2016 ANNUAL REPORT

RDA
REGIONAL DEVELOPMENT AUTHORITY
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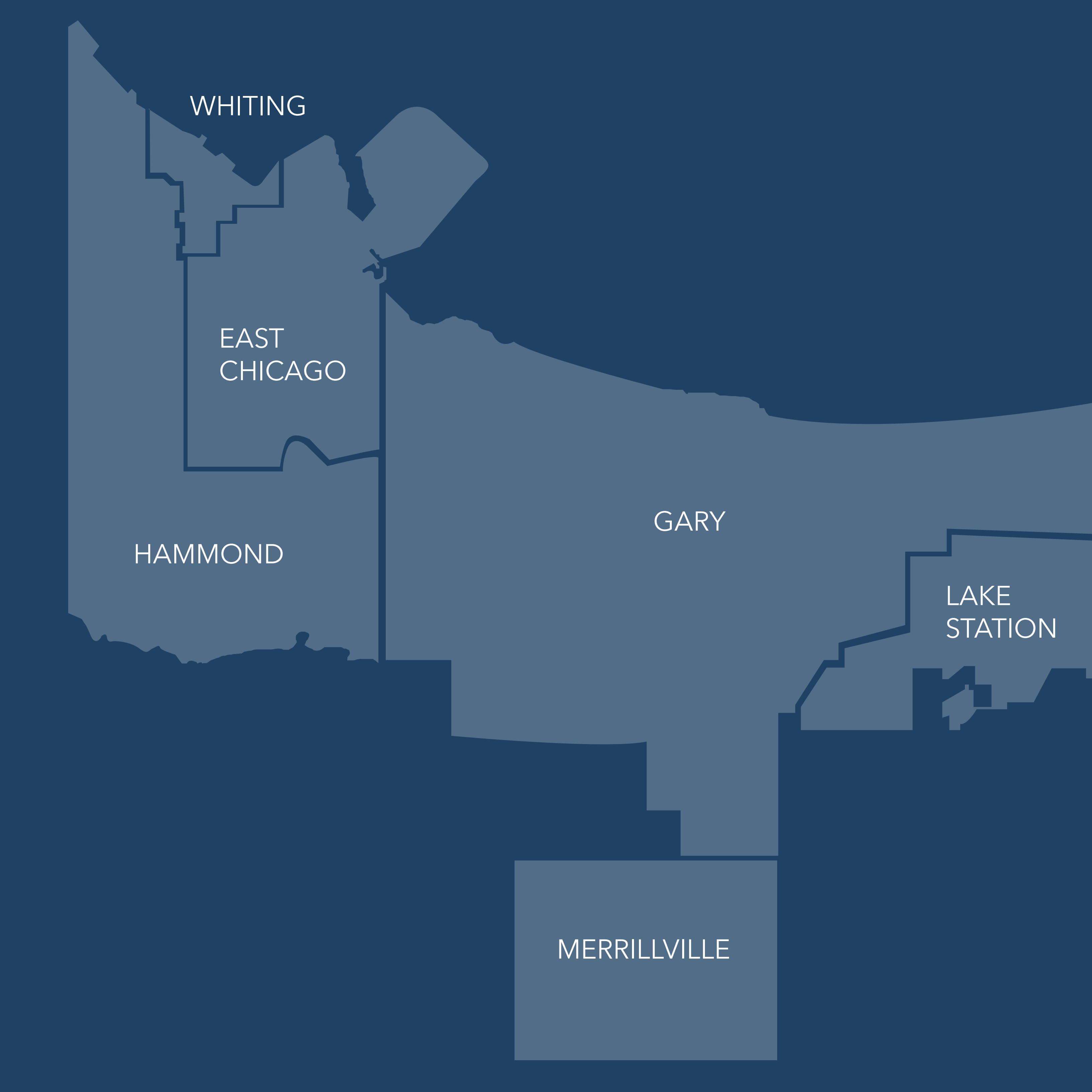
WHITING
EAST CHICAGO
HAMMOND
GARY
LAKE STATION
MERRILLVILLE

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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, we are pleased to present our 2016 annual report. This report includes the results of our fiscal 2015 audit. For the 11th straight year, the RDA has passed its annual audit with no issues, while funding projects through the region that will have a lasting economic impact on all of Northwest Indiana.

The past year has seen the RDA fund multiple projects to bolster quality of life in Northwest Indiana, including:

• Approved a $12.9 million matching grant for **Phase II of East Chicago's Waterfront Revitalization Initiative.** This grant builds upon $17 million in matching funds provided for Phase I in November 2013, which has leveraged nearly $200 million from outside sources. Phase II includes $3.5 million in lakefront and marina improvements; $8.3 million for reconstruction of ground routes around the harbor, and; $1.6 million for bridge, ramp and intersection upgrades.

• Approved a $6 million matching grant for the **45th Street Realignment and Grade Separation Project** in Munster. The project, which changes the intersection of Calumet Avenue and East 45th Street to a single, four-legged intersection via a grade-separated structure at the crossing with the railroad tracks, will relieve traffic congestion along the corridor and enhance access to the proposed West Lake Stations, increasing the potential for transit-oriented development. This grant builds upon $28.6 million in matching funds provided by local and state sources.

• Celebrated the dedication of the **Dunes Kankakee Trail** from the Porter County visitor's center to the beach. The four-mile trail now joins more than 140 miles of other hiking and biking trails throughout Northwest Indiana, virtually all of which have been constructed since 1990. Funding for the trail came in part from the RDA's Gateway to the Dunes grant to the town of Porter.

• Approved a $75,000 matching grant to the Legacy Foundation for its **Neighborhood Spotlight initiative** in Gary's Miller neighborhood. Neighborhood Spotlight provides a framework for capacity-building, planning and implementation block by block. It is modeled after successful community development work in Indianapolis and Chicago. Neighborhood Spotlight guides a cross-section of community members who work collaboratively and collectively on improving quality of life in their neighborhoods.

When the Indiana General Assembly approved $180 million for the West Lake Corridor in 2015, they asked that the RDA update its Comprehensive Strategic Plan (CSP) to reflect this major new initiative. This update lays out a road map for rail expansion and transit-oriented planning and development that will make Northwest Indiana the first choice in suburban Chicago for new and existing residents, the first choice for businesses to start or expand, and the first choice for access to jobs, both in the region and in Chicago. It examined both the West Lake Corridor expansion as well as the impact of fully double tracking the existing

South Shore line from Gary to Michigan City. In the following pages, this report looks at some of the details of that plan, but here are the key findings:

1. Cook County jobs pay 37% more than similar jobs in Northwest Indiana. Despite a 20% to 40% reduced cost of living, Northwest Indiana workers commute at less than half the rate of workers from the Illinois suburbs.

2. The addition of the West Lake Corridor extension to the South Shore commuter rail network will substantially increase ridership on the line. Double tracking the current South Shore line will improve reliability and reduce commuting times with the result of bringing even more ridership to the system.

3. Increased commuter rail ridership in the West Lake Corridor scenario produces $183 million annually in commuter income. Completing the West Lake Corridor and double tracking the existing South Shore line produces $264 million in commuter income annually for Lake and Porter Counties. These funds are spent within the Northwest Indiana economy, generating jobs and further economic activity.

4. The RDA's commuter rail investments will produce $1.5 billion in personal income by 2046, and result in a population increase of 11,000 residents to Northwest Indiana. This activity will support 5,700 annual jobs within the region. These impacts are above the baseline socioeconomic forecasts.

5. The West Lake Corridor expansion produces a total of $272 million in State sales and income tax revenue, and $243 million in local revenue (property tax and income tax) in the 20 year period between 2019 and 2038. The West Lake Corridor plus Double Tracking scenario produces $502 million in State revenues and $504 million in local revenues during that time frame.

6. The return on investment in the twentieth year for the West Lake Corridor scenario is 4.4 times the State investment. For the West Lake plus Double Tracking scenario, while the sources of funding are not yet determined, the return on investment to the public funding sources is 4.2 times the public investment.

OUR VISION

"NWI will be the first choice in suburban Chicago for new and current residents, businesses and access to jobs. With diverse opportunities in all areas, NWI will be the leading area for economic growth in Indiana. We will be the best example in the nation for balancing growth with preservation, exciting and trendy urban and lake front communities with tranquil rural areas. NWI will be the example of what Hoosiers can be when given global opportunity"

Progress has already begun on making this vision a reality. In March of 2016, the NICTD Board of Trustees approved a $4 million contract for the preliminary engineering and environmental studies. This study represented a partnership between the Northwest Indiana RDA, which contributed $1.6 million, the Northern Indiana RDA, which pledged $800,000, and NICTD, which provided the balance of the funds.

In September, FTA officially moved the West Lake Corridor into project development, making it eligible for federal matching funds. This announcement was the fruit of a 2015 decision by the RDA to provide $20 million to NICTD to undertake all project development elements including preliminary engineering, completing a Final Environmental Impact Statement and Record of Decision, and preparing all documentation required to receive a satisfactory project rating from the FTA next fall.

It is the RDA's goal to make Northwest Indiana the leading area for economic growth in Indiana. We will be the best example in the nation for balancing growth with preservation, exciting and trendy urban and lake front communities with tranquil rural areas. Northwest Indiana will be the example of what Hoosiers can be when given global opportunity.

Bill Hanna

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President and CEO

Donald P. Fesko

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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 Master's in Business Administration from Indiana University. 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, where he has overseen the sale of more than $400 million in Industrial Revenue Bonds and a member of the Gary Redevelopment Commission. He also sits on the Investment Committee of the Legacy Foundation and is a member of the Board of Directors of the Visiting Nurse Association Foundation of Porter County and St. Mary Medical Center. He is a former SVP Gainer Corp, First Vice President of Bank One / First Chicago NBD Bank and was 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.

Philip Taillon - Hammond Appointment

Philip Taillon is the Executive Director of Planning and Development for the City of Hammond. Previously, Taillon served as Director of Economic Development for Hammond, a position he accepted after a 10-year career at Calumet/First Midwest Bank. A 1991 graduate of Bishop Noll Institute in Hammond, Taillon holds a Bachelors degree in Management from Purdue University Calumet. He has taught multiple classes through the American Institute of Banking and serves on several boards including the Early Learning Partnership, Lakeshore Chamber of Commerce, Urban Enterprise Association, Hammond Development Corporation, and others.

Randolph Palmateer - Lake County Appointment

Randolph Palmateer is Business Manager of the Northwestern Indiana Building Trades Council. He is a 20-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.

2016
A Regional Development Strategy

In 2005 the Indiana General Assembly created the Northwest Indiana Regional Development Authority (RDA), and directed it toward a mission of regional development through investments in air and rail transportation, shoreline development, and specific economic development projects. The RDA, maintaining that focus, made a series of investments in the intervening decade to catalyze economic growth in the region. These include:

THE GARY-CHICAGO INTERNATIONAL AIRPORT

The RDA invested $50 million to extend the airport's main runway in order to accommodate commercial air traffic. The City of Gary has since contracted for development around the airport, utilizing multi-modal strategies.

THE LAKE MICHIGAN SHORELINE

Through grants to local municipalities, the RDA invested $109.5 million in its first 10 years in environmental remediation, rehabilitation, and place-making at or along the Lake Michigan shoreline. In many cases these grants were matched with federal or other non-state funds to multiply the impact of these quality of place investments.

SPECIFIC ECONOMIC DEVELOPMENT PROJECTS

For the period from 2009 through 2015, the RDA gave out 9 grants for economic development to companies bringing jobs to Northwest Indiana. These grants incentivized 1,674 jobs for the region.

OTHER PROJECTS

The RDA has made a number of other investments in the region, including the purchase of commuter railcars and grants for the development of bus transit systems. The RDA has also provided infrastructure funding to the City of Valparaiso for its ChicaGo Dash commuter bus service, currently the only bus service in Northwest Indiana transporting workers to and from jobs in downtown Chicago.

The runway extension and rail relocation project at the Gary/Chicago International Airport has been completed and a public-private partnership established by the City of Gary in order to attract and grow business at the upgraded facility.

The overall impact of the RDA's investments has been to strengthen the quality of place, and deepen the attractiveness of the Northwest Indiana region to its current population, and to the next generation of those who want to work in or around the City of Chicago.

In 2015, the RDA asked the Indiana General Assembly to extend the State's investment and the RDA's capacity to catalyze development in its region of the State. Preliminary analysis then showed that one major limitation to the region's ability to grow its population and capture its share of high-paying Chicago-based employment was the lack of effective and diverse transportation options to jobs in the City. The Legislature responded by appropriating $6 million per year, and instructing the RDA to refocus its Comprehensive Strategic Development Plan around building a commuter rail asset that would provide the "connectivity" to Chicago that – in turn – would attract new residents, create jobs,

The restored Marquette Park East in Miller will act as a lakefront anchor at one end of town, complementing a new, modern commuter rail station planned for the business district at the neighborhood's opposite end.

and build the regional economy.

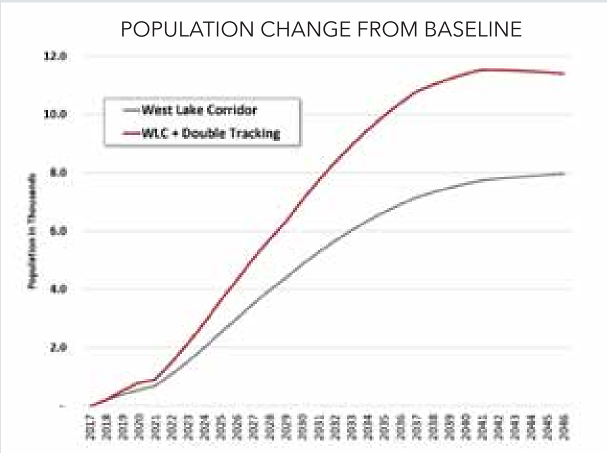
This update has been completed, and what follows in the next few pages is a brief summary of its findings, goals and projected outcomes. The full update can be downloaded from our Web site at in.gov/rda.

Among the basic findings are that economic development strategies must include transportation components. In any model of a regional economy, transportation is a "cost". It adds to the cost of producing and delivering products. It is a cost to consumers as they attempt to buy products. It is a cost to employers who are searching for employees to staff their operations. And it is certainly a cost to workers who spend time and money getting to and from their places of employment. Reducing these costs enables an economy to run more smoothly and achieve higher rates of return, while workers reap higher wages.

In addition to these well-known and well understood outcomes, Northwest Indiana is uniquely situated in suburban Chicago to earn even higher returns from investments in transportation infrastructure. The Chicago economy pays a 37% premium in wages for the same job as is paid in Northwest Indiana. There is a built in demand factor for workers to be attracted to a commute into Chicago, and an immediate benefit to the Indiana economy for workers who make the trip.

Secondly, Northwest Indiana workers commute into Chicago in much smaller percentages than do employees from the Illinois suburbs.

Finally, there are substantial benefits even for Northwest Indiana residents who never set foot on a train. Just as a single job in the region's steel mills supports several jobs outside the mill, rail acts as a jobs multiplier. Over the next 30 years, West Lake expansion alone supports an additional 2,500 annual ongoing non-rail jobs in Northwest Indiana, while West Lake plus double tracking the existing South Shore line creates 5,700 annual jobs in the region. These include many good-paying professional, education, and healthcare careers, as well as retail, hospitality and food service jobs.



POPULATION

Improved commuter rail accessibility encourages migration to Northwest Indiana as Chicago commuters experience similar transportation times as other suburban areas, but may enjoy significant cost of living benefits. Building the West Lake Corridor scenario attracts approximately 8,000 residents to Northwest Indiana by 2046. Doing so and double tracking the existing South Shore line, with associated station area developments in Gary, East Chicago and Portage is projected to increase population by more than 11,000.

ENHANCING REGIONAL CONNECTIVITY

New development at the Lakefront Park and Riverwalk in Portage (right) is connecting the lakefront to the train station (center) and the marina (left). Planned upgrades at the station will further promote transit oriented development.

The Chicago economy is the ninth largest in the world, and is the economic center of gravity for the entire Midwest region of the United States. Northwest Indiana's proximity to Chicago provides unique opportunities, especially in comparison to other Indiana regions. Total employment in the Chicago Metropolitan Statistical Area (2.5 million workers) is comparable to total employment in the state of Indiana (2.9 million workers).

In the early to mid-20th century, Northwest Indiana (at that time primarily northern Lake County) was seamlessly indistinguishable from the south side of Chicago. Its urban industrial cities housed the steel and manufacturing economy that provided the growth for the greater Chicago region, and the U.S.

Since the Seventies, global economics and improvements in technology have caused major reductions in the employment footprint of the heavy manufacturing industry that characterized the Northwest Indiana region. While manufacturing is still a dominant industry in Northwest Indiana, it employs fewer than half the workers it did in 1969.

The Chicago economy is well diversified into technology, financial services, and professional services sectors. Furthermore, the labor force required to meet the demand of Chicago's population in healthcare, education and retail/personal services is massive. Not only is the size of the Chicago jobs market a significant benefit to Northwest Indiana jobs seekers, but the jobs pay higher wages in almost every industry.

On average, a job in Cook County, Illinois pays 37% higher wages than a similar job in Northwest Indiana. Chicago jobs in professional or white-color sectors pay as much as 50% to 150% more than Northwest Indiana jobs. The manufacturing sector is the only industry that pays higher wages in Northwest Indiana than in Chicago.

The higher Chicago wages are reflected in the household incomes of those in the Illinois portion of the Chicago Metropolitan Statistical Area (MSA). Most of the largest communities in Lake and Porter County, Indiana are located within 20 to 40 miles of downtown Chicago. However, household incomes within this band lag similarly situated Illinois households by a significant margin.

The median household income for Illinois communities within 20 to 40 miles of downtown Chicago ranges from about $60,000 to more than $100,000. Most suburban Chicago cities in Illinois have median household incomes in the $70,000 to $80,000 range.

In Indiana, however, only the communities with the highest household incomes reach $70,000 to $80,000, and those in Hammond and Gary drop to less than $40,000. The socioeconomic data clearly shows an income divide between the Illinois and Indiana portions of the Chicago MSA, and that Chicago's Illinois suburbs have prospered in a way that the Indiana portion of the MSA has not.

Indiana residents employed in Chicago will bring those wages home to Northwest Indiana and support the local economy.

The RDA's impetus for investment in commuter rail is to improve economic outcomes in Northwest Indiana by enhancing access to high wage jobs in Chicago. Indiana residents employed in Chicago will bring those wages home to Northwest Indiana and support the local economy through their household spending. Communities will then be able to leverage the activity surrounding transit stations into new anchors for economic activity.

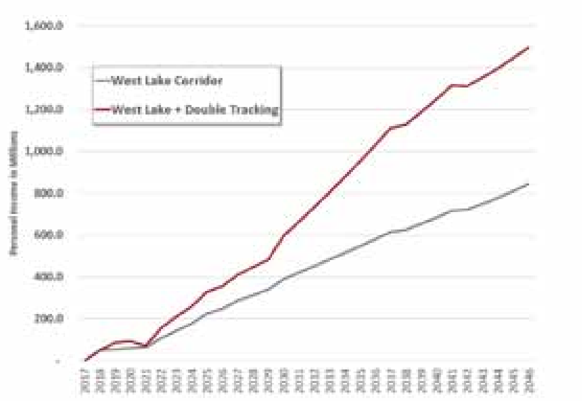
Enhanced transit access will also allow Northwest Indiana communities to compete more effectively for potential residents seeking to locate in the Chicago metro area.

Current Census data shows median monthly housing costs for most of the Illinois suburban communities range between $1,400 and $1,800. For the Lake County communities of Munster, Dyer, Merrillville and Crown Point, the median monthly housing cost is approximately $1,100. This is a cost of living savings of 20% to 40% over Illinois suburban communities within a similar geographic distance to Chicago. The cost of living differences in Hammond, Gary and Portage are even greater.

The opportunity for 37% greater wages, combined with 20% to 40% savings in housing costs should make Northwest Indiana an attractive residential location for Chicago area job holders. However, the commuting data shows that Lake and Porter County residents commute at a much lower rate than their Illinois counterparts. Approximately 35% of the workforce in the Illinois counties closest to Chicago commute to the City. DuPage County has the highest commuting rate, with 39% of its employed workforce.

However, the segment of the Northwest Indiana workforce that commutes to Chicago is much lower, at only 15% of the workforce. While the geographic distance to Chicago between the

PERSONAL INCOME CHANGE FROM BASELINE



PERSONAL INCOME

The West Lake Corridor scenario results in an average increase in personal income for Lake and Porter Counties of $28 million per year, totaling $843 million by the year 2046. Building West Lake and double tracking the existing line plus results in an average annual increase in personal increase of $50 million, resulting in a total increase of $1.5 billion by 2046. This value represents the total personal income gain to Northwest Indiana residents, including commuter income earned by individuals working in Chicago.

Illinois and Indiana communities is similar, the rate of commuting is not.

One of the barriers impeding the trade in labor within the Chicago region is the lack of effective and diverse commuter options for the residents of Northwest Indiana who work in Chicago. A recent study by the Texas Transportation Institute found that congestion on the roadways within the Chicago MSA is $7.2 billion annually.

Northwest Indiana residents know that the major highway routes to Chicago are congested during peak periods, and that the road commute can be lengthy, unpredictable and stressful. Furthermore, parking in Chicago is expensive, as much as $40 to $50 a day, adding further cost to an auto commute.

A cursory comparison of commute options demonstrates that the Illinois suburban resident has several varied routes into the city compared to the commuter from Northwest Indiana. The Metra commuter rail system, developed over decades, reaches central Chicago from all directions. The Metra system is comprised of approximately 490 miles of commuter rail and carried 82 million passengers in 2015.

In contrast, the Indiana side of the Chicago metro area has one existing commuter rail line that runs east and west to South Bend, with 33 miles of commuter rail within Lake and Porter Counties. The South Shore carried approximately 3 million passengers in 2015.

> The Northwest Indiana region has not been able to capitalize on its proximity to Chicago to the extent of its Illinois neighbors.

While the existing South Shore is a major asset to Northwest Indiana, and is heavily used, it is clear that the investment in commuting options in Indiana has not kept pace with the region. As a result, the Northwest Indiana region has not been able to capitalize on its proximity to Chicago to the extent of its Illinois neighbors.

The RDA's legislative mandate to enhance connectivity to Chicago by investing in commuter rail is intended to catalyze regional growth by enabling Northwest Indiana to play a larger role in the Chicago economy.

The West Lake Corridor Extension project is the culmination of many years of NICTD and regional leaders evaluating plans for the expansion of commuter rail service in Northwest Indiana. The West Lake Corridor, which will run south from the proposed Hammond Gateway station, will supplement the existing east-west South Shore line. Departing from Hammond, the West Lake Corridor has proposed stops in South Hammond (173rd St.), Munster at Ridge Road and Munster/Dyer at Main Street.

The West Lake extension will require the realignment of the existing South Shore line at Hammond, and the establishment of a new Hammond Gateway station that would connect both the West Lake and South Shore routes. In addition to the rail stations, a maintenance facility would be constructed in South Hammond.

The West Lake Corridor planning process is in its final engineering stage. While the preferred alignment has been largely planned, final decisions regarding exact alignments, station placements and cost estimates are subject to change until the engineering process is completed and NICTD submits a grant application for federal funding.

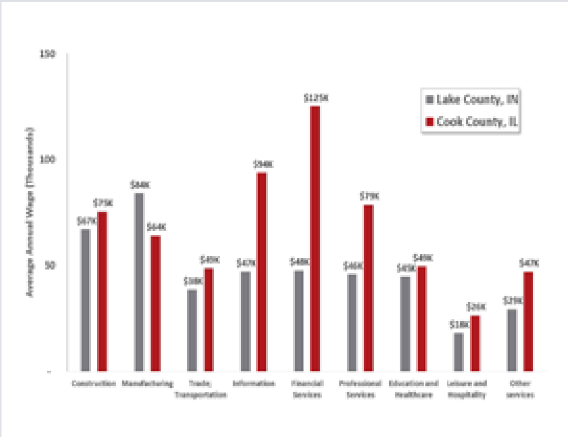
SOUTH SHORE DOUBLE TRACKING

The South Shore Double Tracking project is comprised of several rail network upgrades. These include installing parallel "double tracking" from Tennessee Street in Gary as far east as Michigan City, converting all major stops to high-level platform boarding stations, and realigning the

AVERAGE ANNUAL WAGE COMPARISON (2015)

Average wages are higher in Cook County than in Lake County, Indiana for all industries except manufacturing. Jobs in Cook County pay 37% more than similar jobs in Lake County. The wage premium for professional, technical and other white collar jobs in Cook County is 50% to 150%. The median household income for Indiana communities within the same geographic range is substantially lower, toping out at approximately $80K.

Source: Bureau of Labor Statistics,Quarterly Census of Employment and Wages; 2015



CHICAGO AREA MEDIAN HOUSEHOLD INCOME

The median household income for many Illinois communities within 20 to 40 miles of downtown Chicago ranges from $60K to over $100K. The median household income for Indiana communities within the same geographic range is substantially lower, toping out at approximately $80K.

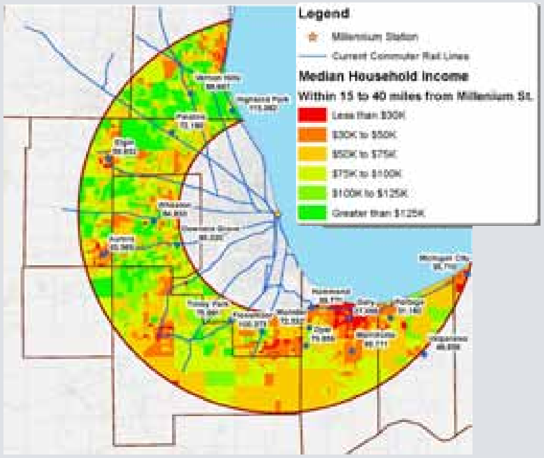
Source: American Community Survey (U.S. Census); 2014 5-Year Estimates

The South Shore stop in Miller will be transformed with a new, modern station, parking facilities and other amenities designed to attract commuters and new residents.

11th St. Michigan City station to allow better access and faster throughput for commuter rail.

The prime advantages of the double tracking project are twofold: faster transit times to Chicago and greater system reliability. Double tracking improvements reduce transit times to Chicago by almost 25% in some cases. Trips between South Bend and Chicago go from 2:23 to 1:45 after the improvements have been made. After double tracking, trips from Portage can be completed in less than an hour, trips from Gary in less than 45 minutes, and trips from Hammond less than 30 minutes. These travel times place Lake and Porter County communities well within the typical commuting window of most Chicago workers.

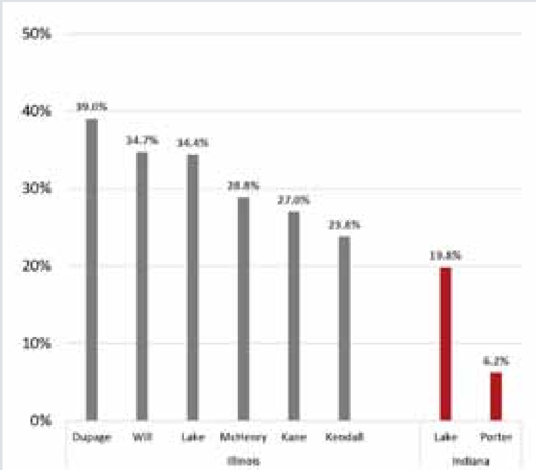
The second major benefit of the double tracking improvements is increased overall reliability of the rail compound to every station on the route, and often affect the schedule of subsequent trains. Rail commuters, especially voluntary commuters (those who often own cars) require consistent, reliable service. Otherwise, commuters must add buffer time to their commute, which adds to their commuting window, or they may just opt for auto travel. Double tracking redundancy allows a delay event to be bypassed, and makes it possible for peak period trains to stay on schedule even if there is a blockage elsewhere on the route. Double tracking also enables the use of express routes, which provide even faster access to Chicago.



PERCENTAGE OF WORKFORCE COMMUTING TO CHICAGO

Northwest Indiana commuting rates lag the Illinois suburbs. Approximately 35% of the workforce commutes to Chicago from Illinois suburbs. Only 15% of workers residing in Lake and Porter County commute. The lack of commuter rail options in Northwest Indiana impedes the access of commuters to Chicago.

Source: U.S. Census "On the Map" Series; 2014



PLANNING & DEVELOPMENT

The RDA has not limited the scope of its plans to the direct investments in rail only. In order for transit to be an effective economic development catalyst, the RDA is working to incentivize development around the stations on both the West Lake Corridor and on the enhanced, double tracked South Shore line.

It should be noted that this is an ongoing, collaborative process involving not just the RDA but also county and municipal leadership as well as Northwest Indiana residents themselves. As part of the Phase I EIS, NICTD has held numerous meetings with civic leaders and the public to update them on plans and incorporate feedback and suggestions. The RDA itself has hosted multiple tours for federal, state and local officials of the proposed rail corridor and potential station sites. The transit oriented development (TOD) process cannot be imposed, and there is no "one size fits all" model. There are best practices for TOD development that can be implemented across the system, but each TOD area will have a unique character determined by local residents and leadership.

Successful communities are able to leverage commuter rail access as a key component in their overall economic development strategy. Commuter rail provides better accessibility to employment in Chicago, and if harnessed wisely, will stimulate demand for housing, places of business and employment adjacent to commuter rail stations. Many of Northwest Indiana's cities and towns were built around historic transit lines. A large share of the area's communities and neighborhoods are currently striving to provide regional connections to Chicago while integrating denser, walkable community retail and

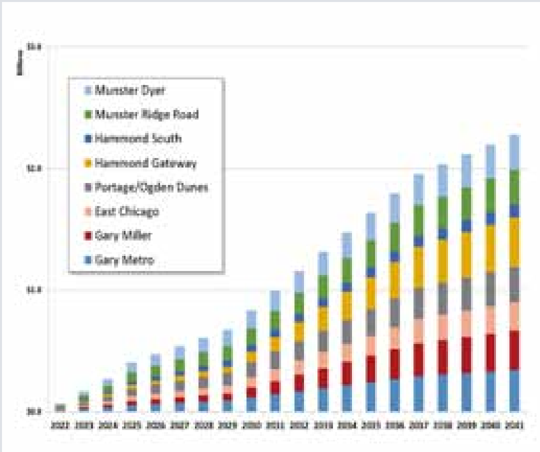
Artist's conception of the planned Gateway Station in Hammond. The Gateway station will connect the existing South Shore line and the new West Lake Corridor extension that will expand commuter rail service south to Munster and Dyer.

ESTIMATED STATION AREA INVESTMENT; SHORT TERM AND MID-TERM PHASES

2016 DOLLARS IN MILLIONS

Station area plans were developed for eight stations along the West Lake Corridor and the existing South Shore to estimate the development capacity at each location. These plans include estimates of the scope and cost of commercial and residential construction,and public infrastructure costs. These plans show the potential for $2.3 billion in investment at station areas by the year 2041.

Source: American StructurePoint; Policy Analytics, LLC



service amenities at transportation hubs. The RDA seeks to build on these historic precedents and more broadly assist in new efforts to create stronger, more economically vibrant communities throughout Northwest Indiana.

Cities and regions from coast to coast are pursuing transit-oriented development strategies as a way to achieve many goals, including increased economic competitiveness through improved quality of life, reduced congestion, lower transportation costs for households, improved air quality, reduced costs for providing city services and growth management.

Further TOD, with its direct accessibility to transit services has been shown to bring real benefits to the municipalities that embrace it. TOD centered on a transit hub provides a planned area extending as much as one mile around the station.

Transit accessible communities exhibit higher property tax returns per unit area, and stimulate greater economic activity than traditional single family neighborhoods, in conjunction with urban proximity. TOD has advantages for younger persons and families as well. Millennials, (those born between 1983 and 2000), are driving less than older generations, while walking, biking and using transit at higher rates. A National Association of Realtors survey in 2014 found that millennials prefer walkable communities to driving. 48% of survey respondents opted for smaller yards within easy walking distance of the community's amenities, as opposed to homes with large yards where they would have to drive to access amenities.

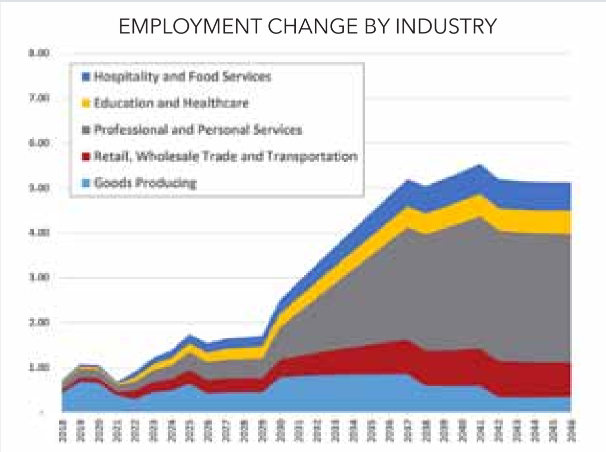
Many of Chicago's Illinois suburbs have seen significant transit oriented development surrounding Metra access points, providing strong and enduring real estate development. A review of home prices near Metra further demonstrates the value of transit accessibility. A RE/MAX real estate study of northern Illinois found that Chicago suburbs with Metra train service saw home prices rebound in 2012 at greater rates than the suburbs as a whole. The study also found that the decline in home sales for suburbs with Metra service was smaller than in the suburbs as a whole.

The planned improvements along the South Shore corridor and the creation of the West Lake line will provide the catalyst for the communities of Gary, East Chicago, Portage, Hammond, Munster, and Dyer to take advantage of the TOD trends being seen on a national scale. The importance of creating vibrant, active urban environments around premium transit is vital to the success of the rail corridors and the prosperity of the impacted communities.

Station area plans were developed for eight stations on the West Lake Corridor and South Shore commuter rail lines. Though additional development will occur at other station areas, and within municipalities that benefit from rail but may not have stations located in their jurisdictions. For the purposes of the economic impact analysis, the short range and mid-range investments are assumed to be completed in the 20 year window between 2022 and 2041. To ensure the estimates are conservative, the long range investments (Phase III) contemplated in the station area plans are not included in the economic impact modeling.

By the year 2040, an estimated $2.3 billion in capital investment is projected across all eight station area locations. The investment growth curve is moderate through 2029, when mid-term construction activity at the Munster/Dyer, Gary Metro and Gary Miller stations is projected to come online. The capital investment includes a mix of site preparation, multi-family residential, and retail/office construction, and street, streetscape and greenway improvements necessary to facilitate access to the rail stations. This total is comprised of $1.9 billion of private investment and $400 million of public funding including Federal, state and local monies.

Each station is unique and requires a careful understanding of the community and station area's past, present, and goals for the future. Realizing the current status of each community and how it came to be, is a vital part of the planning process that helps mold recommendations and create objectives for each TOD station and the immediate surrounding areas.



EMPLOYMENT

The economic activity catalyzed by enhanced accessibility to Chicago and station area development will be a significant anchor for employment in the region. By 2046, Northwest Indiana commuter rail investments support an additional 2,500 annual ongoing jobs in the West Lake Corridor scenario, and 5,700 annual jobs in the West Lake Corridor plus double tracking scenario.

RETURN ON INVESTMENT

Funded in part by an RDA grant, Whiting's Lakefront Park has helped drive new commercial and residential development in the city.

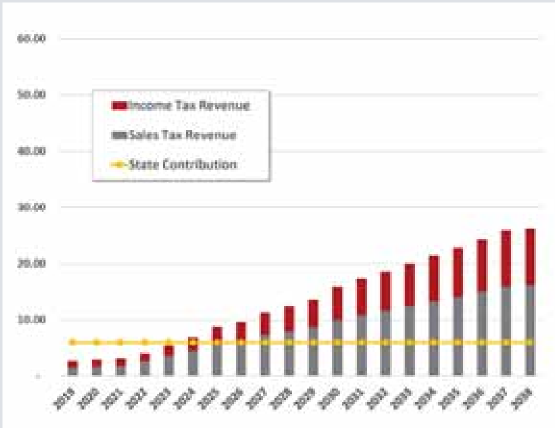
Rail expansion in Northwest Indiana will lead to significant increases in local and state revenues. The State of Indiana's two major revenue sources are the State income tax and the State sales tax. The income tax, based on personal income of Indiana residents, raises approximately $5.2 billion per year.

The State income tax applies only to income earned in Indiana. Northwest Indiana residents who commute to Chicago pay Illinois income taxes on the portion of income earned in Illinois, but do not pay Indiana income taxes on that portion. Therefore, our analysis excludes any tax levied on income earned outside of Indiana by commuters.

The State sales tax is a 7% tax on the final sales price for any taxable transaction. There is also a

WEST LAKE CORRIDOR RETURN ON INVESTMENT

HEA 1001-2015 requires the RDA to demonstrate a 2x investment by Year 20 of thestate grant. The fiscal impact analysis for both the West Lake Corridor scenario and the WLC+Double Tracking scenario both show a public return on investment of over 4x.



corresponding "Use Tax" which is levied against purchases of "sales taxable items" purchased out of Indiana. The sales tax generates approximately $7.3 billion annually in revenue for Indiana. A small portion of the sales tax (0.123%) is allocated to the Commuter Rail Service Fund, of which the Northern Indiana Commuter Transportation District (NICTD) is the beneficiary.

Construction of the West Lake Corridor scenario produces a total of $171 million in state sales tax and $101 million in state income tax from 2019 through 2038. Building both the West Lake Corridor and double tracking the existing South Shore line will produce $502 million in combined sales and income taxes by 2038.

Lake and Porter County both impose local option income taxes. Over the 20-year period from 2019 to 2038, the economic activity generated by the added commuter rail assets and the associated private sector investments is expected to produce $61.5 million in revenue in total for the counties, at current rates.

The successful execution of transit oriented development strategies around rail stations will also produce fiscal impacts in the form of property tax revenue for local taxing units. In Indiana, property taxes are limited to a percentage of a property's market value: 1% of market value for owner-occupied (homestead) residential property, 2% for non-homestead residential, and 3% for non-residential property. The station area planning process shows the potential for extensive commercial and multi-family residential development near rail stations on both the proposed West Lake Corridor and the existing South Shore. State law allows municipalities to capture a portion of the increase in assessed value from new investment and reinvest it into the community via tolls such as tax increment financing.

The level of investment projected around commuter rail stations will produce significant property tax revenues as development comes online. Over 20 years, station area development is projected to generate $207 million for the West Lake Corridor station areas, and $227 million for stations along the South Shore.

The redevelopment of station areas should also promote increases in value of existing sites and structures, and in areas not directly involved in transit oriented development. This ancillary impact has not been quantified for our analysis and is above and beyond the impacts previously stated.

RETURN ON INVESTMENT

In the 2015 State Budget legislation, the Indiana General Assembly appropriated $6 million per year for the biennium (State Fiscal Years, 2015-16 and 2016-17) for construction or debt service on commuter rail projects in Northwest Indiana. To qualify to receive the funds, and to receive future appropriations, the RDA must show the State a return on investment that is at least equal to twice the State's appropriation in the twentieth year after the first grant is made.

The construction of the West Lake Corridor project is to be paid for by both the federal government through the FTA's New Starts program and State and local funding. The federal funds will be issued as part of a "Full Funding Grant Agreement" which will provide 50% of the construction cost of the project. The balance of the estimated $615.5 million project cost will be covered by the RDA, with grants from the State of Indiana and pledges of local CEDIT revenues. The RDA is expected to issue bonds with a 30-year term through the Indiana Finance Authority and will utilize the State and local pledges along with its own source funds to pay debt service on the bonds.

It is likely that the RDA will need to issue bonds sometime in late 2017 or early 2018 as NICTD receives approval on its federal grant. It follows that the time period for the RDA to show an ROI for the State is at the end of the 20 years, or 2038. Since the projected annual State appropriation is $6 million per year, the statutorily defined ROI calculation is the State of Indiana's projected sales and income tax revenues to be collected in 2038, ($26.2 million) divided by the grant amount of $6 million. This gives an ROI result on the West Lake project of 4.4 times the funds expended.

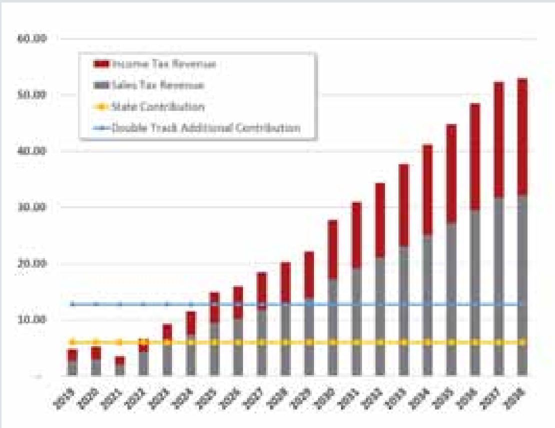
The RDA's Comprehensive Strategic Plan (CSP) also contemplates the completion (to the Michigan City stations) of the double tracking project along the current South Shore line. This portion of the commuter rail plan is not currently funded; however, the economic and fiscal impact of double-tracking were evaluated as part of the CSP.

The cost of double tracking, assuming that 50% is paid by the Federal Transit Administration through its Core Capacity program, will be the annual debt service on approximately $105 million, or an estimated $6.7 million annually.

In this case the calculation is the State sales and income tax revenue received in 2038, $52.9 million, divided by the total public cost of both West Lake and double tracking, $12.7 million, resulting in an ROI of 4.2 times the amount invested

WLC + DOUBLE TRACKING RETURN ON INVESTMENT

While the funding sources for the double-tracking construction have not been identified, when the Double Tracking is added to the West Lake Corridor, the project still produces greater than 4x ROI.



LOCAL CONTRACTOR AND MBE/WBE PARTICIPATION

With the runway extension project finished at the Gary Chicago International Airport, attention is turning to economic development around the facility and on the nearby shoreline.

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 July of 2016, 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.

As of July 30, 2016, grantees reported the following:

PROJECT	% COMPLETED	AWARD AMOUNT	MBE EXPENDITURES	WBE EXPENDITURES
East Chicago Lakefront Redevelopment Phase I	NA	$17,495,000	NA 0% of Goal	NA 0% of Goal
East Chicago Lakefront Redevelopment Phase II	NA	$12,925,000	PENDING 0% of Goal	PENDING 0% of Goal
Munster 45th Street Realignment	0%	$6,000,000	PENDING 0% of Goal	PENDING 0% of Goal
Hammond Lakes Area	97%	$31,480,000	$4,098,868 86.80% of Goal	$4,964,668 315.42% of Goal
East Chicago Gateway	72%	$3,900,000	$774,586 132.41% of Goal	$222,375 114.04% of Goal
Porter Gateway to the Dunes Year 2	85%	$3,915,000	$206,624 46.42% of Goal	$215,630 145.34% of Goal
Whiting Lakefront Development Phase I	100%	$19,455,000	$3,171,961 108.69% of Goal	$1,425,702 146.56% of Goal
Gary/Chicago International Airport	75%	$30,000,000	$5,120,011 113.78% of Goal	$2,660,058 177.34% of Goal

2015 Independent Auditors' Report

LWG | London Witte Group

One Independence Center
1776 N Meridian Street | Suite 500
P: (317) 634-4747 • F: (317) 632-2727
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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 statement of net position as of December 31, 2015, and the related statements of activities and changes in net position, and cash flows for the year 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 audit. We conducted our audit 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, 2015, and the results of its activities and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that that management's discussion and analysis information on pages 4-11 and the retirement plan schedule of proportionate share of pension liability and schedule of contributions on pages 29-30 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 supplementary information in accordance with auditing standards generally accepted in the Unites State of America, 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 31) 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.

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, 2015, 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 18, 2016 expressed an unmodified opinion.

London Witte Group, LLC

London Witte Group, LLC
Indianapolis, Indiana
April 18, 2016

Management's Discussion and Analysis

YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013

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 year ended December 31, 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

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.

2014

• Operating revenues for 2014 of $27,500,000 remained constant compared to fiscal year 2013.
• Operating expenses for 2014 of $30,644,268 increased by $28,771,040 compared to fiscal year 2013. This increase is primarily due to the Authority providing more grants during the fiscal year.
• Non-operating revenue for 2014 of $901,544 increased by $763,253 compared to fiscal year 2013. This increase is due to the Authority receiving more federal funding from the Environmental Protection Agency to fund the Great Lakes Restoration Initiative in Gary, Indiana as well as the Authority receiving more state funding from the State of Indiana for a trauma feasibility study.

2013

• Operating revenues for 2013 of $27,521,072 decreased by $77,870 compared to fiscal year 2012. This decrease is due to the Authority receiving less federal funding from the USDA Forest Service program to fund the Valparaiso PES Project.
• Operating expenses for 2013 of $1,873,049 decreased by $29,849,123 compared to fiscal year 2012. This decrease is primarily due to the Authority approving a grant for an Airport expansion project in 2013 and smaller funded projects in the prior year.

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 *Statement of Financial Position* present all the Authority's assets, deferred outflows, liabilities, and deferred inflows using the accrual basis of accounting, which is similar to the accounting used by private-sector companies. The difference between the classes 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 *Statement of Activities* present all current fiscal year revenues and expenses, regardless of when cash is received or paid, and the ensuing change in net position.

The *Statement of Cash 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 30.

In addition to the financial statements, this report includes additional information. Required additional information begins on page 29 and is related to the Authority's participating in the Public Employer's Retirement Fund. The additional information continues to present the 2015 Supplemental Schedule for Supporting Services on page 29.

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 $3,500,000 each year to the Authority for deposit in the Authority's fund.

In 2014 and 2013, the State of Indiana provided $10,000,000 of funding to the Authority. In 2015 the State of Indiana provided $5,000,000 of funding to the Authority. The funding agreement with the State of Indiana ended June 30, 2015. The Authority has secured funding from the State of Indiana for $6,000,000 for fiscal years ending June 30, 2016 and 2017 (House Enrolled Act No. 1001).

The revenue is ear-marked for projects targeted for development in the RDA 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.

A comparative condensed summary of the Authority's net position at December 31, 2015, 2014, and 2013 is as follows:

	2015	2014	2013
Current assets	$87,856,140	$83,549,499	$88,754,244
Property and equipment Furniture & Fixtures, net	1,929	2,608	3,287
Long-term assets	500,000	1,190,000	2,110,000
Total assets	88,358,069	84,742,107	90,867,531
Deferred Outflows of Resources	56,704	-	-
Current liabilities	14,561,811	26,988,460	30,887,760
Long term liabilities	224,426	-	-
Total liabilities	14,786,237	26,988,460	30,887,760
Deferred inflows of resources	44,623	-	-
Net position	$73,583,913	$57,753,647	$59,979,771

2015

Current assets increased $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 grant 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.

2014

Current assets decreased by $5,204,745 primarily due to a decrease in accounts receivables and a decrease in notes receivables as compared to fiscal year 2013. There was also a decrease in cash and cash equivalents as compared to fiscal year 2013 primarily due to a decrease in fee revenue for 2014.

The 2014 decrease in current liabilities of $3,899,300 was due to a decrease in accounts payable, accrued expenses and grants payable due within one year. This is primarily due to the Authority paying down grant awards as well as not awarding grants in large amounts as in prior years.

The 2014 long-term assets decreased due to the outstanding loan to the Little Calumet River Basin Development Commission being repaid in the second installment in July 2014 in the amount of $1,460,000.

2013

Current assets increased by $5,385,594 primarily due to an increase in the overall amount of funds received to the Authority from the City of Gary, which in the past had been delinquent on payments. Increase also due to the Authority receiving the loan repayment relating to the Little Calumet River Basin Development Commission. The amount due within one year has been reclassified from long-term to current in the amount of $1,460,000.

The 2013 decrease in current liabilities of $21,910,064 was due to a decrease in grants payable due to the Authority awarding new grants in smaller amounts in the current year.

The 2013 long-term assets decreased due to the outstanding loan to the Little Calumet River Basin Development Commission being repaid in the first installment in July 2013 in the amount of $2,430,000. Also the amount due in July 2014 has been recorded as a current asset.

CHANGES IN NET POSITION

	2015	2014	2013
Operating revenues	$22,500,000	$27,500,000	$27,521,072
Operating expenses	6,628,173	30,644,268	1,873,049
Operating income	15,871,827	(3,144,268)	25,648,023
Non-operating revenue	160,062	901,544	138,111
Period Restatement	17	16,600	40,000
Change in net assets	$16,031,906	$(2,226,124)	$25,826,134

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.

2014
Operating revenues for 2014 were $27,500,000 while operating expenses for 2014 were $30,644,268 resulting in operating income for 2014 of ($2,226,124). The overall net change was primarily due to an increase in program expenses related to grant awards.

Non-operating revenue of $901,544 was due to federal and state reimbursement based grants and investment interest income.

2013
Operating revenues for 2013 were $27,521,072 while operating expenses for 2013 were $1,873,049 resulting in operating income for 2013 of $25,648,023. The overall net increase of $29,742,689 was primarily due to a decrease in the Authority's program expenses due to fewer grants with lower amounts being awarded during the year.

Non-operating revenue of $117,039 was due to investment interest income.

OPERATING EXPENSES

	2015	2014	2013
Salaries and wages	$726,917	$662,143	$556,380
Professional fees	626,598	625,618	593,337
Program Services	5,118,791	29,248,826	618,729
Other	155,867	107,681	104,603
Total operating expenses	$6,628,173	$30,644,268	$1,873,049

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.

2014
The increase in salaries and wages in 2014 was due to a prepayment for payroll services being made to the State Budget Agency in the amount of approximately $71,000 in December 2014. The increase was also due to an accrual of approximately $46,000 being made for accrued payroll and vacation as well as staff cost of living adjustments.

The increase in professional fees in 2014 of $32,379 is due to the Authority's increased use of project planning and due diligence services.

2013
The increase in salaries and wages of $74,795 in 2013 was due to staffing the Communication Manager position.

The increase in professional fees in 2013 of $65,401 is due to the Authority's increased use of project planning and due diligence services.

CHANGES IN CASH FLOWS

	2015	2014	2013
Cash from activities:			
Operating	$5,542,496	$3,762,049	$5,273,326
Investing	130,421	127,718	117,039
Financing	-	-	(3,596)
Net change in cash	5,672,917	(3,634,331)	5,386,769
Cash:			
Beginning of the year	74,074,757	77,709,088	72,322,319
End of the year	$79,747,674	$74,074,757	$77,709,088

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.

2014
As of December 31, 2014, the Authority's available cash of $75,534,757 decreased by $2,174,331 compared to December 31, 2013. This decrease in cash is due to the increase in accounts receivable from the City of Hammond's decreased installment payments to the Authority.

2013
As of December 31, 2013, the Authority's available cash of $77,709,088 increased by $5,386,769 compared to December 31, 2012. This increase in cash is due to the increase of cash received from the City of Gary for all four installments in the current year as well as the repayment of the Little Calumet River Basin Commission outstanding loan.

FACTORS BEARING ON THE FUTURE
During 2016, the Authority has awarded two new grants, Pratt Paper (IN), LLC in the amount of $1,400,000 and an amendment to the Draft Environmental Impact Study in the amount of $323,608. The Authority will continue to entertain funding applications from its targeted investment areas.

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.

Portage Lakefront & Riverwalk

Northwest Indiana Regional Development Authority

Statement of Financial Position

Year Ended December 31, 2015

	2015
ASSETS	
Current assets	
• Cash and cash equivalents	$82,127,674
• Accounts receivable	5,014,194
• Note receivable - due within one year	690,000
• Prepaid expenses	24,272
Total current assets	**$87,856,140**
Property and equipment	
• Furniture, fixtures & leasehold improvements	49,157
• Accumulated depreciation	-47,228
Total property and equipment (net)	**$1,929**
Long-term assets	
• Note receivable - due after one year	500,000
Total long-term assets	500,000
Total assets	**$88,358,069**
DEFERRED OUTFLOWS OF RESOURCES	
• Pension costs	56,704
Total deferred outflows of resources	**$56,704**
LIABILITIES	
Current liabilities	
• Accounts payable and accrued expenses	83,224
• Accrued vacation	44,434
• Grants payable -due within one year	14,434,153
Total current liabilities	**$14,561,811**
Non-current liabilities	
• Net pension liability	224,426
Total liabilities	**$14,786,237**
DEFERRED INFLOWS OF RESOURCES	
• Pension costs	44,623
Total deferred inflows of resources	**$44,623**
NET POSITION	
• Unrestricted	73,583,913
Total net position	**$73,583,913**

The accompanying notes are an integral part of these statements.

Statement of Activities and Changes in Net Position

		2015
UNRESTRICTED NET ASSETS		
SUPPORT	Indiana Finance Authority	$5,000,000
	City of East Chicago	3,500,000
	Lake County	3,500,000
	City of Gary	3,500,000
	City of Hammond	3,500,000
	Porter County	3,500,000
	Total Support	**$22,500,000**
EXPENSES		
PROGRAM SERVICES	Hammond New York Avenue	200,000
	NICTD-DEIS Study	1,100,000
	Hoist Manufacturing	3,500,000
	Southlake County Community Service	318,791
	Total Program Services	**$5,118,791**
SUPPORTING SERVICES	• Salaries & professional services	1,353,515
	• Operating expenses	155,188
	Total Supporting Services	**$1,508,703**
	• Depreciation expense	679
	Total Expenses	**$6,628,173**
NON-OPERATING REVENUE		
	• Federal grants	29,641
	• Interest income	130,421
	Total Non-Operating Revenue	**$160,062**
	Change in Net Position	**$16,031,889**
	Net-Position - Beginning of Year (Restated)	**$57,552,007**
	• Period reinstatement	17
	Net Position - End of Year	**$73,583,913**

The accompanying notes are an integral part of these statements.

Statement of Cash Flows

	2015
Cash flows from operating activities	
• Fee revenue	$24,515,447
• Payments to grantees	-17,570,760
• Payments to suppliers and employees	-1,402,191
Net cash provided (used) by operating activities	**$5,542,496**
Cash flows from investing activities	
• Note receivable repayment	920,000
• Investment interest income	130,421
Net cash provided (used) by investing activities	**$1,050,421**
Net change in cash and cash equivalents	6,592,917
Cash and cash equivalents, beginning of year	75,534,757
Cash and cash equivalents, end of year	**$82,127,674**

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

Operating income	$16,031,906
Interest income	-130,421
Depreciation expense	679
Decrease (increase) in assets	
• Accounts receivable	1,985,806
• Prepaid expenses	70,470
Increase (decrease) in liabilities	
• Net pension liability	10,705
• Accounts payable and other accruals	25,337
• Grants payable	-12,451,986
Net cash provided (used) by operating activities	**$5,542,496**

The accompanying notes are an integral part of these statements.

Supplemental Schedule for Supporting Services

	2015
SALARIES & PROFESSIONAL SERVICES	
Professional Fees	
Accounting	$43,110
Advertising	-265
Federal/State/compliance consultant	258,321
Financial Advisor	127,857
Human resources consultant	10,300
Legal	88,994
Planning consultant	-
Project specific consultant	13,366
Public awareness and education	41,549
Salaries and related personnel costs	726,917
Special consultant	43,366
Total Salaries & Professional Services	**$1,353,515**
OPERATING EXPENSES	
Bank charges	$325
Conferences	-
Fees and licenses	2,500
Insurance	42,744
Meals and entertainment	5,587
Office supplies	4,258
Postage	279
Professional development	205
Rent	46,337
Telephone and fax services	4,900
Travel	32,901
Tuition reimbursement	15,152
Total Operating Expenses	**$155,188**
Total Supporting Services Expenses	**$1,508,703**

The accompanying notes are an integral part of these statements.

Notes to the Financial Statements

(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 Authority 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 Authority 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 Authority 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 Authority'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 position, 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.

The Authority adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions in 2015. The application required a restatement of previously presented net position. Following is a reconciliation of the beginning net position:

Net position at December 31, 2014, as previously reported	$57,753,647
Adoption of GASB No. 68	
• Net pension liability as of December 31, 2014	(248,318)
• Deferred outflows - INPRS contribution for 2014	46,678
Total prior period adjustment	(201,640)
Net position at December 31, 2014, as restated	**$57,552,007**

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)(1) (Lake County, Porter County, East Chicago, Gary, Hammond)) shall each transfer $3,500,000 each year to the development authority for deposit in the development authority fund. The State of Indiana will provide $110 million over ten years terminating as of June 30, 2015. A specific amount of $20 million was specifically designated for the Gary/Chicago International Airport and was paid during fiscal year 2007.

The Authority has secured future funding through House Enrolled Act No. 1290, introduced and signed into law during the Indiana General Assembly 2016 Session. This continues the collections from the cities and counties. The Authority has also secured future funding from the State of Indiana for $6,000,000 per State fiscal year ending June 30, 2016 and 2017.

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. IC 36-7.5-2-1 identifies the types of projects eligible for RDA funding.

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 $800,000. 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.

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 2015, the RDA received $29,641 from the Department of Natural Resources for research performed on the Marquette Plan.

Accounts Receivable – At December 31, 2015 the RDA had outstanding receivables in the amount of $5,014,194 which related to the cities of Hammond, East Chicago, and Gary. The receivable from the City of Hammond is $4,375,000 related to delinquent installments. The remaining receivables from the cities of East Chicago and Gary is related to State of Indiana disbursing admissions tax revenues to the RDA. If the admissions tax disbursement is short of the quarterly installment of $875,000, the state will make up this shortfall the following year with a supplemental distribution.

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 RDA that unused vacation time can be carried forward. Vacation time earned but not taken in considered accrued vacation and should be paid to the employee at the time services are terminated.

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.

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.

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 thirty-six (36) 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, 2015 was $44,676. The RDA has chosen to renew the lease term which will expire June 30, 2016. The monthly lease amount, which is due at the beginning of each month, is $3,723. The remaining obligation due for the rental agreement is $22,338.

(2) CONCENTRATIONS

At December 31, 2015, $800,000 respectively, 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, 2015, the remaining portion of cash 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, 2015 was $679. Property and equipment at year end consist of the following:

Furniture and fixtures	$37,655
Leasehold improvements	11,502
Accumulated depreciation	(47,228)
Total property and equipment, net	**$1,929**

(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.

At December 31, 2015, The Authority reported a liability of $224,426 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension used to calculate the net pension was determined by an actuarial valuation as of that date. 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, 2014, the Authority's proportion was 0.0000854.

For the year ended December 31, 2015, the Authority recognized pension expense of $56,999. At December 31, 2015, 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	$36,230	$ -
Difference between expected and actual experience	-	1,007
Net difference of projected and actual investment earnings	-	43,616
Contribution subsequent to the measurement date	$20,474	-
Total	**$56,704**	**$44,623**

$20,474 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 of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

YEAR ENDING DECEMBER 31	
2015	$(840)
2016	(840)
2017	(840)
2018	(5,873)
Total	**$(8,393)**

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	3.00%
Salary increases	3.25% - 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	CURRENT (6.75%)	1% INCREASE
Board's proportionate share of the net pension liability	$ 360,280	$224,426	$109,322

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. Providing that no "fiscal emergency" [as defined in IC 14-13-2-18.6(g)] exists for the Commission, the remaining repayment schedule is as follows: July 1, 2016, $690,000; and on July 1, 2017, $500,000. The amount due to the Authority from the Little Calumet River Basin Development Commission at December 31, 2015 was $1,190,000.

(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 $14,434,153 at December 31, 2015 as follows:

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 12-31-2015	$30,504,362
Remaining Balance at 12-31-2015	$975,638
Percent (%) Complete as of 12-31-2015	97%
Expected Completion Date	Complete

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 12-31-2015	$225,000
Remaining Balance at 12-31-2015	$1,755,000
Percent (%) Complete as of 12-31-2015	11%
Expected Completion Date	December 2017

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 12-31-2015	$7,784,659
Remaining Balance at 12-31-2015	$9,710,341
Percent (%) Complete as of 12-31-2015	44%
Expected Completion Date	April 2016

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 12-31-2015	$2,916,094
Remaining Balance at 12-31-2015	$998,906
Percent (%) Complete as of 12-31-2015	74%
Expected Completion Date	April 2016

WHITING LAKEFRONT PARK

Nature of Project	Shoreline Restoration
Date Awarded	4/20/10
Initial Total Project Cost	$19,445,000
Add-ons or Change Orders	N/A
Cost Through 12-31-2015	$19,357,317
Remaining Balance at 12-31-2015	$87,683
Percent (%) Complete as of 12-31-2015	100%
Expected Completion Date	April 2016

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 12-31-2015	$133,628
Remaining Balance at 12-31-2015	$141,372
Percent (%) Complete as of 12-31-2015	49%
Expected Completion Date	April 2016

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 12-31-2015	$1,968,750
Remaining Balance at 12-31-2015	$31,250
Percent (%) Complete as of 12-31-2015	98%
Expected Completion Date	April 2016

AMERICAN STAIR

Nature of Project	Other - Deal Closing
Date Awarded	12/22/14
Initial Total Project Cost	$1,725,000
Add-ons or Change Orders	N/A
Cost Through 12-31-2015	$1,542,676
Remaining Balance at 12-31-2015	$182,324
Percent (%) Complete as of 12-31-2015	89%
Expected Completion Date	April 2016

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 12-31-2015	$2,441,826
Remaining Balance at 12-31-2015	$8,174
Percent (%) Complete as of 12-31-2015	100%
Expected Completion Date	April 2016

DRAFT ENVIRONMENTAL IMPACT STUDY

Nature of Project	Surface Transportation - Commuter Rail
Date Awarded	4/15/15
Initial Total Project Cost	$1,100,000
Add-ons or Change Orders	$323,608 (as of Feb. 29, 2016)
Cost Through 12-31-2015	$863,929
Remaining Balance at 12-31-2015	$236,071
Percent (%) Complete as of 12-31-2015	79%
Expected Completion Date	April 2016

SOUTH LAKE COUNTY COMMUNITY SERVICE

Nature of Project	Surface Transportation - Bus
Date Awarded	7/6/15
Initial Total Project Cost	$318,791
Add-ons or Change Orders	N/A
Cost Through 12-31-2015	$11,397
Remaining Balance at 12-31-2015	$307,394
Percent (%) Complete as of 12-31-2015	4%
Expected Completion Date	December 2017

(7) 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.

(8) PERIOD RESTATEMENT

At December 31, 2015, the Sheraton Hotel Project was completed under budget and the grant was closed. The committed but unpaid balance resulted in a net adjustment of $17.

(9) SUBSEQUENT EVENTS

During 2016, the Authority has awarded two new grants, Pratt Paper (IN), LLC in the amount of $1,400,000 and an amendment to the Draft Environmental Impact Study in the amount of $323,608.

REGIONAL DEVELOPMENT AUTHORITY

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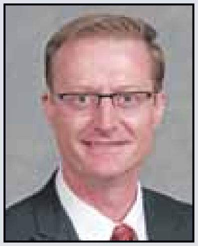
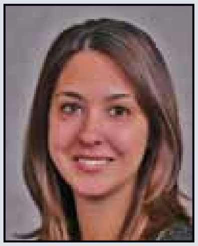


Bill Hanna, President and Chief Executive Officer

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.

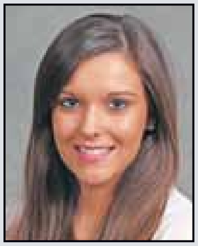


Sherri Ziller, Chief Operating Officer

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.

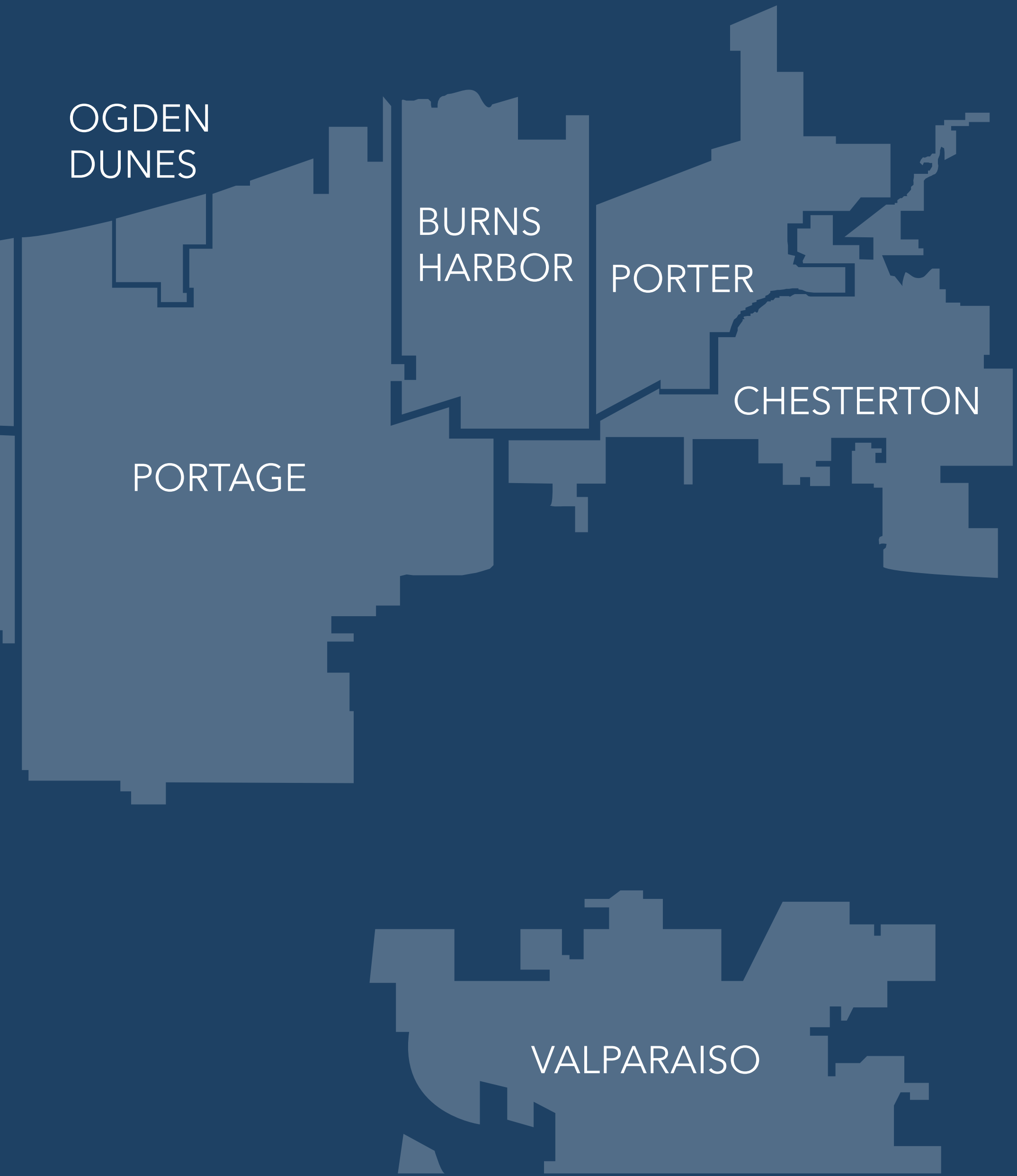


Amy Jakubin, Executive Assistant

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.



<u>Credits</u>

Interior Cover Graphic
Mix Design

Layout and Design
Rebekah Hendricks

Board and Staff Photos
Pete Doherty, Doherty Images

Aerial Photography
Air One Aerial Photography

Gary/Chicago International Airport
photo courtesy of airport

2016
ANNUAL REPORT

RDA
REGIONAL DEVELOPMENT AUTHORITY

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