million to date and will leverage an additional \$667.3 million in return. Therefore for every RDA dollar invested, an additional \$3.17 is generated from these project investments today.

Regional collaboration is a driving force behind many of the development successes in 2011. Several RDA-funded initiatives command a team of champions capable of galvanizing both the political will and financial resources necessary to thoroughly address project-specific needs. For instance, the Gary Chicago International Airport in partnership with the RDA successfully negotiated a four-party railroad relocation agreement that enabled the RDA to commit to a \$30 million grant this year for airport runway expansion. The RDA established a \$6 million economic development fund for job creation by way of gap financing to qualifying Indiana Economic Development Corporation business incentive packages. In its first year, this partnership celebrated two business relocation projects estimated to produce 500 new jobs locally. With 96% of its annual budget allocated toward project development, the RDA clearly focuses on the bottom line of working together.

The magnitude of projects underway exemplifies how regional capacity in economic development directly benefits local communities. These RDA-funded initiatives bridge the shared visions at local and regional scales with effective implementation on site. Results of these initiatives are tracked and measured by the RDA throughout the project life. This level of accountability and transparency enables various constituencies, including the general public, to better understand how public dollars are impacting their families and neighbors today and what benefits are expected in the future. In 2011, the RDA and its network of grantees and stakeholders made several key accomplishments.

### Gary Chicago International Airport

- Executed the four party railroad relocation agreement
- Committed \$30 million for runway extension and railroad relocation
- Celebrated a groundbreaking ceremony for the airport expansion projects
- Prioritized the comprehensive business and strategic plan
- Secured Allegiant Airlines commitment to service non-stop flights between Gary and Orlando
- Initiated development of a land-use plan for the airport redevelopment area



## Northern Indiana Transportation Commuter District

- Completed updated feasibility studies on commuter rail extension
- Gaining consensus on alternatives and financial solutions

## Regional Bus Authority

- Ceased RDA operational funding of RBA system
- Increased ridership for express commuter buses running from Dyer and Valparaiso to downtown Chicago
- Exploring permanent funding alternatives to sustain regional bus transit system

## Shoreline Development

- Progressing on the Whiting Lakefront Park Phase I project
- Completed Year 2 and initiated Year 3 development phases of Hammond Lakes Area project
- Completed the new state-of-the-art East Chicago Water Filtration Plant
- Progressing on Phase II components of the Lakefront East-Marquette Park project in Gary
- Received \$1.0 million from the U.S. Environmental Protection Agency's Great Lakes Restoration Initiative to dredge Marquette Park lagoon in conjunction with planned restoration
- Completed Phase I and initiated Phase II of the Gateway to the Dunes project in the Town of Porter
- Continued Marquette Vision partnership between the RDA, Northwestern Indiana Regional Planning Commission, and Indiana Department of Natural Resources' Indiana Lake Michigan Coastal Program

## Economic Development

- Seeking repayment of the \$6 million reimbursable loan made to Little Calumet River Basin Development Commission through the Indiana General Assembly
- Activated the economic development fund for job creation in partnership with Indiana Economic Development Corporation
- Committed \$4.0 million from the economic development fund to CN Railroad for expansion of a maintenance facility at the Kirk Yard in Gary, creating an estimated 251 jobs
- Committed \$2.0 million from the economic development fund to Modern Forge for relocation of manufacturing plant in Illinois to Merrillville, creating an estimated 240 jobs

Hammond Lakes Area  
Gary Marquette Park  
Renovation  
Porter Gateway  
Gary Chicago  
International Airport  
Runway Extension

Porter Gateway  
Gary Chicago  
International Airport  
Runway Extension



## Administrative

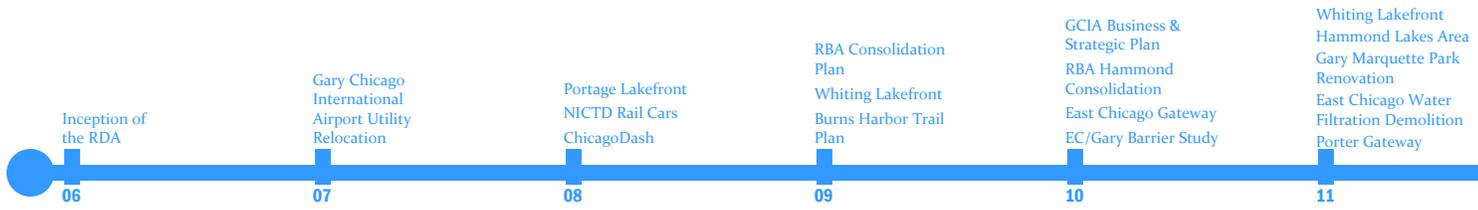
- Maintained administrative overhead under 4% of annual budget expenditures
- Received “clean opinions” in the FY2011 financial and performance audits
- Monitoring MWBE compliance across the 16 current RDA-funded projects
- Initiated the Buy Indiana/Buy Northwest Indiana Contractor Report for tracking employment and wages on RDA-funded projects
- Implementing communications strategy
- Developing strategic plan to guide the organization through 2015

## RDA Lessons Learned

The investment principles of the RDA—collaboration, coordination, financial leverage, fiscal accountability, and return on investment—are tenets shared by other funding sectors. As the RDA continues to build upon its reinvestment model, it looks not only within northwest Indiana for advice but seeks insight from respected counterparts elsewhere who are transforming the landscape through multi-sector partnerships. From the federal, private, and philanthropic perspectives, funders generally are investing in places where:

- People are truly working collaboratively
- Vision and efforts are clearly aligned and appropriately communicated
- Proposals demonstrate multiple sources of planned revenue and strong partnership and implementation capacity
- Sponsors can measure results and demonstrate return on investment and sustainability over time

Although northwest Indiana is a region beset with challenges, where community needs far exceed the available resources of any one unit of government, the window for developing opportunity is open. Now is the time to explore the possibilities and find breakthroughs in achieving greater progress together.





**Targeted Investment**

**Gary Chicago International Airport**

The Gary Chicago International Airport (GYY) is currently the site of the single most important economic development project in northwest Indiana. In order to comply with new federal safety standards and maintain its ability to service major airlines, the airport is in the midst of a \$166 million expansion project that must be completed by 2015.

The Regional Development Authority has invested \$50 million for the work at the airport. In 2007, the RDA funded the airport’s \$20 million utility relocation project and committed to a \$30 million grant this year for railroad relocation and runway expansion. The project kicked-off with a major groundbreaking ceremony last spring and later followed up with a significant accomplishment: the fully-executed four party agreement for railroad relocation.

The total project investment has already reaped dividends for the City of Gary and northwest Indiana not only in the creation of construction jobs and business for local building trades contractors but also in a commitment by a major airline to begin service out of airport in 2012.

That commitment underscores the airport’s potential that was outlined by highly-regarded airport planning firm Landrum & Brown in their strategic plan for the airport (also funded by the RDA). The strategic plan calls in part for the airport to pursue opportunities in the charter and leisure travel sector, which could put upward of one million passengers through GYY’s gates annually. This would quickly stabilize the airport’s finances and provide huge economic benefits to the region. Working with its partner airports in Chicago, GYY has identified seven charter carriers as initial targets for relocation from Chicago to Gary.

In order for this future to be realized, plans to extend the main runway have to be carried to completion. The RDA will continue to monitor project progress in this regard, and continue working closely with the Gary International Airport Authority on the key objectives related to the business plan’s implementation. Improving transportation access and understanding the development area in and around the airport are important factors in maximizing the potential for future growth of the Gary Chicago International Airport.

**Development Snapshot**

**Governing Entity**

Gary Chicago International Airport Authority

**Managing Entity**

Gary Chicago International Airport

**Capital Funding Sources**

FAA  
 State of Indiana  
 RDA  
 Airport Revenues  
 FHWA

**Operational Funding Sources**

FAA  
 Gary Chicago Regional Airport Authority  
 Airport Taxing Unit

**Strategic Documents**

Master Plan, 2000  
 Review of the Gary Chicago International Airport, 2009  
 Business and Strategic Plan, 2010  
 Staffing Review, 2011

**Project Development Costs**

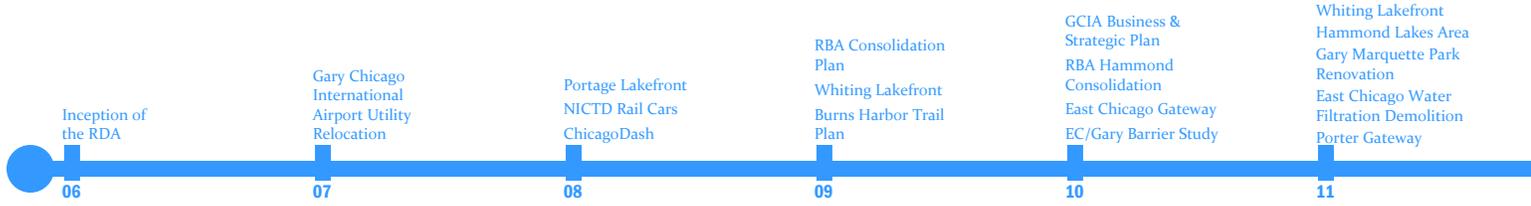
Utility Relocation: \$77.9 million  
 Strategic Plans: \$489,726  
 Railroad Relocation/Runway Expansion: \$96.0 million

**RDA Funded Projects**

Utility Relocation: \$20.0 million  
 Strategic Plans: \$264,726  
 Railroad Relocation/Runway Expansion: \$30.0 million

**RDA Investments to Date**

Total Development Costs: \$174.5 million  
 Total Grants Awarded: \$50.2 million  
 Total Financial Leverage: \$124.3 million





**Targeted Investment**  
**NICTD Commuter Rail**

Over a century of convenience and accessibility through the South Shore line produced a vital linkage to jobs and recreation between northwest Indiana and Chicago. The Northern Indiana Commuter Transportation District provides more than 100 million passenger miles of transportation annually to a population of more than 1.2 million people.

NICTD passenger rail lines represent a natural economic development corridor in the region. Train stations can serve as the centerpiece of pedestrian-friendly business and residential developments, referred to as transit-oriented development (TOD), and rail travel reduces traffic congestion, pollution, and sprawl which are key factors contributing to the region’s non-attainment designation in air quality.

Along the existing South Shore line, the coordination of mass transit systems and land use planning are key concerns. The coordination between NICTD’s passenger services and northwest Indiana’s bus systems is crucial for the futures of both entities. Federal agencies now insist on comprehensive regional mass transit plans and are less inclined to fund separate rail and bus projects. While NICTD and bus transit providers have synchronized scheduling, additional integration will be necessary. A more viable investment strategy will be one in which future mass transit plans not only seek a coordinated expansion of capacity, but include a TOD component to improve the livability of the neighborhoods surrounding the transit centers.

In 2011, NICTD released the updated Westlake Corridor feasibility study required by the Federal Transit Administration’s New Starts Program, the primary funding source for capital projects. NICTD in collaboration with the RDA held a series of stakeholder briefings to share the findings that suggest based on federal funding thresholds, a phased approach to developing the Lowell branch is preferred. Should this solution meet federal eligibility criteria, then the identification of local match sources would be required. NICTD and the RDA will continue exploring the most cost-effective mechanism for building out rail infrastructure.

**Development Snapshot**

**Governing Entity**  
 Northern Indiana Commuter  
 Transportation District

**Managing Entity**  
 Northern Indiana Commuter  
 Transportation District

**Capital Funding Sources**  
 FTA  
 NICTD Taxing Unit  
 RDA

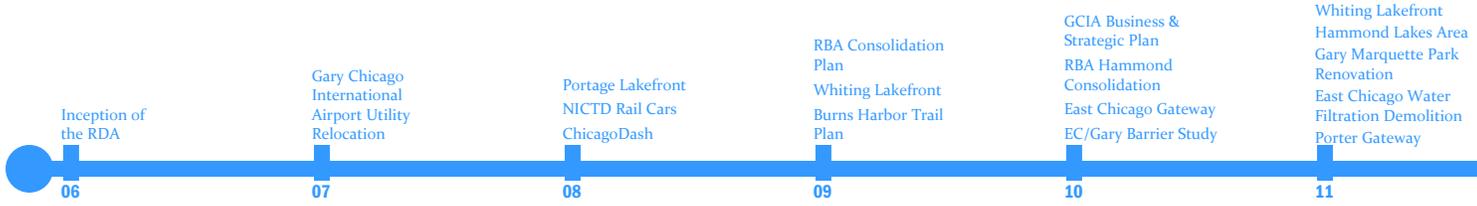
**Operating Funding Sources**  
 FTA  
 NICTD Taxing Unit

**Strategic Documents**  
 FTA New Starts

**Project Development Costs**  
 Railcar Manufacturing: \$51.0 million

**RDA Funded Projects**  
 Railcar Manufacturing: \$17.5 million

**RDA Investments to Date**  
 Total Development Costs: \$51.0 million  
 Total Grants Awarded: \$17.5 million  
 Total Financial Leverage: \$33.6 million



Hammond Lakes Area  
 Gary Marquette Park  
 Renovation  
 Porter Gateway  
 Gary Chicago  
 International Airport  
 Runway Extension

Porter Gateway  
 Gary Chicago  
 International Airport  
 Runway Extension



 **Targeted Investment**  
**Regional Bus Authority**

Expansion and integration of mass transit systems in northwest Indiana remains a challenge. A regional bus system is not seen as a priority by residents or community leaders. There are several reasons for this belief, chief among them that a strong case for the importance of a regional bus system has not been made. As a result, gains made by the Regional Development Authority through the creation of the Regional Bus Authority are threatened due to a lack of funding. And other bus systems in the region, which are struggling with funding issues themselves, are in no position to pick up the pieces.

The RBA currently directly serves Hammond, Highland, Munster, and parts of East Chicago and supports expanded services in southern Lake County and all of Porter County. Since its establishment the RBA has added express buses to Chicago, opened two new regional routes, expanded four community systems outside the three-city core, and expanded demand response service, especially in Lake and Porter counties.

The RBA's regional mission is reflected in new southern Lake and Porter County service to Chicago, which delivered 46,000 rides in 2010 and 53,000 in 2011, a 26% increase. Overall, the system serves more than 83,000 residents of the region and delivers more than 215,000 annual rides and more than 1.2 million passenger miles.

While the RDA has invested \$12.3 million in the RBA since its creation, it cannot be a source of operational funding and will work to advocate for a consensus-based solution for preserving vital bus transit services in northwest Indiana.

A bright spot in regional bus transit this year was the City of Valparaiso's completion of its TOD development which serves as the transit center for the Chicago Dash commuter bus service. In 2011, Chicago Dash ridership reached an average of 100 riders a day between Valparaiso and downtown Chicago. This success has the city exploring the viability of adding another commuter bus to its service fleet in 2012.

**Development Snapshot**

**Governing Entity**  
 Regional Bus Authority

**Managing Entity**  
 Regional Bus Authority

**Capital Funding Sources**  
 FTA, RDA

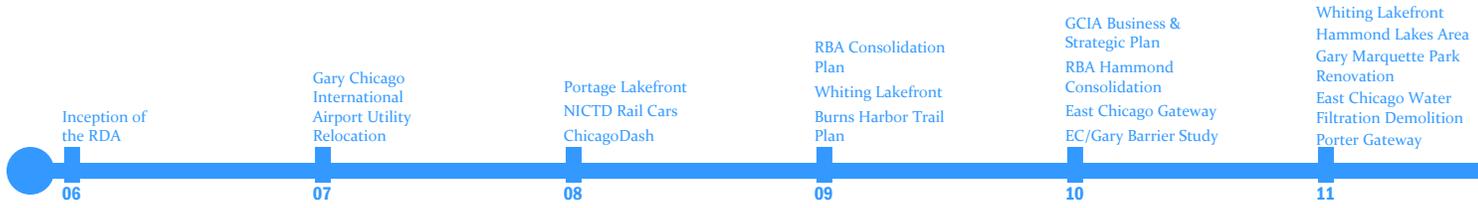
**Operating Funding Sources**  
 RDA

**Strategic Documents**  
 Strategic Plan, 2007  
 Northwest Indiana Transit  
 Consolidation Plan, 2009  
 Northwest Lake County Transit  
 Service and Consolidation Plan, 2009

**Project Development Costs**  
 Strategic Plan/Reports: \$625,000  
 Administrative: \$670,589  
 NIRPC-FTA: \$485,200  
 Capital/Operations: \$10.6 million  
 Valparaiso Express Commuter Service  
 & Lot: \$4.95 million  
 Northwest Lake County Transit: \$8.6  
 million

**RDA Funded Projects**  
 Strategic Plan/Reports: \$125,000  
 Administrative: \$300,000  
 NIRPC-FTA: \$485,200  
 Capital/Operations: \$6.5 million  
 Valparaiso Express Commuter Service  
 & Lot: \$1.8 million  
 Northwest Lake County Transit: \$3.5  
 million

**RDA Investments to Date**  
 Total Development Costs: \$23.8 million  
 Total Grants Awarded: \$12.3 million  
 Total Financial Leverage: \$11.4 million





## Targeted Investment Shoreline Development

Guided by the Marquette Plan, a regional strategy to redevelop shoreline communities and transportation infrastructure in order to stimulate private-sector development and investment, the RDA, shoreline communities, and for-profit and non-profit partners have invested \$179.5 million since 2005. These investments include projects in the communities of Gary, Whiting, Portage, Burns Harbor, East Chicago, Valparaiso, Hammond, and Porter. Some of the most notable project milestones in 2011 include:

- The construction of the Frank Lloyd Wright-inspired Wolf Lake Pavilion in Hammond, which has created an outdoor showplace for concerts, performances and gatherings unparalleled in the region.
- RDA funding has assisted the City of Whiting in building a new sports complex and citywide improvements that will boost local retail and tourism industries.
- Leveraging both state and RDA funds, the City of East Chicago executed a \$56.3 million project to replace an aging water filtration plant with a new, state-of-the-art facility. In the process, the new, smaller plant will free up 10 acres near the East Chicago marina that represent a prime location for further redevelopment.
- Two historical buildings, the Marquette Park Pavilion and the Aquatorium, are undergoing major renovation along with capital improvements to the grounds and natural areas. The U.S. Environmental Protection Agency awarded \$1.0 million through the Great Lakes Restoration Initiative to dredge the eastern lagoon to improve aquatic habitat and rebuild Patterson Island for recreational usage.
- RDA funding and partnerships with the City of Portage and the National Park Service have created the Lakefront Park & Riverwalk, a beachfront attraction that has become one of the most-visited sites at the National Lakeshore. The project featured a LEED Gold-certified pavilion with meeting rooms and classrooms.
- As part of the RDA-funded \$30 million Gateway to the Dunes project, the Town of Porter piggybacked on existing Indiana Department of Transportation plans to rebuild the Indiana SR 49 bridges over US 12 and 20. The new bridges feature design elements which will be carried throughout the corridor upgrade as well as a 10-foot bike and walking path separated by a barrier wall, allowing safe pedestrian access from the town to the park.

The RDA, NIRPC, and the Indiana Department of Natural Resources are continuing to coordinate resources and stakeholders in support of Marquette implementation projects. The partnership will be updating the Marquette Plan in 2012 with the assistance of a \$50,000 grant from the Lake Michigan Coastal Program.

### Development Snapshot

#### Governing Entity

Municipal Unit of Government  
 Project Sponsor

#### Managing Entity

Municipal Unit of Government  
 Project Sponsor

#### Capital Funding Sources

Various Federal, State, Local and Private Funds; RDA

#### Operating Funding Sources

Municipal Unit of Government

#### Strategic Documents

Marquette Greenway Phase I, 2005 and Phase II, 2008  
 Municipal Master, Comprehensive and Strategic Plans

#### Project Development Costs

City of Hammond: \$54.2 million  
 City of Whiting: \$46.7 million  
 City of East Chicago: \$60.2 million  
 Cities of East Chicago & Gary: \$1.1 million  
 City of Gary: \$29.2 million  
 City of Portage: \$16.0 million  
 Town of Burns Harbor: \$200,000  
 Town of Porter: \$19.6 million

#### RDA Funded Projects

City of Hammond: \$31.4 million  
 City of Whiting: \$22.0 million  
 City of East Chicago: \$5.8 million  
 Cities of East Chicago & Gary: \$1.1 million  
 City of Gary: \$28.1 million  
 City of Portage: \$10.0 million  
 Town of Burns Harbor: \$50,000  
 Town of Porter: \$19.4 million

#### RDA Investments to Date

Total Development Costs: \$227.6 million  
 Total Grants Awarded: \$18.2 million  
 Total Financial Leverage: \$109.3 million





## Targeted Investment **Economic Development**

The thrust of the Regional Development Authority’s purpose is to catalyze economic development by funding infrastructure projects. Under its enabling statute, the RDA may invest in other qualified projects beyond the four priority investment areas.

In 2011, the RDA established an economic development fund allocating \$6 million in support of job creation. This annual fund is designed for closing business transactions led by the Indiana Economic Development Corporation. While northwest Indiana is an attractive and competitive region, there are times in which a financial gap may exist during final negotiations. It is at this stage when RDA dollars may be applied to complete an incentive package, provided local employment will be generated.

During the first year of operating the fund, the RDA provided two “deal closing” grants to the IEDC in collaboration with the City of Gary and the Town of Merrillville. Together, the two projects are projected to create about 500 jobs and leverage an additional \$339 million in private and public investments.

Canadian National will relocate some of its maintenance operations from Illinois to Gary and invest \$163 million to fully redevelop the existing Kirk Yard rail facility, a move projected to create 251 new jobs by 2015. The RDA’s \$4 million commitment will go toward the installation of a new waste water treatment facility and new storm water management system at the Kirk Yard facility. The IEDC offered CN up to \$2.95 million in performance-based tax credits and up to \$250,000 in training grants based on CN’s job creation plans, while City of Gary has offered funds generated from the issuance of a tax increment financing (TIF) bond.

Illinois-based Modern Forge, an aerospace, truck, and recreational equipment parts manufacturer, will expand an existing building in Merrillville to create a 210,000-square-foot, state-of-the-art forging facility. When complete, the 40-acre site will include a 60,000-square-foot forge shop with eight forging production lines, engineering and general offices, and a die shop. The company estimates that approximately 240 jobs, including engineering, production, operations, and training positions, will be created by 2014. The Indiana Economic Development Corporation, the Town of Merrillville, the Northern Indiana Public Service Company, and the RDA all worked in concert to attract this investment.

### Development Snapshot

**Governing Entity**  
 Municipal Unit of Government  
 Project Sponsor

**Managing Entity**  
 Municipal Unit of Government  
 Project Sponsor

**Capital Funding Sources**  
 Various Federal, State, Local and  
 Private Funds; RDA

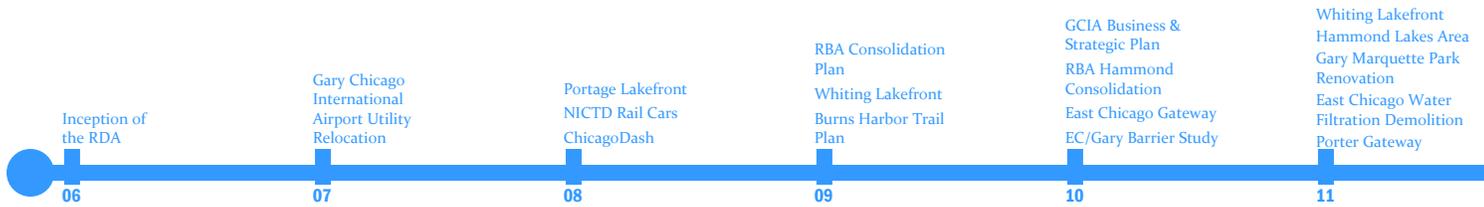
**Operating Funding Sources**  
 Municipal Unit of Government

**Strategic Documents**  
 Corporate Business Plans

**Project Development Costs**  
 CN Kirk Yard: \$305.3 million  
 Modern Forge: \$39.8 million  
 LCRBDC: \$54.4 million  
 Due Diligence: \$1.2 million

**RDA Funded Projects**  
 CN Kirk Yard: \$4.0 million  
 Modern Forge: \$2.0 million  
 LCRBDC: \$6.0 million  
 Due Diligence: \$425,000

**RDA Investments to Date**  
 Total Development Costs: \$400.8 million  
 Total Grants Awarded: \$12.1 million  
 Total Financial Leverage: \$388.7 million



## Financial Performance

### 2011 Financial Management Highlights

In CY2011, the Regional Development Authority continued to spur infrastructure investments in a number of critical areas. The RDA has committed an additional \$39.9 million this year for airport expansion, lakeshore redevelopment, and regional bus transit projects; and since inception, it has invested a total of \$210.5 million towards its statutory objectives through 2013.

The RDA's cash balance (TABLE 1) has been high since 2006; however, several major projects initiated in 2011 will significantly draw down those funds during 2012. The Gary Chicago International Airport began its runway extension program in earnest this year and must progress rapidly to meet the mandated Federal Aviation Authority deadline of December 31, 2013. Therefore, \$27 million of the \$30 million grant to the airport will be consumed in 2012. Additionally, several shoreline projects approved in earlier years will either be ramping-up activities or completing them in 2012. In 2011 the Hammond Lakes Area project drew approximately \$7.5 million of its \$31 million grant while the City of Gary's Marquette Park project spent \$7.3 million of its \$28.1 million grant. Both are scheduled for completion next year.

The challenge of managing the RDA's financial picture will peak by the end of CY 2012 as the RDA spends down many of the grants that have been committed in the last few years. All of the local government sources are now making their required current payments, yet the City of Gary remains in arrears in the amount of \$6.9 million. As the City settles its status with the Barden bankruptcy creditors, additional funds should be available to provide the arrearage. The RDA's loan to the Little Calumet River Basin Development Commission, made in 2008 in the amount of \$6.0 million, was fully addressed in legislation passed by the Indiana General Assembly in 2012. This act provides for a fee to be collected on the parcels within the Little Calumet and Deep River watersheds. A portion of this fee will be applied toward the repayment of the RDA loan over a four-year period beginning in 2013.

Raising project capital seldom can be done today by a single entity or unit of government. In fact, most funders want to leverage multi-sector commitments to projects where each stakeholder is accountable for producing development success. Clearly local project sponsors and the RDA are effective at bringing a range of resources to northwest Indiana projects, and they are continuing to engage funders from sectors under-represented in the current portfolio.

RDA-funded projects consist of a mixture of revenue sources (CHART 1). In 2011, private sector funds represented 37%, or \$326.4 million, of the total project investments, followed by RDA funds at 24% or \$210.5 million. The remaining balance comprises federal, local, and state funds at 18%, 10%, and 7% respectively.

12

13

14

15

16

17

Table 1: Statement of RDA Sources & Uses  
 Unaudited, Actual Cash Basis for CY 2006-2010  
 and Budgeted Projections for CY 2011-2013

	Actuals						Projections	
	2006	2007	2008	2009	2010	2011	2012	2013
<b>Beginning Balance</b>	<b>\$ 0</b>	<b>\$ 39,851,010</b>	<b>\$ 41,963,049</b>	<b>\$ 51,139,878</b>	<b>\$ 65,764,387</b>	<b>\$ 77,707,815</b>	<b>\$ 85,188,916</b>	<b>\$ 8,444,546</b>
<b>Sources</b>								
State of Indiana	22,500,000	25,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Local Units of Government <sup>1</sup>	17,500,000	16,625,000	14,000,000	15,275,000	15,875,000	18,850,000	17,500,000	17,500,000
Grant Income						250,936	118,942	
Grant Refunds						10,034		
Interest Income	662,378	1,733,811	1,151,480	425,502	285,507	217,175	383,350	46,445
<b>Total CY Sources</b>	<b>40,662,378</b>	<b>43,358,811</b>	<b>25,151,480</b>	<b>25,700,502</b>	<b>26,160,507</b>	<b>29,328,145</b>	<b>28,002,292</b>	<b>27,546,445</b>
Less: RDA Admin Expenditures	337,340	310,825	588,329	605,843	1,002,872	1,142,094	1,508,378	1,583,797
<b>Total Development Sources</b>	<b>40,325,038</b>	<b>43,047,986</b>	<b>24,563,151</b>	<b>25,094,659</b>	<b>25,157,635</b>	<b>28,186,051</b>	<b>26,493,914</b>	<b>25,962,648</b>
<b>Uses</b>								
Gary Chicago Int. Airport	83,178	19,916,822			225,434	39,293	27,000,000	3,000,000
NICTD Commuter Rail		17,500,000						
Shoreline Development	153,350	3,153,925	8,234,188	3,711,037	12,214,405	17,190,772	57,348,092	2,531,595
Regional Bus Authority	237,500	235,200	4,069,392	3,841,825	774,368	3,223,949		
Other Qualified Projects <sup>2</sup>		130,000	3,082,742	2,917,288				
Grant Pass-Thru Projects						250,936	168,942	
Unbudgeted Poss. Projects <sup>3</sup>							6,721,250	6,961,000
Economic Development <sup>4</sup>							12,000,000	
<b>Total Development Uses</b>	<b>474,028</b>	<b>40,935,947</b>	<b>15,386,322</b>	<b>10,470,150</b>	<b>13,214,207</b>	<b>20,704,950</b>	<b>103,238,284</b>	<b>12,492,595</b>
<b>Annual Operating Balance</b>	<b>39,851,010</b>	<b>2,112,039</b>	<b>9,176,829</b>	<b>14,624,509</b>	<b>11,943,428</b>	<b>7,481,101</b>	<b>(76,744,370)</b>	<b>13,470,053</b>
<b>End of Year Balance</b>	<b>\$ 39,851,010</b>	<b>\$ 41,963,049</b>	<b>\$ 51,139,878</b>	<b>\$ 65,764,387</b>	<b>\$ 77,707,815</b>	<b>\$ 85,188,916</b>	<b>\$ 8,444,546</b>	<b>\$ 21,914,599</b>

1. The City of Gary is in arrears for its statutorily required payments to the RDA by \$6.875 million as of December 31, 2011.
2. The RDA has a loan to the Little Calumet River Basin Development Commission in the amount of \$6.0 million. It is scheduled to be repaid per HEA 1264-2012.
3. The RDA is in discussions with grantees of prior projects for follow-on grants in the amount of \$13.7 million.
4. Per RDA Board approval, funds of \$4.0 million to the CN Railroad project and \$2.0 million to the Modern Forge project; additionally a budgeted commitment of \$6.0 million for CY2012.

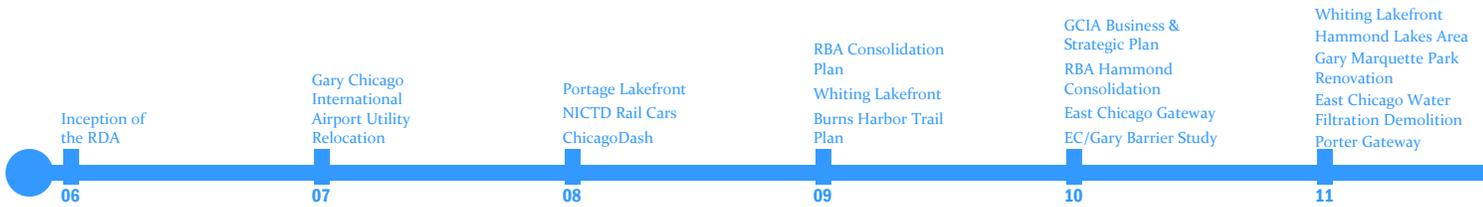
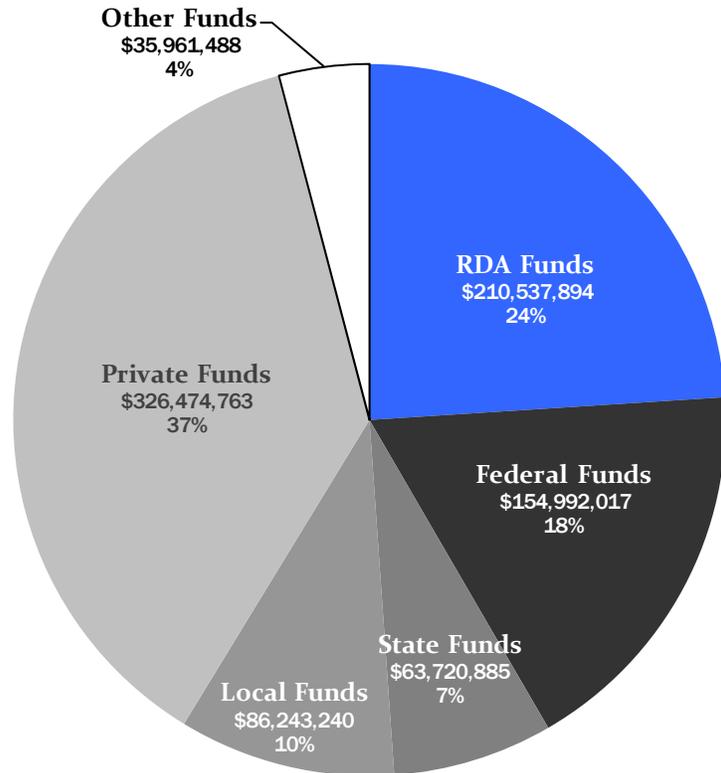


Chart 1: RDA Financial Leverage by Revenue Source



Today for every RDA dollar invested, an additional \$3.17 is generated by project development (CHART 2). The RDA committed \$6.0 million from its economic development fund to support the Indiana Economic Development Corporation in securing two business relocations. This modest investment leveraged hundreds of millions of dollars in private and public investment. Additionally, 71%, or an additional \$2.47, of the project funds committed to the Gary Chicago International Airport are from non-RDA sources.

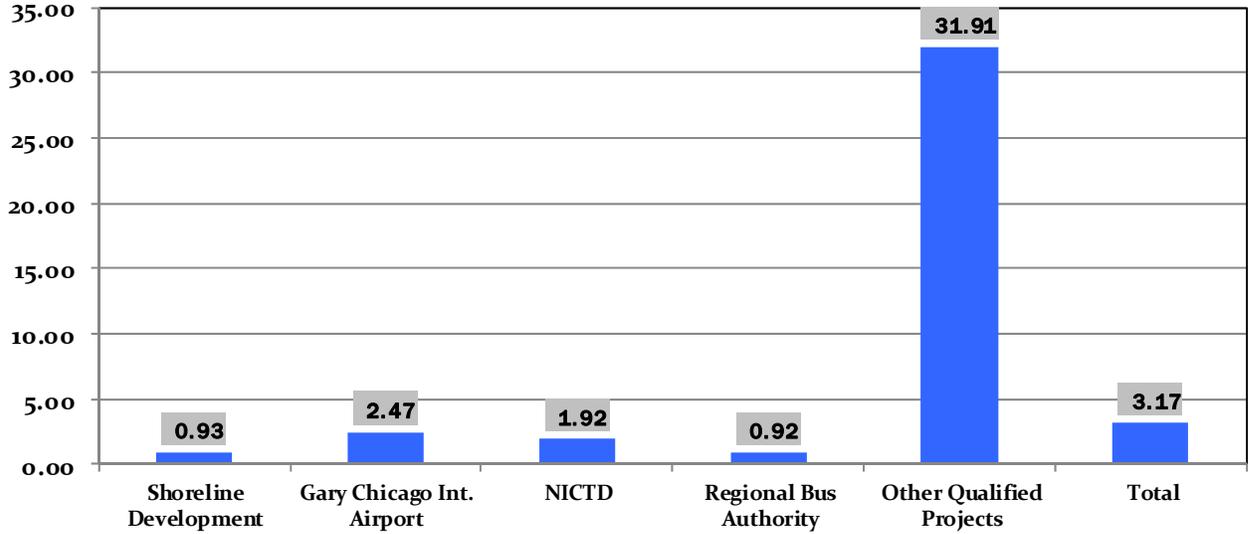
The RDA has been able to increase its leverage ratio on non-RDA funds over the past year. Increases in non-RDA funds on the airport expansion project, RBA, and other economic development projects resulted in the RDA's 2011 total project investment of 24%, down from the 2010 proportion of 39% (CHART 3).

The RDA plays a prominent role in convening government, businesses, and institutional stakeholders. The heavy lifting that remains will come from strong leaders who are willing to elevate the conversation and support one another in communicating the value of northwest Indiana's assets in the global marketplace. The pace of progress occurring through regional collaboration demonstrates what can be accomplished rather quickly. But it will take many voices telling northwest Indiana's story to funders and carrying a unified message that everyone has a stake in the exciting changes happening across the region.

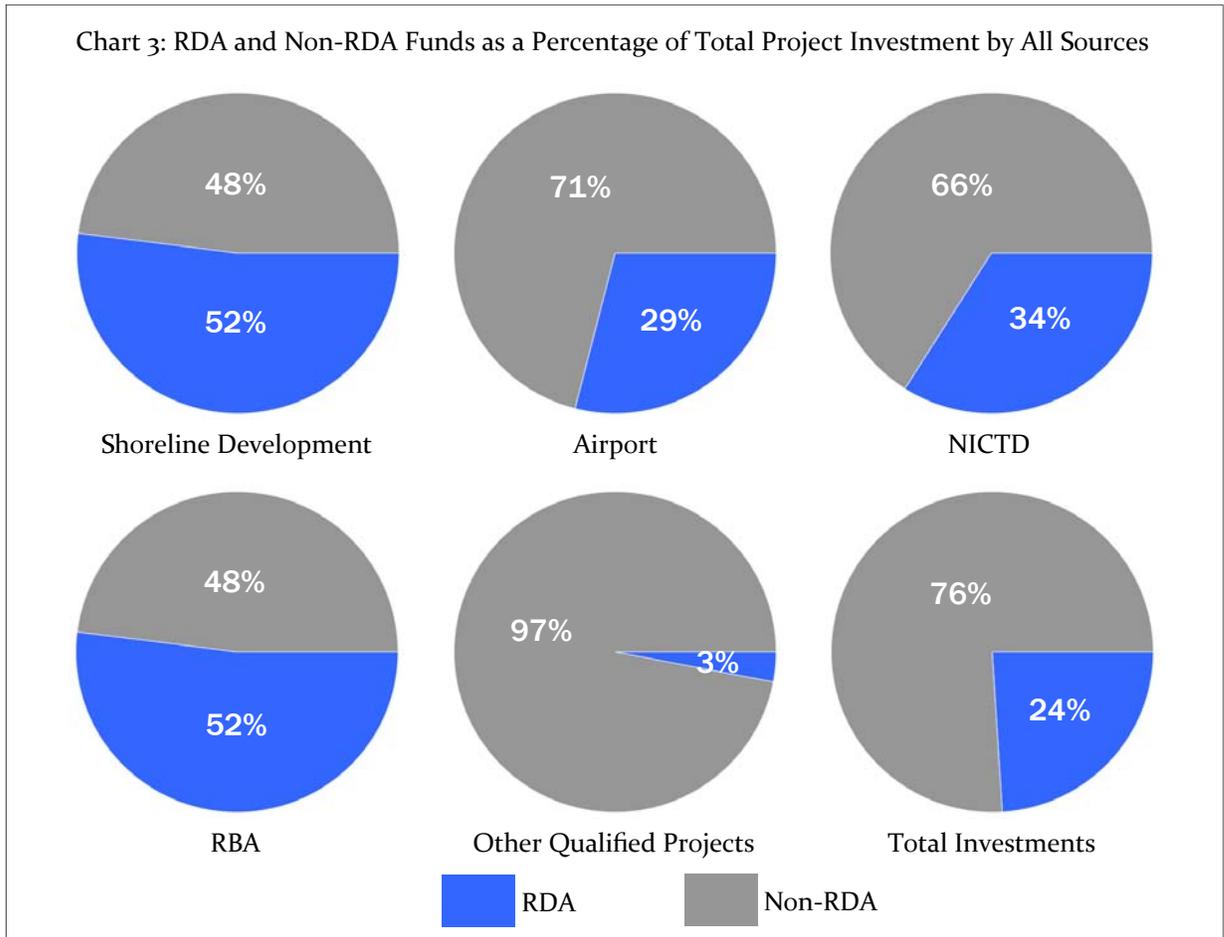


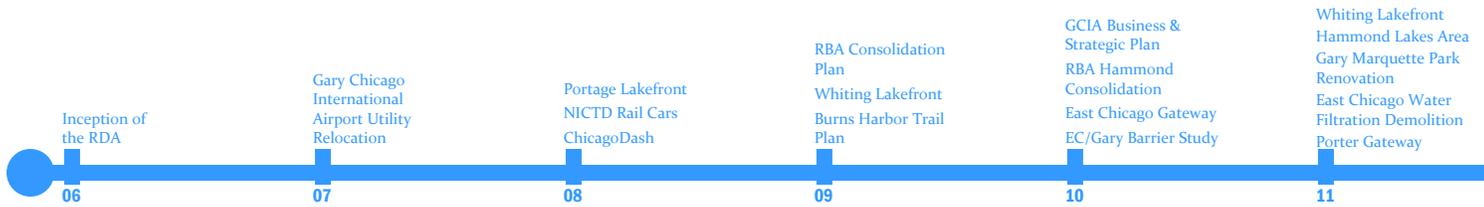
**Chart 2: RDA Financial Leverage Ratio by Targeted Investment, in Dollars**

Note: For every \$1 RDA invests, the amount shown is invested from other sources.



**Chart 3: RDA and Non-RDA Funds as a Percentage of Total Project Investment by All Sources**





## 2012 Outlook

Looking toward 2012, the RDA will continue its strategic focus on priority projects and find innovative ways to advance its mission for redeveloping northwest Indiana. The following are key objectives guiding the RDA over the coming year.

### Gary Chicago International Airport

The Regional Development Authority has provided \$50 million for the work at airport; therefore, it is incumbent upon the RDA to ensure that the project is carried through to completion. In order to accomplish this, the RDA will maintain its close engagement with the Gary Chicago International Airport Board of Directors via its existing working group.

The RDA will further promote increased airport usage as outlined in the strategic business plan developed for the airport by Landrum & Brown. The RDA will work with state lawmakers and the Indiana Department of Transportation to improve access to the Airport. The RDA will also develop a comprehensive land-use plan and explore the use of land banking as a way to guide development.

Lastly, the RDA will work closely with elected officials in Gary to ensure that any concerns they have regarding the airport, its future development, management, or other issues are addressed in a complete and timely fashion. The administration in Gary has committed to completing this project so the city can reap the economic rewards of an active, vital airport. The RDA is grateful for their close cooperation and intends to continue to build its relationship with the city in order to create a foundation for the long-term success of the airport.

### Surface Transportation

Expansion and integration of mass transit systems in northwest Indiana remains a challenge. A regional bus system is not seen as a priority by many residents and community leaders. As a result, gains made by the Regional Development Authority through the creation of the Regional Bus Authority (RBA) are threatened due to a lack of permanent funding.

While the RDA has invested \$12.3 million in the RBA since its creation, it cannot be a source of operational funding. In order to secure that funding and to build a consensus behind the ongoing importance of regional busing, the RDA will adopt a two-pronged approach.

First, the RDA has combined its previous bus and commuter rail working groups into

Hammond Lakes Area  
Gary Marquette Park  
Renovation  
Porter Gateway  
Gary Chicago  
International Airport  
Runway Extension

Porter Gateway  
Gary Chicago  
International Airport  
Runway Extension

12

13

14

15

16

17

a new surface transportation working group. This committee will advance toward the development of a regional solution for bus transit in northwest Indiana. This group will encourage the development of business and capital plans to build and maintain a system that serves all of northwest Indiana. A strong system will help to create jobs, improve quality of life, provide environmental benefits, and reduce congestion on northwest Indiana's already crowded roads.

Commuter rail is the second component of mass transit in northwest Indiana. Coordination between NICTD and northwest Indiana's bus systems is crucial for the future of both entities. The federal government, a key funding source for mass transit, is no longer inclined to fund separate rail and bus projects. Instead, federal agencies now insist on combined regional mass transit plans. Buses also play a key role in transporting rail passengers over "the last mile," i.e. to and from the station. Closer cooperation between all mass transit authorities will generate synergies that will accelerate the economic and environmental benefits of both transportation methods.

An ideal solution would be the creation of a Regional Transit Authority (RTA) which would oversee all mass transit issues in northwest Indiana. The RDA will continue to champion the creation of an RTA and continue public outreach efforts to communicate and educate residents on the value and necessity of public transit services. The RDA will also work toward a more cohesive relationship with NICTD in order to develop common goals which are agreed upon by both groups.

## Shoreline Development

Going forward, the RDA will continue to monitor the status of unfinished projects tied to the Marquette Plan to ensure that they are carried through to completion and that the work being done is conducted by Indiana-based companies whenever possible. The RDA will also develop a model to document the return on investment of these projects.

To build on the shoreline transformation currently underway, the RDA will work with local community leaders to secure a defined economic development/corridor plan for each community. This will guide the community as it seeks to exploit its new and improved resources. The RDA will also work with local leaders to ensure that defined and fully funded operations and maintenance plans to support the improvements are developed and implemented. Finally, the RDA will update the Marquette Plan to take completed projects into account.

## **Economic Development**

Based on the RDA's overall mission, the Board of Directors has created an economic development working group which will explore the creation of an economic development blueprint focused on the transportation, distribution, and logistics (TDL) industries. This strategy will include workforce, infrastructure, and planning elements and will have a goal of increasing TDL investment by private companies in northwest Indiana by 25%.

The RDA will also develop and implement tracking protocols to enable it to monitor the economic development projects in which the RDA has a stake.

## **Return on Investment**

2013 is expected to be the RDA's busiest year to date, with major projects such as Hammond's Wolf Lake and the expansion of the runway at the Gary Chicago International Airport coming to completion. The landscape of northwest Indiana will literally change before our eyes, and its potential as a destination for tourism, recreation, and economic development will be permanently enhanced.

To document these gains more fully, the RDA expects to present in 2013 a return on investment (ROI) analysis that incorporates not only the leverage that RDA investment has achieved by matching local, state, federal, and private dollars to drive development, but which also examines the current and future economic impact on jobs and communities in the region.

RDA investments have encouraged companies to locate or expand businesses in northwest Indiana and have substantially improved quality of life for residents. The RDA will quantify these improvements in order to provide a complete picture of how its investments have benefited the region.

# Appendix

## 2011 Independent Auditors' Report

Gary Office  
487 Broadway  
Suite 207  
Gary, IN 46402  
P: (219) 880-0850  
F: (219) 880-0858



Chicago Office  
150 N. Michigan Avenue  
Suite 2800  
Chicago, IL 60601  
P: (312) 863-8658  
F: (312) 624-7701

### INDEPENDENT AUDITORS' REPORT

Board of Directors  
Northwest Indiana Regional Development Authority:

We have audited the accompanying basic financial statements of the Northwest Indiana Regional Development Authority (the "RDA" or the "Authority"), as of December 31, 2011 and 2010, and the related statements of changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the management of the Authority. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, such basic financial statements present fairly, in all material respects, the financial position of the Authority as of December 31, 2011 and 2010, and the results of its operations, and its cash flows, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Whittaker & Company PLLC*

Whittaker & Company PLLC  
March 26, 2011

**Northwest Indiana Regional Development Authority**  
**Statement of Financial Position**  
**For the Years Ended December 31, 2011 and 2010**

	<u>2011</u>	<u>2010</u>	
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents (Note 2)	\$ 85,188,916	\$ 77,707,817	\$ (7,481,099)
Accounts receivable (Note 1)	6,875,000	8,225,000	1,350,000
Prepaid expenses	<u>15,921</u>	<u>2,613</u>	(13,308)
Total current assets	92,079,837	85,935,430	(6,144,407)
Property and equipment			
Furniture, fixtures & leasehold improvements (Note 3)	<u>46,033</u>	<u>46,033</u>	-
Total property and equipment	46,033	46,033	-
Accumulated depreciation	<u>(38,148)</u>	<u>(34,098)</u>	4,050
Total property and equipment (net)	7,885	11,935	4,050
Long-term assets			
Note receivable (Note 5)	<u>6,000,000</u>	<u>6,000,000</u>	-
Total long-term assets	6,000,000	6,000,000	
Total assets	<u>98,087,722</u>	<u>91,947,365</u>	(6,140,357)
<b>LIABILITIES AND NET ASSETS</b>			
Current liabilities			
Accounts payable	79,291	1,437,651	1,358,360
Grants payable -Due within one year	<u>59,896,094</u>	<u>44,063,914</u>	(15,832,180)
Total current liabilities	59,975,386	45,501,565	(14,473,821)
Long-term liabilities			
Grants payable	-	<u>28,001,133</u>	28,001,133
Total long-term liabilities	-	28,001,133	
Total liabilities	<u>59,975,386</u>	<u>73,502,698</u>	
Net assets			
Unrestricted	38,112,337	18,444,667	(19,667,670)
Total net assets	<u>38,112,337</u>	<u>18,444,667</u>	(19,667,670)
Total liabilities and net assets	<u>\$ 98,087,722</u>	<u>\$ 91,947,365</u>	\$ (6,140,357)

*See accompanying notes to the basic financial statements  
which are an integral part of the financials*

**Northwest Indiana Regional Development Authority**  
**Statement of Activities**  
**For the Years Ended December 31, 2011 and 2010**

	<u><b>2011</b></u>	<u><b>2010</b></u>
<b>Unrestricted Net Assets</b>		
<b>Support</b>		
Indiana Finance Authority	\$ 10,000,000	\$ 10,000,000
City of East Chicago	3,500,000	3,500,000
Lake County	3,500,000	3,500,000
City of Gary	3,500,000	3,500,000
City of Hammond	3,500,000	3,500,000
Porter County	3,500,000	3,500,000
USDA Forest Service (PES Grant)	250,936	-
Other	<u>10,034</u>	<u>-</u>
Total Support	27,760,970	27,500,000
<b>Expenses</b>		
<b>Program Services</b>		
Town of Porter	3,915,000	-
USDA Forest Service (PES Grant)	250,936	-
Regional Bus Authority	3,000,000	-
Whiting Lakefront Park - Phase I	<u>-</u>	<u>19,445,000</u>
Total Program Services	7,165,936	19,445,000
<b>Supporting Services</b>		
Salaries & professional services	1,061,566	889,774
Operating expenses	<u>82,898</u>	<u>108,946</u>
Total Supporting Services	1,144,465	998,720
Total Expenses	<u>8,310,400</u>	<u>20,443,720</u>
<b>Non-operating revenue (expense)</b>		
Interest expense	(74)	(11)
Interest Income	<u>217,175</u>	<u>285,508</u>
Total non-operating revenue (expense)	217,101	285,497
Change in Net Assets	19,667,670	7,341,777
Net Unrestricted Assets - Beginning of Year	<u>18,444,667</u>	<u>11,102,890</u>
Net Unrestricted Assets - End of Year	<u><u>\$ 38,112,337</u></u>	<u><u>\$ 18,444,667</u></u>

*See accompanying notes to the basic financial statements  
which are an integral part of the financials*

**Northwest Indiana Regional Development Authority**  
**Statement of Cash Flows**  
**For the Years Ended December 31, 2011 and 2010**

	<u><b>2011</b></u>	<u><b>2010</b></u>
Cash flows from operating activities		
Fee revenue	\$ 29,110,970	\$ 25,875,000
Payments to employees for services	(362,259)	(292,958)
Payments to grantees for awarded contracts	(20,704,950)	(13,214,207)
Payments to other suppliers for goods and services	<u>(779,837)</u>	<u>(697,234)</u>
Cash flows from operating activities	<u><b>7,263,924</b></u>	<u><b>11,670,601</b></u>
Cash flows from investing activities		
Investment interest income	<u>217,175</u>	<u>285,508</u>
Net cash from investing activities	<b>217,175</b>	<b>285,508</b>
Cash flows from financing activities		
Purchase of fixed assets and leasehold improvements	-	<u>(12,679)</u>
Net cash from investing activities	-	<b>(12,679)</b>
Net change in cash and cash equivalents	7,481,099	11,943,430
Cash and cash equivalents at beginning of year	<u>77,707,817</u>	<u>65,764,387</u>
Cash and cash equivalents at end of year	<u><b>\$ 85,188,916</b></u>	<u><b>\$ 77,707,817</b></u>
<b>RECONCILIATION OF OPERATING INCOME TO CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating income	\$ 19,667,670	\$ 7,341,777
Interest Income	(217,175)	(285,508)
Depreciation expense	4,050	10,743
Changes in assets and liabilities		
Decrease/(Increase) in accounts receivable	1,350,000	(1,625,000)
(Increase) in prepaid expenses	(13,308)	(2,613)
(Decrease)/Increase in accounts payable and other accruals	(1,358,361)	1,370,159
(Decrease)/Increase in grants payable	<u>(12,168,953)</u>	<u>4,861,043</u>
Cash flows from operating activities	<u><b>\$ 7,263,924</b></u>	<u><b>\$ 11,670,601</b></u>

*See accompanying notes to the basic financial statements  
which are an integral part of the financials*

**Northwest Indiana Regional Development Authority  
Supplemental Schedule of Supporting Services  
For the Years Ended December 31, 2011 and 2010**

**Salaries & Professional Services**

	<b><u>2011</u></b>	<b><u>2010</u></b>
Professional Fees		
Salaries and related personnel costs	\$ 362,259	\$ 317,430
Investment consultants	-	-
Legal	65,812	81,598
Accounting	28,916	27,350
Special consultants	566,479	415,160
Compliance consultant	<u>38,100</u>	<u>48,236</u>
Total Salaries & Professional Services	<u>\$ 1,061,566</u>	<u>\$ 889,774</u>

**Operating Expenses**

Bank charges	\$ 98	\$ 75
Office supplies	8,451	9,635
Membership dues	500	70
Cleaning	-	1,170
Advertising	-	85
Fees and licenses	-	78
Conferences	-	11,423
Insurance	-	11,418
Background check	-	491
Meals and entertainment	7,830	7,500
Depreciation expense	4,050	10,743
Rent, Telephone, & Technical Support	38,864	32,027
Travel	13,430	10,100
Tuition reimbursement	<u>9,675</u>	<u>14,131</u>
	<u>\$ 82,898</u>	<u>\$ 108,946</u>

*See accompanying notes to the basic financial statements  
which are an integral part of the financials*

**Northwest Indiana Regional Development Authority**  
**Notes to the Basic Financial Statements**  
**For the Years Ended December 31, 2011 and 2010**

**NOTE 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 principals to stimulate a significant rebirth in Northwest Indiana and is a catalyst in transforming the economy and quality of the 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 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 Organization 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 the 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 Organization and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting equity is the existence of special financing relationships, regardless of whether the Organization 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 Organization's reporting entity.

## Non-exchange Transactions

Governmental Accounting Standards Board ("GASB") No. 33 defines a nonexchange 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 nonexchange 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 policies of the Authority are based upon accounting principles generally accepted in the United States of America, as prescribed by the Government Accounting Standards Board (GASB). For the year ended December 31, 2008, 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 Government Accounting Standards Board ("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 2006, the fiscal officer of each city and county described in IC 36-7.5-2-(b) (other than the two largest cities in a county described in IC 36-7.5-2-3 (b) (i) (Lake County, Porter County, East Chicago, Gary, Hammond) shall each transfer three million five hundred thousand dollars (\$3,500,000) each year to the development authority for deposit in the development authority fund. The State of Indiana will provide \$10 million over ten years. A specific amount of \$20 million was specifically designated for the Gary/Chicago International Airport and was paid during fiscal year 2007.

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:

- The Regional Bus Authority – To increase opportunities for senior citizens, the handicapped community and Hoosiers without their own transportation.
- The Gary/Chicago International Airport Runway Expansion and EJ&E Railroad Re-Routing Plan – To provide access to Chicago’s business districts, Northwest Indiana, and surrounding Midwest states. The 715 acre site has an FAA approved expansion plan adding 320 acres ensuring long term growth for the airport and the Northwest Indiana economy.
- 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. IC36-7.5-2-1 identifies the types of projects eligible for RDA funding.

During 2011, the RDA was the fiscal agent and recipient of federal funds under the Urban and Community Forestry program sponsored by the United States Department of Agriculture. The funded project is considered a Great Lakes Restoration Initiative (GLRI). The overall grant award is \$324,878 which leveraged local matches from the RDA in the amount of \$20,000, City of Valparaiso in the amount of \$20,000 and Cardno JFNew om the amount of \$10,000, which was an in-kind match. The grant period is expected to end October 2012.

### **Accounts Receivable**

At December 31, 2011 the RDA had outstanding receivables in the amount of \$6,875,000 which related to the city of Gary being delinquent on installments.

At December 31, 2010 the RDA had outstanding receivables in the amount of \$8,225,000 which comprised of the Cities of Gary and East Chicago being delinquent on installments in the amounts of \$7,350,000 and \$875,000, respectively.

In accordance with IC 8-15-2-14.7 and IC 36-7.5-4-2, the City of Gary’s delinquency could result in the State of Indiana no longer making payments to the RDA. At the time of the issuance of the financial statements, there were no indications that the State of Indiana had such intention.

### **Prepaid Expenses**

Prepaid expenses represent payments to vendors, which will reflect costs applicable to subsequent accounting periods.

### Accounts payable

The December 31<sup>st</sup> 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. At December 31, 2011 and 2010, the Authority had accounts payable in the amounts of \$79,291 and \$1,437,651, respectively.

### Grants Payable and other related accruals

The Authority is committed to various governmental organizations for reimbursement-based grants in which the organization had fulfilled the terms of the grant and submitted for reimbursement from the Authority. At December 31, 2011 and 2010, the total grants payable amounts were \$59,896,094 and 73,434,497 respectively.

Beginning Balance	Increase	(Decrease)	Ending Balance	Due within one year
\$ 73,434,497	\$ 6,915,000	\$ (20,453,403)	\$ 59,896,094	\$59,896,094

### 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 and Certificates of Deposits.

### 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 years. Leasehold improvements are computed on the straight-line method over the estimated useful life of three years.

### Net Assets

Net Assets are comprised of the net earnings from operating and non-operating revenues, expenses and capital contributions. Net assets are displayed in three components - invested in capital assets, net of related debt; restricted for debt service, capital projects, passenger facility charges, airport use agreement and other requirements; and unrestricted. Invested in capital assets, net of related debt consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt net of debt service reserve and unspent proceeds.

Restricted net assets consist of net assets for which constraints are placed thereon by external parties (such as lenders and grantors) and laws, regulations and enabling legislation. Unrestricted net assets consist of all other net assets not categorized as either of the above.

At December 31, 2011 and 2010, there were no restricted assets as all assets are unrestricted.

### 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 expenses 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 expense reimbursement program.

## Operating Leases

The agency has a 1-year rental agreement for office space and supply reimbursement with a two year option to renew. The amount to be paid in fiscal year 2012 is approximately \$24,570.

## Deposits and Investments

State statutes authorize the RDA to invest in obligations of the U.S. agency, U.S. government securities, U.S. instrumentality obligations, certain highly-rated commercial paper, institutional money market mutual funds, corporate bonds, and repurchase agreements. Changes in fair value of investments are recorded as investment income.

## NOTE 2 - CONCENTRATIONS

At December 31, 2011 and 2010, \$1,000,000 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, 2011 and 2010, respectively, the remaining portion of \$84,431,190 and \$76,707,817 is covered by the PDIF and is also considered to be classified in Risk Category 1.

## NOTE 3 - PROPERTY AND EQUIPMENT

All furniture & equipment is depreciated using the 5-year straight line method. Depreciation expense at December 31, 2011 and 2010 was \$4,050 and \$10,743, respectively. Property and Equipment at December 31<sup>st</sup> consist of the following:

	<u>2011</u>	<u>2010</u>
Furniture & Fixtures	\$ 34,531	\$ 34,531
Leasehold Improvements	11,502	11,502
Less: Accumulated Depreciation	<u>(38,148)</u>	<u>(38,148)</u>
Net Furniture & Fixtures	<u>\$ 7,885</u>	<u>\$ 11,935</u>

## NOTE 4 - PUBLIC EMPLOYEES' RETIREMENT FUND

To provide retirement benefits for its full-time employees, the Authority participates in the Public Employees' Retirement Fund of Indiana (PERF), cost-sharing, multiple employer public employees' retirement system. The PERF benefit has two parts: an Annuity Savings Account (3% contributions and accumulated interest) and an employer financed pension. All PERF-covered state employees have 3% of their gross wages (regular and overtime) contributed by their employer-the State of Indiana-to an individual Annuity Savings Account.

The payroll for employees covered by the PERF was \$344,279. The contribution requirement, which was made by the

Authority, was \$20,691. These contributions represent 6% of covered payroll for 2011. To obtain more information please visit the Public Employees' Retirement Fund at [www.in.gov/perf/](http://www.in.gov/perf/).

**NOTE 5 – NOTE RECEIVABLE**

The RDA agreed to loan \$6 million to the Little Calumet River Basin Development Commission. The amount due to the Authority from the Little Calumet River Basin Development Commission at December 31, 2011 and 2010 was \$6,000,000.

**NOTE 6 - 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 \$59,896,094 at December 31, 2011 as follows:

Project Name:	Shoreline Park Gateway & Community Gateway
Nature of Project:	Shoreline Restoration
Date Awarded:	03/25/2008
Initial Total Project Cost:	\$3,900,000
Add-ons or Change Orders:	N/A
Cost Through 12-31-2011:	\$1,438,604.10
Remaining balance at 12-31-2011:	\$2,416,395.90
Percent (%) Complete as of 12-31-2011:	38%
Expected Completion Date:	June 2010

Project Name:	Water Filtration Plant Demolition
Nature of Project:	Shoreline Restoration
Date Awarded:	11/13/2008
Initial Total Project Cost:	\$1,980,000
Add-ons or Change Orders:	N/A
Cost Through 12-31-2011:	\$ 225,000
Remaining balance at 12-31-2011:	\$1,755,000
Percent (%) Complete as of 12-31-2011:	11%
Expected Completion Date:	June 2011

Project Name:	Hammond Lakes Area
Nature of Project:	Shoreline Restoration
Date Awarded:	January 8, 2009
Initial Total Project Cost:	\$31,480,000
Add-ons or Change Orders:	N/A
Cost Through 12-31-2011:	\$19,005,738.27
Remaining balance at 12-31-2011:	\$12,474,261.73
Percent (%) Complete as of 12-31-2011:	60%
Expected Completion Date:	December 2011

Project Name:	Marquette Park Lakefront East
Nature of Project:	Shoreline Restoration
Date Awarded:	June 23, 2009
Initial Total Project Cost:	\$28,190,000
Add-ons or Change Orders:	N/A
Cost Through 12-31-2011:	\$ 7,715,850.42
Remaining balance at 12-31-2011:	\$20,454,149.58
Percent (%) Complete as of 12-31-2011:	37%
Expected Completion Date:	August 2012

Project Name:	Porter Gateway to the Dunes
Nature of Project:	Shoreline Restoration
Date Awarded:	November 17, 2009
Initial Total Project Cost:	\$1,816,500
Add-ons or Change Orders:	N/A
Cost Through 12-31-2011:	\$1,384,769.71
Remaining balance at 12-31-2011:	\$ 431,730.29
Percent (%) Complete as of 12-31-2011:	76%
Expected Completion Date:	August 2011

Project Name:	Porter Gateway to the Dunes (Grant 2)
Nature of Project:	Shoreline Restoration
Date Awarded:	July 7, 2011
Initial Total Project Cost:	\$3,915,000
Add-ons or Change Orders:	N/A
Cost Through 12-31-2010:	\$ 47,830.60
Remaining balance at 12-31-2011:	\$3,867,169.40
Percent (%) Complete as of 12-31-2011:	1%
Expected Completion Date:	August 2012

Project Name:	Whiting Lakefront Park
Nature of Project:	Shoreline Restoration
Date Awarded:	April 20, 2010
Initial Total Project Cost:	\$19,445,000
Add-ons or Change Orders:	N/A
Cost Through 12-31-2011:	\$ 984,019.93
Remaining balance at 12-31-2011:	\$18,460,980.07
Percent (%) Complete as of 12-31-2010:	5%
Expected Completion Date:	October 2012

**NOTE 7 – OTHER MATTERS**

The City of Gary remains delinquent in payment of its membership assessment to the RDA. The City of Gary has been designated a “distressed unit” under IC 6-1.1-20.3 and the Distressed City Governing Board has required Gary to employ an outside monitor to assist in resolving the city’s ongoing financial problems. The monies owed to the RDA are included in the overall financial plan for alleviating Gary’s financial problems. A “workout” plan for incremental payment of the delinquent membership assessment has been adopted and is being implemented.

**NOTE 8 – SUBSEQUENT EVENTS**

During its 2012 legislative session, the Indiana General Assembly passed and the Governor signed on March 16, 2012, 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 million, “no interest” loan currently outstanding from the RDA. Providing that no “fiscal emergency” [as defined in IC 14-13-2-18.6 (g)] exists for the Commission, the repayment schedule is as follows: on July 1, 2013, \$2,430,000; on July 1, 2014, \$1,460,000; on July 1, 2015, \$920,000; on July 1, 2016, \$690,000; and on July 1, 2017, \$500,000.



Northwest Indiana Regional Development Authority  
9800 Connecticut Drive  
Crown Point, IN 46307

Phone: (219) 644-3500  
Fax: (219) 644-3502

[www.in.gov/rda](http://www.in.gov/rda)  
[www.rdatransformation.com](http://www.rdatransformation.com)  
[www.facebook.com/RDACatalyst](https://www.facebook.com/RDACatalyst)  
Twitter @nwi\_rda