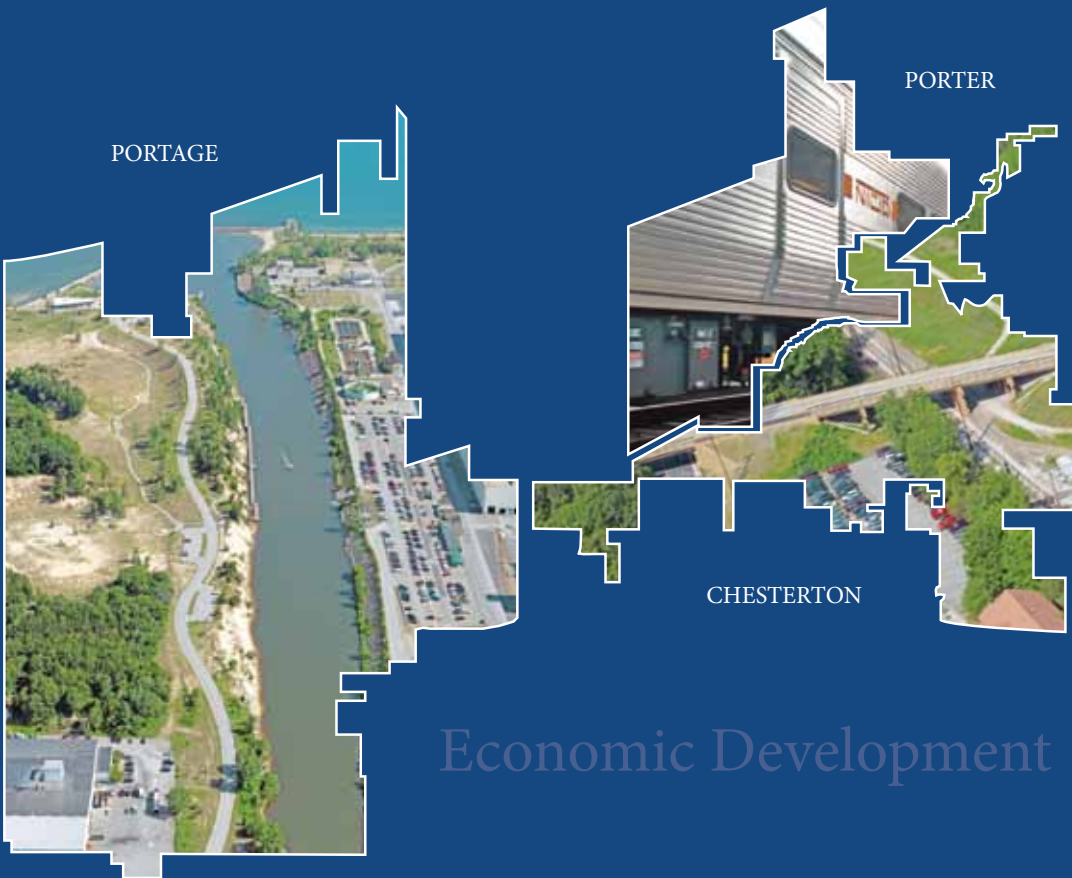


Surface Transportation



A CATALYST
TO TRANSFORM
the
economy
and quality
of life

IN
NORTHWEST
INDIANA

Shoreline
Redevelopment



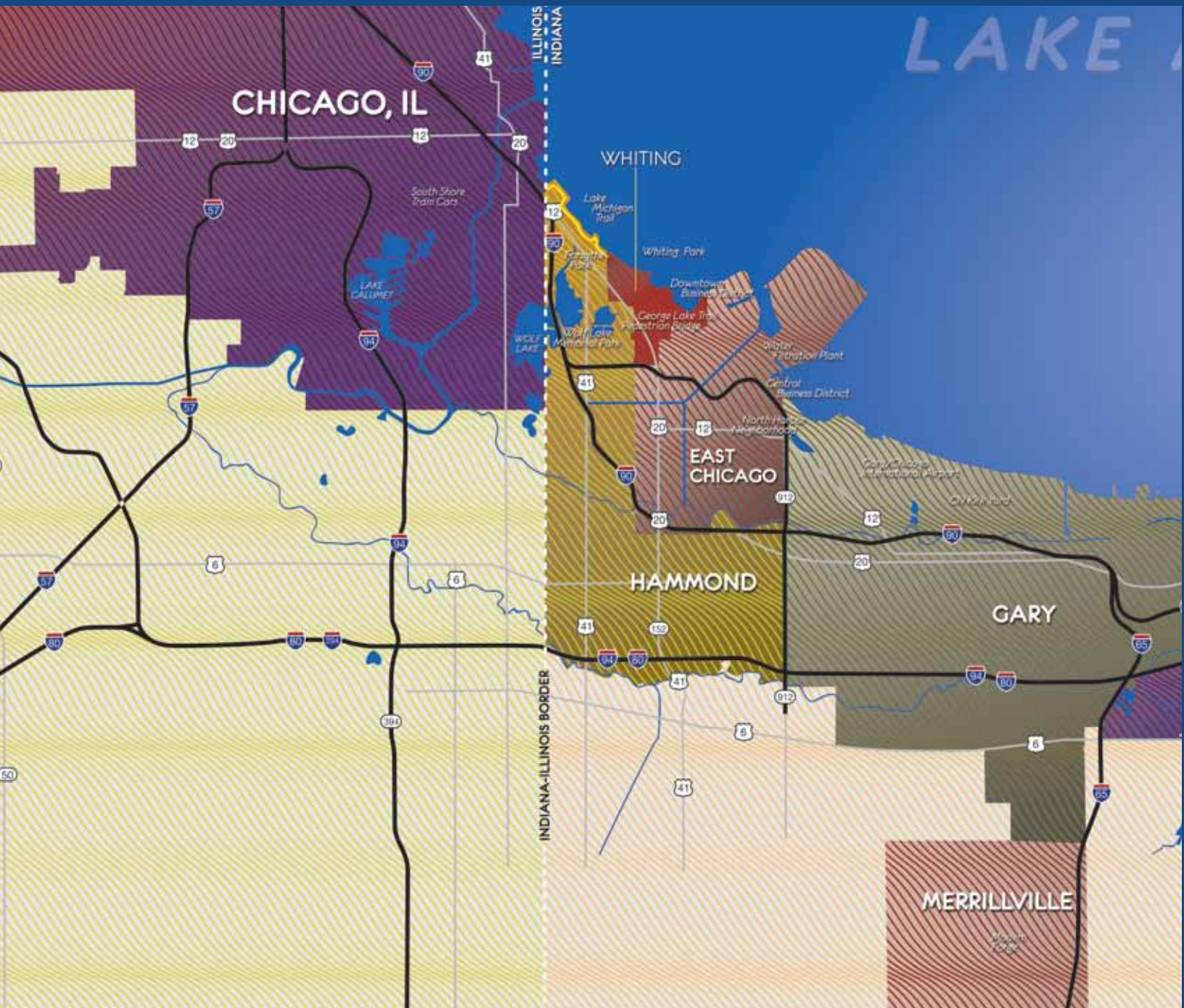


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FROM THE CHAIRMAN AND THE PRESIDENT/CEO



BILL HANNA
PRESIDENT AND CEO

DONALD P. FESKO
CHAIRMAN OF THE BOARD

“TOGETHER, WE WILL CONTINUE THE WORK OF FULFILLING NORTHWEST INDIANA’S POTENTIAL AS THE STATE’S **GREATEST ECONOMIC ENGINE.**”

WELCOME!

On behalf of the Board of Directors and the staff of the Northwest Indiana Regional Development Authority, we are pleased to present our fiscal 2012 annual report. The Board treats its fiduciary responsibilities to the citizens and elected officials of Northwest Indiana with utmost seriousness and are pleased to report that this year's annual independent audit of RDA finances shows that more than 95 percent of funds we receive are being used directly on job creation and infrastructure development throughout the region.

MORE THAN 95% OF FUNDS
received are being used directly on job
creation and infrastructure development
throughout the region.

In 2012, the RDA undertook its first in-depth examination of the economic impact of its ongoing investments. Since its creation in 2006, the RDA has invested approximately \$211 million in shoreline redevelopment, surface transportation, expansion of the [GARY/CHICAGO INTERNATIONAL AIRPORT](#) and economic development efforts in cooperation with the Indiana Economic Development Corporation. This investment has attracted an additional \$540 million in local, federal and private investment, and together will generate a total economic impact of more than \$1.1 billion for the region by 2015. By 2025, this activity will have created or be supporting an estimated 4,000 jobs. More details about this impact and the additional jobs and income the RDA is creating for Northwest Indiana can be found later in this report. The complete return-on-investment analysis is available on our Web sites, in.gov/rda and rdatransformation.com.

Other notable developments in 2012 included:

- Opening of the \$4 million [GEORGE LAKE PEDESTRIAN BRIDGE](#), named a 2012 Outstanding Transportation Project by the Indiana Metropolitan Planning Organization Council.
- The grand re-opening of the [MARQUETTE PARK PAVILION](#), later recognized as the Historic Restoration of 2012 by *Masonry Construction Online*.
- Record ridership on the [CHICAGO DASH COMMUTER BUSES](#) between Valparaiso and downtown Chicago.
- Recognition of RDA-aided [ECONOMIC DEVELOPMENT PROJECTS](#) in *Area Development* magazine's 2012 Silver Shovel Awards for Excellence in Economic Development.
- The award of our first [COMMUNITY CHALLENGE GRANT](#) to the Town of Pines in Porter County.
- Launch of our blog, WWW.RDATRANSFORMATION.COM/BLOG and related social media efforts.

Looking forward to 2013, the RDA should see the completion of work at [WOLF LAKE IN HAMMOND](#), [MARQUETTE PARK IN MILLER](#), [LAKEFRONT PARK IN WHITING](#) AND AT THE [GARY/CHICAGO INTERNATIONAL AIRPORT](#). We have begun planning for the next phase of investments in the region, which will include improved commuter connectivity to Chicago, a key driver of the region's future growth. To this end, the RDA partnered in late 2012 with the Northern Indiana Commuter Transportation District (NICTD), operator of the South Shore commuter railroad, on a strategic business plan that will be finished in early 2014.

We are also working with the Northwestern Indiana Regional Planning Commission (NIRPC) to update the [MARQUETTE PLAN](#) to reflect the progress made toward realizing its vision of recapturing 75 percent of the lakeshore for public use. The RDA continues to work with shoreline communities to leverage lakefront redevelopment into private development and investment in their cities and towns. A powerful example can be found in Whiting, where a new baseball stadium, new housing and new businesses and restaurants have followed the redevelopment of the Lakefront Park.

Both of us would like to take this opportunity to thank the dedicated members of our Board – who receive no compensation for the many hours they so generously give to the RDA – our staff and our team of consultants for all they have done over the past year. Together, we will continue the work of fulfilling Northwest Indiana's potential as the state's greatest economic engine.



DONALD P. FESKO
CHAIRMAN OF THE BOARD



BILL HANNA
PRESIDENT AND CEO

BOARD OF DIRECTORS



DONALD P. FESKO - GOVERNOR'S APPOINTMENT, CHAIRMAN OF THE BOARD

Donald Fesko, OD, MBA, FACHE is the CEO of The Community Hospital in Munster. 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 Munster Medical Research Foundation Board, 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.



HARLEY SNYDER - GOVERNOR'S APPOINTMENT, VICE CHAIRMAN OF THE BOARD

Working Groups Served: Surface Transportation, Chair; Gary/Chicago International Airport, Chair

Harley Snyder is a nationally recognized real estate and land development executive with more than 50 years experience in housing, commercial development, mortgage banking, board service and governance. He has extensive board experience with a number of publicly traded companies. He is President of HSC, Inc., a real estate consulting and investment firm; Managing Member, Parke & Associates, LLC; Managing Partner, Reason Bell, LLC; and Managing Partner, South Coast, LLC. Snyder serves on the boards of the Valparaiso Economic Development Corporation and Valparaiso University. He is also a past Chairman of the Northwest Indiana Forum. Snyder was President of the National Association of Realtors (NAR) in 1983, and has been a NAR Director since 1972. He is a past President and current Director of the Indiana Association of Realtors as well. Snyder was awarded an Honorary Doctor of Management from Purdue University in 2004 and named Sagamore of the Wabash by the State of Indiana in 1982.



BILL JOINER - GARY APPOINTMENT, SECRETARY/TREASURER

Working Groups Served: Lakeshore Redevelopment, Chair; Economic Development

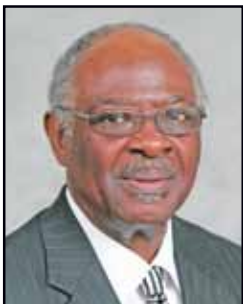
Bill Joiner is a private investment portfolio manager and President of Gary's Economic Development Commission, where he has overseen the sale of more than \$400 million in Industrial Revenue Bonds. He also sits on the Investment Committee of the Legacy Foundation and is a member of the Board of Directors of the Visiting Nurse Association Foundation of Porter County and St. Mary Medical Center. He is a former 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.



TOM DABERTIN - HAMMOND APPOINTMENT

Working Groups Served: Surface Transportation; Lakeshore Redevelopment

Thomas Dabertin is a certified management consultant and the president of Shared Resource Solutions, Inc., a Hammond-based consulting firm. He has held a variety of senior management and executive positions in the governmental, not-for-profit, service, education and manufacturing sectors of business. He is a lifelong resident of Northwest Indiana and is heavily involved in numerous community and not-for-profit organizations, serving on more than a dozen boards of organizations including serving as President of the Whiting-Robertsdale Chamber of Commerce, a board member of the Lake Area United Way, and the Hammond Academy of Science and Technology. He has a Master's degree in Business Administration from Purdue University.



ED GLOVER - EAST CHICAGO APPOINTMENT

Working Groups Served: Lakeshore Redevelopment

Ed Glover is Executive Director of Community Reinvestment Project of East Chicago, Inc., a nonprofit dedicated to affordable housing in and near East Chicago. He is a certified Housing Rehabilitation and Development Construction Specialist, a certified Housing Rehabilitation and Development Finance Specialist and is former Chairman of the Gary East Chicago Hammond Empowerment Zone. Glover is past President of the Indiana Association for Community Economic Development; Vice President of the Indiana Redevelopment Corporation; former Chairman of the Finance/Investment Committee for St. Catherine Hospital Foundation; a seven-year Conference Committee member for Indiana Housing and Community Development Authority; and a former member of the Advisory Council of the Federal Home Loan Bank of Indianapolis. He is also a member of the National Association of Housing and Redevelopment Officials.



JEFFREY J. GOOD - PORTER COUNTY APPOINTMENT

Working Groups Served: Gary/Chicago International Airport; Economic Development, Chair

Jeffrey J. Good graduated from Purdue University in 1986 with a degree in Restaurant Hotel Management. His experience includes two years as Northeast Region Real Estate Coordinator for Taco Bell and Vice President of Operations and Development of Carlton Lodge. In 1994 he formed Valparaiso-based Good Hospitality Services Inc. (GHS) to assist first-time owners of limited service hotels. Today, GHS manages 24 hotels in five states for brands such as Hampton Inns, Homewood Suites by Hilton, Holiday Inn Express, Fairfield Inn, TownePlace Suites by Marriott, Baymont Inn, and Econo Lodge. Good is also a key executive for HRC Hotels LLC and assists in the development and management of the private REIT. He is a member of the Hampton Inn Owners Advisory Council and the Homewood Suites by Hilton Owners Advisory Council.



RANDOLPH PALMATEER - LAKE COUNTY APPOINTMENT

Working Groups Served: Gary/Chicago International Airport; Surface Transportation; Economic Development

Randolph Palmateer is Business Manager of the Northwestern Indiana Building Trades Council. He is a 16-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 the Lake Area United Way, South Shore Promotions, the Challenger Learning Center at Purdue Calumet, and the Construction Advisory Board of Ivy Tech. He also sits on the Board of Public Works for the City of Crown Point and is a member of the Lake County Redevelopment Commission.

RDA: ANSWERING REGIONAL CHALLENGES



The Northwest Indiana Regional Development Authority was created to partner with local communities in the heavy lifting required to develop the infrastructure that will make Northwest Indiana economically vibrant. The 2005 legislation that created the RDA directs us to focus on our region's collective assets. These regional assets are interrelated as the basic building blocks of a local economy that must become globally competitive.

The RDA's job is to build bridges – literally and figuratively – between the people, communities and businesses of Northwest Indiana, in order to create a shared future for ourselves, our children and our grandchildren. We do this by various means, including: directly funding projects that benefit and improve the region; securing, or helping to secure, funding from public and private sources for such projects; and, in select cases, providing aid to the Indiana Economic Development Corporation (IEDC) to bolster their efforts to create jobs in Northwest Indiana now and in the immediate future.

The RDA is funded by annual contributions of \$3.5 million each from the cities of Gary, Hammond and East Chicago, and counties of Porter and Lake, as well as a \$10 million contribution each year from the State of Indiana's Major Moves fund. This money is directed into four specific regional investments critical to long-term growth in Northwest Indiana:

- *The preservation and development of the Lake Michigan Shoreline, which stretches across many communities, as well as both local and federal jurisdictions.*

The Lake Michigan shoreline is an asset unique to Northwest Indiana. Its health is critical to long-term growth in the region.

- *Regional transit issues, both bus and rail, which many residents of Northwest Indiana rely upon daily to get to and from jobs both in the area and in Chicago.*
- *The Gary/Chicago International Airport, which holds huge promise as an economic development engine for the entire region.*
- *Regional economic development opportunities in cooperation with the IEDC.*

Guided by the Marquette Plan, the RDA, shoreline communities, and for-profit and non-profit partners have invested \$250 million since 2006. These investments include projects in the communities of Gary, Whiting, Portage, Burns Harbor, East Chicago, Valparaiso and Hammond. Through these projects, former brownfield sites in Hammond, Portage and elsewhere have been reclaimed for use by their communities; mitigation work has reduced the flow of pollutants into Lake Michigan and the surrounding watershed; and new recreational facilities have attracted business and economic development.

The RDA continues to monitor the status of unfinished projects tied to the Marquette Plan to ensure that they are carried through to completion and that the work being done is conducted by Indiana-based companies whenever possible. We are also working with local community leaders to secure a defined economic development/corridor plan to guide each community as it seeks to exploit its new and improved resources.

The RDA has combined its previous bus and commuter rail working groups into a new surface transportation working group. This group will encourage the development of business and capital

plans to build and maintain a surface transportation system, including both rail and bus, that serves all of Northwest Indiana. A strong system will help to create jobs, improve quality of life, provide environmental benefits and reduce congestion on the region's already crowded roads.

In 2012, the RDA partnered with the Northern Indiana Commuter Transportation District to begin development of a strategic business plan to guide expansion and development of the South Shore line, improve commuter access to the Chicago market and encourage job creation and transit-oriented development. This plan will be completed in 2014.

The RDA has provided \$50 million for the runway expansion and railroad relocation project at the Gary/Chicago International Airport. We maintain a close engagement with the Airport Authority Board of Directors and the City of Gary to ensure that the project is completed. The Regional Development Authority has also funded a strategic business plan for the Airport, and a land-use study outlining opportunities for development in its immediate vicinity.

2011 marked the RDA's first use of the Deal Closing Fund to help the Indiana Economic Development Corporation, the City of Gary and the Town of Merrillville "close the deal" with two companies, Canadian National (CN) and Modern Forge. In 2012, the fund was again employed to help bring Land O'Frost's headquarters to Munster. The RDA continues to work with local elected officials and economic development organization executives to better define the use of the fund and the ways in which it could support the activities of Northwest Indiana's economic development groups.

THE RDA'S JOB IS TO BUILD BRIDGES BETWEEN THE PEOPLE, COMMUNITIES AND BUSINESSES OF NORTHWEST INDIANA.

- **Gary/Chicago International Airport Gary**
- **ChicaGo Dash Bus Valparaiso**
- **Double-Decker Rail Cars NICTD**
- **Strategic Business Plan NICTD**
- **Brownfield Cleanup Revolving Loan Fund Gary, Hammond, East Chicago**
- **Neighborhood Revitalization East Chicago**
- **CN Kirk Yard Gary**
- **Land O'Frost Munster**
- **Modern Forge Merrillville**
- **Water Filtration Plant East Chicago**
- **Little Calumet flood control (loan) North Lake County**
- **Stormwater Mitigation Projects Valparaiso, Miller**
- **Planning Study Burns Harbor**
- **Planning Study Town of Pines**
- **Marquette Park Restoration Gary**
- **Wolf Lake Pavilion Hammond**
- **Wolf Lake Splash Pad Hammond**
- **Forsythe Park Restoration Hammond**
- **Whiting Lakefront Park Whiting**
- **Gateway to the Dunes Porter**
- **Lakefront Park Portage**



TAKING WING: THE GARY/CHICAGO INTERNATIONAL AIRPORT

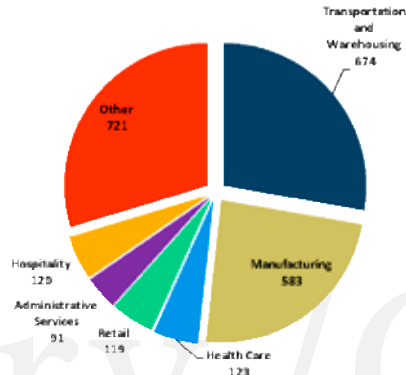


The finished culvert, topped by the new rail bed, in November 2012.

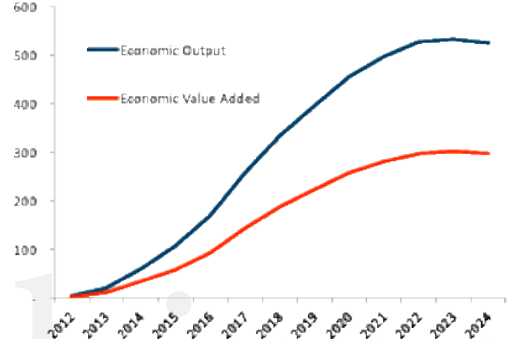
The NWI ROI

How will expansion of the Gary/Chicago International Airport benefit Northwest Indiana? A return-on-investment analysis completed in October 2012 examined similar projects around the U.S. and estimated the impact based on development following those expansions. It predicts that the expansion will generate approximately **2,430 new jobs** and **\$527 million** in economic output in Northwest Indiana by 2025.

Ongoing Employment Impact 2,430 total annual jobs by 2025



Ongoing Economic Impact of Airport Investment \$526M in Annual Economic Output by 2025



The \$166 million railroad relocation and runway expansion project at the Gary/Chicago International Airport passed a major milestone in March of 2012 when an accord was struck with the Canadian National Railway Company. This agreement cleared the way to move CN's railroad tracks in order to

extend the airport's runway by 1,900 feet. Once the extension is complete, the airport will be able to accommodate larger aircraft flying longer distances, giving Chicagoland a true third airport.

The project is on budget and progress continues to be monitored on a monthly basis by the RDA.



Workers in January 2012 constructing a box culvert in a drainage ditch between the airport and Cline Avenue. When the \$5 million project was completed later in the year, it was covered over and the new rail bed built above it. (See photo at left.)



Work began early in 2012 on the former Roland property, which had been used as a dump for tires and construction debris. The land was cleared and the soil compacted by slamming it repeatedly with this 30-ton weight.



The Roland property as seen from the air in November 2012. Following soil compaction, two new rail bridges were built and the bed for the new rail lines laid (in white).

10,500+

Enplanements in 2012. As a result of surpassing the 10,000 mark, the Federal Aviation Administration's contribution to the airport for capital improvements will increase from \$150,000 to \$1 million starting in 2014.

\$50 MILLION

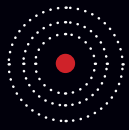
Total State of Indiana and Northwest Indiana Regional Development Authority investment in the Gary/Chicago International Airport expansion program.

8,900

Length in feet of the main runway after the expansion is complete.

\$5.32

Return for every \$1 of RDA investment in the Gary/Chicago International Airport expansion.



COASTING TO SUCCESS: SHORELINE REDEVELOPMENT

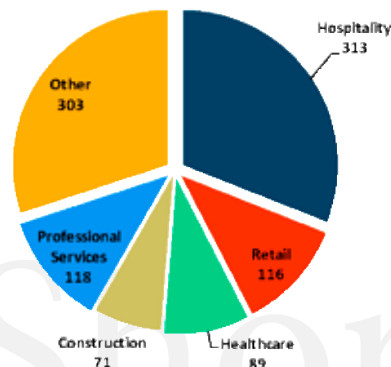


The NWI ROI

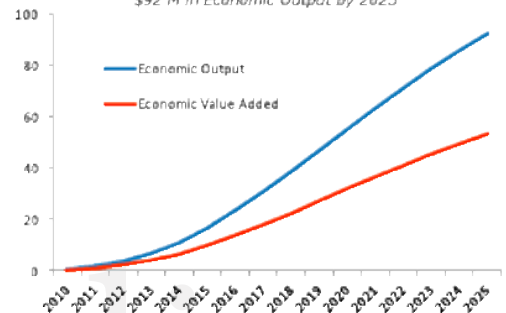
How will shoreline redevelopment benefit Northwest Indiana? According to a return-on-investment analysis completed in October 2012, the projects funded currently are projected to generate **\$93 million annually** in total economic output by 2025. They will also produce an estimated **1,010 jobs** by that same year, primarily in tourism-related sectors such as hospitality and retail.

Revived as part of the \$28 million Marquette Park project, the Marquette Park Pavilion re-opened in May of 2012. RDA investment at the park has attracted an additional \$1.3 million in federal funds for dredging of the lagoons adjacent to the Pavilion and stormwater mitigation work in the surrounding neighborhood.

Ongoing Employment Impact
1,010 total jobs by 2025



Ongoing Impact of Shoreline Development
\$92 M in Economic Output by 2025



Shoreline

Redevelopment efforts along the Lake Michigan shoreline bore fruit in 2012 with the re-opening of the Marquette Park Pavilion, completion of the award-winning George Lake Pedestrian Bridge linking Hammond and Whiting, and new partnerships with local and federal groups, such as the Environmental Protection Agency, to further leverage our investments. Work in Whiting and Hammond also continued in 2012.

To date, the RDA has contributed \$118 million to shoreline redevelopment projects in Lake and Porter counties. Combined with \$44 million in local contributions, these expenditures have attracted an additional \$51 million in state dollars, \$13 million in federal funding and approximately \$25 million in private investment projects – a grand total of nearly \$250 million in investment in the Lake Michigan shoreline since 2007.



Passing over busy Indianapolis Boulevard, the new \$4 million George Lake Pedestrian Bridge opened in May 2012. It is a critical link in the Marquette Plan's vision for a trail system running the length of the Lake Michigan shoreline in Northwest Indiana, and connecting to the waterfront trails in Chicago. In October, the Indiana Metropolitan Planning Organization Council honored the bridge with a 2012 Outstanding Transportation Project award in the category of Special Design or Construction.



April 2012 saw the start of \$1.5 million in improvements to two parking lots at Marquette Park. These included new water and sewer connections as well as lighting and sustainable features such as rain gardens to manage stormwater runoff.



In Whiting, ongoing improvements to the lakefront park and Whihala Beach have opened the door to new restaurants, housing and a baseball stadium. The city has formed a public/private partnership to take full advantage of its new status as a year-round lakefront destination.

**\$60
MILLION**

Spent annually in local communities by visitors to the Indiana Dunes National Lakeshore, according to a National Parks Service report.

**1.889
MILLION**

Visitors to the Indiana Dunes in 2012.

80%

Of park visitors come from outside the immediate area.

60%

come from out-of-state.



SURFACE TRANSPORTATION: CREATING CONNECTIONS



Thousands of South Shore commuters inject hundreds of millions of dollars earned in Illinois into the Northwest Indiana economy every year. Increasing the region's connections to the Chicago market is a low-hanging economic development opportunity. (Photo Credit: Pete Doherty)

The RDA was instructed by the Indiana General Assembly in 2006 to support development of a regional bus system in Northwest Indiana. From 2006 to 2011, the RDA granted approximately \$12 million to the Regional Bus Authority in pursuit of that goal. However, no source for ongoing operational funding could be identified at the municipal or county level. A referendum

in 2009 that would have established a Regional Transit Authority with the ability to levy a tax to fund the bus system failed.

As a result, in 2012 the Regional Bus Authority ceased operations. The RDA remains committed to the transit goals in its enabling legislation, and as a result of its experiences, the Board of Directors in 2012 merged their bus and rail working

groups into a single Surface Transportation panel. The group revived discussions with the Northern Indiana Commuter Transportation District (NICTD), operator of the South Shore commuter railroad which runs between Chicago and South Bend. NICTD and the RDA had partnered successfully in 2007, when a \$17.5 million matching grant from the RDA enabled

NICTD to access \$35.5 million in federal funds for 14 new double-decker rail cars.

As a result of those discussions, the two organizations issued a request for proposals for a NICTD strategic business plan in December of 2012. This plan will lay out a combined strategy for providing proven and coordinated options for Northwest Indiana commuters heading to work every day in one of the world's largest cities. In March 2013, URS Corporation was selected as the firm to author the plan. It is expected to be complete in April of 2014.

The power of connectivity within Northwest Indiana and to Chicago is demonstrated by the City of Valparaiso's ChicaGo Dash commuter buses. Launched in 2008 with \$1.8 million in support from the RDA, which was used primarily to expand station and parking facilities, the ChicaGo Dash service recorded a record 47,986 rides in 2012,

and added a fourth bus to its fleet in April of 2013. In his January 2013 State of the City address, Valparaiso Mayor Jon Costas pointed to the city's local V-Line and ChicaGo Dash commuter buses as a competitive advantage.

"These innovative and financially sustainable transportation systems set us apart from any other community in Northwest Indiana," he said. "We make it easier for seniors, students and employees to get around town, which has benefits to the entire community. And the Chicago Dash is bringing back to our city opportunities and wages that can only be found in a large world-class city."

Moving forward, the RDA's goal is to combine a strong regional surface transportation system with Northwest Indiana's lower taxes, lower cost-of-living and better quality of life in order to extend that same competitive advantage to the entire region.



Regional commuter busing such as Valparaiso's ChicaGo Dash is already augmenting rail service. A joint NICTD/RDA study is underway to develop new ways to regionalize transportation and grow the economy of Northwest Indiana.

12,200

Average daily ridership on the South Shore line.

**\$250
MILLION**

Estimated combined salaries of South Shore riders working in Chicago but living in Indiana.

\$12

Price of a round-trip ticket from Gary to Millennium Station in Chicago.

\$1

Cost of daily parking at Gary Metro station.

\$35

Median 2012 cost to park your car for a day in Chicago.

RETURN ON INVESTMENT



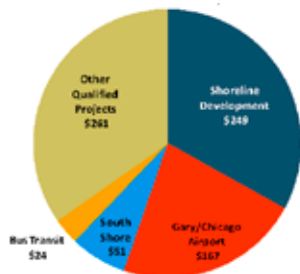
Over the next 12 years, RDA projects such as the one seen here at Wolf Lake in Hammond will drive millions of dollars in follow-on investment and spur the creation of thousands of jobs in Northwest Indiana.

The NWI ROI



Investment from All Sources

RDA and Non-RDA Sources (in millions)
Total Investment: \$751 M

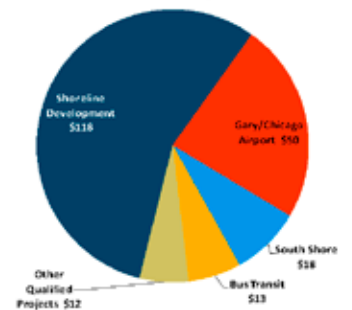


Cumulative Economic Impact of RDA Investments



RDA Project Investment

RDA Investment Only (in millions)
Total Investment: \$211 M



When the RDA began operations in 2006, no one knew that within three years, the country would face its biggest economic challenge since the Great Depression. The construction industry was among the hardest-hit sectors of the economy, but RDA investments in capital improvement projects helped to mitigate the impact in the region.

These investments will continue to produce benefits in the years to come. In 2012, the RDA commissioned Policy Analytics, LLC to provide a return-on-investment analysis to estimate the immediate and long-term economic impact of our projects.

By 2015, the combination of currently allocated RDA investment and the accompanying leveraged capital is projected to generate a cumulative total of more than \$1.1 billion in economic output.

FISCAL IMPACT

The RDA's investment has already produced sales and income tax receipts for the State of Indiana and counties with local option taxes. Based on the economic modeling done for our ROI report, State sales and income taxes generated by the RDA's investments will total \$8.3 million annually by 2015,

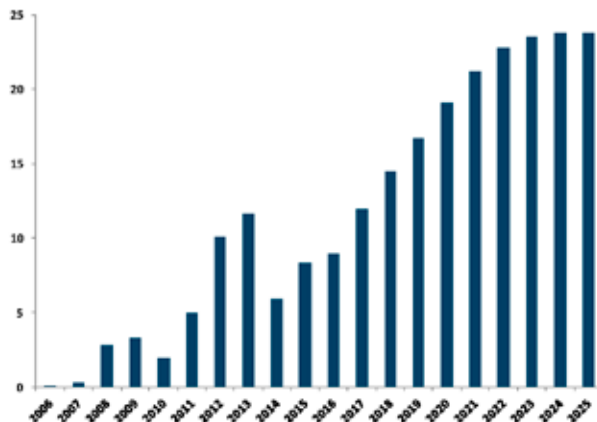
This includes approximately \$750 million of direct investment and more than \$400 million in indirect and induced spending.

By 2025, as the improved shoreline and airport assets attract further investment, and the CN Kirk Yard and Modern Forge operations begin, RDA projects are projected to generate \$770 million in economic output annually (in 2012 dollars).

This increased economic output in 2025 will support approximately 4,000 jobs in the Lake and Porter County region. More than 2,000 of these jobs will be supported by industrial and commercial investment in and around the Gary Airport. The increase in economic activity and employment is projected to result in an increase in personal income of \$383 million annually.

and \$23.8 million by 2025. Although the fiscal impact of increased property and excise tax revenue for local units of government were not calculated in the ROI analysis, the RDA is certainly having an impact on the revenue streams of the local governments throughout the region.

Fiscal Impact of RDA Projects (State Income and Sales Tax)
Shoreline, Gary Airport, Bus Transit, and Economic Development
\$23.8M in Annual State Fiscal Impact in 2025



RDA 2006-2015 INITIAL INVESTMENT IMPACT

In the period of 2006 to 2015, \$1 of RDA investment leverages (attracts):

- **\$2.57 OF NON-RDA FUNDING**

In the period of 2006 to 2015, \$1 of RDA investment returns:

- **\$5.21 IN CUMULATIVE ECONOMIC OUTPUT**

RDA LONG-TERM ECONOMIC IMPACTS

RDA investments made from 2006 to 2015 will support:

- **AN AVERAGE OF 865 JOBS ANNUALLY BETWEEN 2006 AND 2015**
- **APPROXIMATELY 4,000 JOBS ANNUALLY BY 2025**

Each dollar of RDA investment made between 2006 and 2015 returns:

- **\$3.66 OF ANNUAL ECONOMIC OUTPUT IN 2025**
- **\$1.46 OF ANNUAL PERSONAL INCOME IN 2025**

LOCAL CONTRACTOR AND MBE/WBE PARTICIPATION



Nearly 70 percent of RDA-funded work at the Gary/Chicago International Airport was done by local firms.

As part of the “Buy Northwest Indiana” initiative launched in 2011, the RDA engaged Organizational Development Solutions (ODS) to track and report on the hiring of local companies and participation by minority and women-owned business in projects funded by the RDA. ODS delivered its first report in August of 2012, covering the previous 12 months.

ODS found that more than three-quarters (76.5 percent) of the companies working on RDA-funded projects in Gary, Hammond, Whiting, East Chicago and Porter during the 12 months ended in August 2012 were Northwest Indiana firms. Further, about half – 48.8 percent – of the employees working on these projects were residents of Lake or Porter counties.

A few important caveats about these numbers:

- *The RDA does not usually fund the entirety of a project. Typically, our funds are used to match local,*

BUY NWI DATA FOR AUGUST 2011-2012 BY PROJECT

PROJECT AREA	Gary (includes Gary Chicago International Airport and Marquette Park East)
TOTAL COMPANIES UTILIZED	75
NWI COMPANIES	52
PERCENT NWI COMPANIES	69.3%
TOTAL EMPLOYEES ON JOB	465
TOTAL LAKE/PORTER COUNTY EMPLOYEES:	279
PERCENT LAKE/PORTER COUNTY EMPLOYEES	60%

PROJECT AREA	Hammond/Whiting (includes Hammond Wolf Lake projects and Whiting Lakefront)
TOTAL COMPANIES UTILIZED	61
NWI COMPANIES	51
PERCENT NWI COMPANIES	86.3%
TOTAL EMPLOYEES ON JOB	393
TOTAL LAKE/PORTER COUNTY EMPLOYEES:	131
PERCENT LAKE/PORTER COUNTY EMPLOYEES	34%

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 \$166 million; that other \$116 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

- This data is a snapshot in time from August 2011 to August 2012. Most of these projects are not complete. So these figures are very much a base and we fully expect participation by local companies and local residents to rise.

- 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.

ODS is also monitoring minority- and women-owned business participation in the RDA-funded portions of projects in Northwest Indiana. For the August 2011-2012 period, approximately \$22.5 million of the \$114.6 million in RDA-funded contracts was being spent with minority- and women-owned businesses. That works out to 19.65 percent of total dollars being expended. Minority- and women-owned business participation was highest on projects in Gary (22.4 percent), and Hammond and Whiting (19.4 percent). In East Chicago and Porter, minority- and women-owned business participation was only about three percent, but again these projects remain in the early stages.

PROJECT AREA	East Chicago
TOTAL COMPANIES UTILIZED	1
NWI COMPANIES	1
PERCENT NWI COMPANIES	100.0%
TOTAL EMPLOYEES ON JOB	2
TOTAL LAKE/PORTER COUNTY EMPLOYEES:	1
PERCENT LAKE/PORTER COUNTY EMPLOYEES	50%

PROJECT AREA	Porter
TOTAL COMPANIES UTILIZED	107
NWI COMPANIES	57
PERCENT NWI COMPANIES	53.3%
TOTAL EMPLOYEES ON JOB	122
TOTAL LAKE/PORTER COUNTY EMPLOYEES:	68
PERCENT LAKE/PORTER COUNTY EMPLOYEES	56%

MBE/WBE PARTICIPATION NUMBERS

GARY

(includes Gary/Chicago International Airport and Marquette Park East)

- Approx. Value of Monitored Contracts: \$58.1 million
- Approx. \$ Expended Toward MBE/WBE: \$13.0 million
- Percent MBE/WBE: 22.4%

EAST CHICAGO

- Approx. Value of Monitored Contracts: \$4.0 million
- Approx. \$ Expended Toward MBE/WBE: \$130,925
- Percent MBE/WBE: 3.0%

HAMMOND/WHITING

(includes Hammond Wolf Lake projects and Whiting Lakefront)

- Approx. Value of Monitored Contracts: \$47.4 million
- Approx. \$ Expended Toward MBE/WBE: \$9.2 million
- Percent MBE/WBE: 19.4%

PORTER

- Approx. Value of Monitored Contracts: \$5.0 million
- Approx. \$ Expended Toward MBE/WBE: \$154,521
- Percent MBE/WBE: 3.0%

TELLING THE REGION'S STORY

TRANSFORMING THE REGION

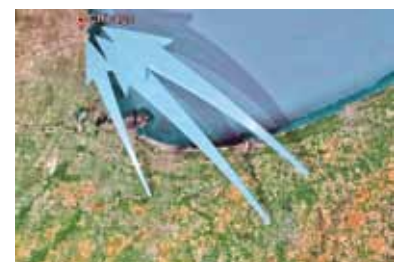
In 2012 the Regional Development Authority launched rdatransformation.com in partnership with the Northwestern Indiana Regional Planning Commission (NIRPC). The new site highlights RDA activities across our section of the broader Calumet Region and documents the progress being made on the Marquette Plan to revitalize the shoreline.



At rdatransformation.com/blog the RDA keeps residents apprised of the latest news, announcements and project updates.

RDA: THE MOVIE

The RDA partnered with Purdue University Calumet's Center for Innovation through Visualization and Simulation (CIVS) to produce an eight-minute video highlighting RDA-funded projects and our return on investment.



The RDA plans to continue partnering with CIVS to update the video as existing projects are completed and new ones initiated.

SOCIAL MEDIA

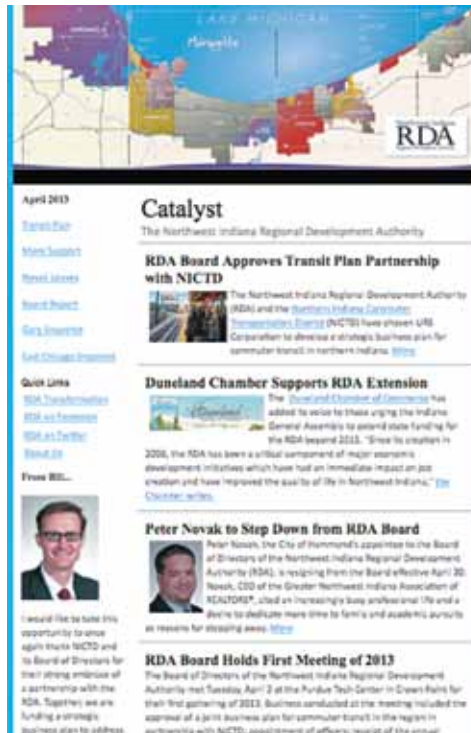
The RDA expanded its outreach to region residents in 2012 through social media, including Facebook, Twitter, YouTube and a blog associated with rdatransformation.com. We also keep key stakeholders in Northwest Indiana informed of our activities with a monthly e-mail newsletter, Catalyst.



Twitter Feed: @nwi_rda



YouTube Video: Channel NWIRDA



Catalyst Newsletter



Facebook Feed: Northwest Indiana Regional Development Authority

facebook

300+

Facebook likes



250+

Twitter followers

YouTube

300+

YouTube video views

Catalyst

600+

Newsletter subscribers

LOOKING AHEAD



In 2013 and beyond, the RDA will be working on a number of fronts to continue to drive economic development in Northwest Indiana. These include, but are not limited to:

COMPLETION OF THE RUNWAY EXTENSION AT THE GARY/CHICAGO INTERNATIONAL AIRPORT. The runway extension itself is scheduled to be finished by December of 2013. The Airport Authority and the City of Gary were strongly engaged in the process in 2012, and in 2013 invited the RDA to participate in a committee to recommend a private partner to further spur business at the airport. The RDA also completed a comprehensive land use study of the area around the airport to help guide development and is exploring options for access improvements, streetscaping projects and the rebuilding of Clark Road.

ONE GOAL IS TO MAKE NW INDIANA COMPETITIVE WITH CHICAGO'S SOUTH SUBURBS AS AN ALTERNATIVE PLACE COMMUTERS CAN LIVE.

DEVELOPMENT AND IMPLEMENTATION OF REGIONAL TRANSPORTATION SYSTEM. The RDA and the Northern Indiana Commuter Transportation District (NICTD) are jointly funding a \$550,000 strategic business plan that will provide a road map for transportation-oriented development in the region. Our goals are to increase commuter connectivity to Chicago; encourage transit-friendly development around NICTD stations;

CN chose Gary's Kirk Yard (left) as the site of a multi-million-dollar expansion. The RDA's Deal Closing Fund played a key role in attracting this investment to Northwest Indiana.

integrate complementary bus service; and, where appropriate, expand train service to new communities in order to make Northwest Indiana competitive with Chicago's south suburbs as an alternative place commuters can live.

ENVIRONMENTAL MITIGATION. One challenge to economic development in Northwest Indiana is the environmental legacy of heavy industry in the region. It is extremely difficult to attract to new companies and jobs when the cost of a new facility includes the need to clean up contamination left by previous owners. In early 2013, the RDA was awarded an \$800,000 competitive EPA grant to establish a revolving loan fund for brownfield cleanup in Gary, Hammond and East Chicago. In partnership with these three cities as well as the Northwestern Indiana Regional Planning Commission (NIRPC) the RDA will begin working to remove these impediments to growth.

REGIONAL HEALTHCARE OPPORTUNITIES. In 2013, the RDA was charged by the Indiana General Assembly to conduct two studies on the feasibility of a trauma center and a teaching hospital in Northwest Indiana. Healthcare is a vibrant and growing sector across Indiana and the potential for growth in this area is strong in both Lake and Porter counties. These studies will begin in July 2013 and will be delivered to the Assembly the following year.

ECONOMIC DEVELOPMENT OPPORTUNITIES. The RDA established its Deal Closing Fund in 2011 and has since worked with the Indiana Economic Development Corporation (IEDC) to bring the CN Kirk Yard expansion to Gary, the new Modern Forge facility to Merrillville, and the Land O'Frost headquarters to Munster. These projects represent more than \$150 million in new investment in Northwest Indiana and more than 350 new jobs. We continue to work with IEDC to close more deals here in the region.

COMMUNITY CHALLENGE GRANTS. In 2012, the RDA created the Community Challenge grant program to address requests for smaller grants of regional significance that supported, but were not directly related, to the RDA's overall strategic goals. The Community Challenge grant fund is limited to \$1 million per year and each grant has a maximum of \$200,000. They require a match of at least 20 percent by the community. Initial recipients of Community Challenge grants included the Town of Pines in Porter County and the City of Gary in Lake County.

**HEALTHCARE IS A VIBRANT AND
GROWING SECTOR ACROSS INDIANA...
THE POTENTIAL GROWTH IN LAKE
AND PORTER COUNTIES IS STRONG.**

MARQUETTE PLAN UPDATE. While not yet complete, the RDA's program of shoreline restoration has made significant progress toward achieving the goals laid out in the Marquette Plan. The RDA is working with NIRPC to update the plan to reflect the improvements and guide future lakeshore projects. The RDA still has substantial commitments to more shoreline work in East Chicago and the Town of Porter; the City of Portage, whose Lakefront Park – a reclaimed brownfield site that is now one of the most-visited parts of the Indiana Dunes National Lakeshore – was an early RDA success has also indicated they would like to partner on more projects.

JOBS & INVESTMENT

The RDA has partnered with IEDC three times in the past two years to attract new jobs and investment to Northwest Indiana.

CANADIAN NATIONAL

KIRK YARD

GARY

- **RDA Funds: \$1.9 million**
- **Leveraged Funds: \$141.0 million**
- **Total Investment: \$142.9 million**
- **Total Jobs: 119**

MODERN DROP FORGE

MERRILLVILLE

- **RDA Funds: \$2.0 million**
- **Leveraged Funds: \$37.9 million**
- **Total Investment: \$39.9 million**
- **Total Jobs: 250**

LAND O'FROST

MUNSTER

- **RDA Funds: \$750,000**
- **Leveraged Funds: \$6.4 million**
- **Total Investment: \$7.2 million**
- **Total Jobs: 50**

2012 INDEPENDENT AUDITORS' REPORT

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



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

www.cawhittakercpa.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Northwest Indiana Regional Development Authority:

We have audited the accompanying financial statements of the Northwest Indiana Regional Development Authority (the "RDA" or the "Authority"), as of December 31, 2012 and 2011, and the related statements of changes in net assets and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain 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 the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

■ ■ *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2012 and 2011, and the results of its operations, and its cash flows, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

■ ■ *Required Supplementary Information and Supplementary Information*

The Management's Discussion and Analysis on pages 3 through 9 and Budgetary Schedule on page 25 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures that consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and we express no opinion or any other form of assurance on it.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information listed in the foregoing table of contents, which is also the responsibility of the Authority's management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such additional information (page 24) has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly presented, in all material respects, when considered in relation to the financial statements taken as a whole.

Whittaker & Company PLLC

Gary, Indiana
Whittaker & Company PLLC
March 8, 2013

NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY
STATEMENT OF FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
ASSETS		
Current assets		
• Cash and cash equivalents (Note 2)	\$ 72,322,318	\$ 85,188,916
• Accounts receivable (Note 1)	8,625,000	6,875,000
• Prepaid expenses	18,332	15,919
Total current assets	\$80,965,650	\$92,079,835
Property and equipment		
• Furniture, fixtures & leasehold improvements (Note 3)	49,157	46,033
Total property and equipment	49,157	46,033
• Accumulated depreciation	(42,274)	(38,148)
Total property and equipment (net)	\$6,883	\$7,885
Long-term assets		
• Note receivable (Note 5)	6,000,000	6,000,000
Total long-term assets	6,000,000	6,000,000
Total assets	\$86,972,533	\$98,087,720
LIABILITIES AND NET ASSETS		
Current liabilities		
• Accounts payable	58,144	79,291
• Grants payable -Due within one year (Note 6)	52,719,885	59,896,094
Total current liabilities	\$52,778,029	\$59,975,385
Net assets		
• Unrestricted	34,194,504	38,112,336
Total net assets	34,194,504	38,112,336
Total liabilities and net assets	\$86,972,533	\$98,087,720

NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY

STATEMENT OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
UNRESTRICTED NET ASSETS		
Support		
• Indiana Finance Authority	\$ 10,000,000	\$ 10,000,000
• City of East Chicago	3,500,000	3,500,000
• Lake County	3,500,000	3,500,000
• City of Gary	3,500,000	3,500,000
• City of Hammond	3,500,000	3,500,000
• Porter County	3,500,000	3,500,000
• USDA Forest Preserve (PES Grant)	73,942	250,936
• Other	25,000	10,034
Total Support	\$27,598,942	\$27,760,970
EXPENSES		
Program Services		
• Town of Porter	-	3,915,000
• Regional Bus Authority	-	3,000,000
• USDA Forest Service (PES Grant)	93,942	250,936
• Town of Pines	200,000	-
• NIRPC	100,000	-
• Gary/Chicago International Airport	30,000,000	-
Total Program Services	\$30,393,942	\$7,165,936
Supporting Services		
• Salaries & professional services	1,201,762	1,061,566
• Operating expenses	106,673	82,899
Total Supporting Services	\$1,308,435	\$1,144,466
Total Expenses	\$31,702,377	\$8,310,401
Non-operating revenue (expense)		
Interest Expense	-	(74)
Interest Income	149,401	217,175
Total non-operating revenue (expense)	149,401	217,101
Change in Net Assets	(3,954,034)	19,667,669
Net Unrestricted Assets - Beginning of Year	38,112,336	18,444,667
Period Restatement (Note 8)	36,202	-
Net Unrestricted Assets - End of Year	\$34,194,504	\$38,112,336

See accompanying notes to the basic financial statements.

NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY
STATEMENT OF CASH FLOW
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
Cash flows from operating activities		
• Fee revenue	\$ 26,722,521	\$ 29,110,970
• Payments to employees for services	(437,054)	(362,259)
• Payments to grantees for awarded contracts	(38,407,539)	(20,704,950)
• Payments to other suppliers for goods and services	(890,803)	(779,837)
Cash flows from operating activities	(13,012,875)	7,263,924
Cash flows from investing activities		
• Investment interest income	149,401	217,175
Net cash from investing activities	149,401	217,175
Cash flows from financing activities		
• Purchase of fixed assets and leasehold improvements	(3,124)	-
Net cash from investing activities	(3,124)	-
Net change in cash and cash equivalents	(12,866,598)	7,481,099
Cash and cash equivalents at beginning of year	85,188,916	77,707,817
Cash and cash equivalents at end of year	\$72,322,318	\$85,188,916

RECONCILIATION OF OPERATING INCOME TO CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:

Operating income	\$ (3,917,832)	\$ 19,667,770
Interest Income	(149,401)	(217,175)
Depreciation expense	4,127	4,050
Changes in assets and liabilities		
• (Increase)/Decrease in accounts receivable	(1,750,000)	1,350,000
• (Increase) in prepaid expenses	(2,412)	(13,308)
• (Decrease) in accounts payable and other accruals	(21,148)	(1,358,261)
• (Decrease) in grants payable	(7,176,209)	(12,168,152)
Cash flows from operating activities	\$ (13,012,875)	\$ 7,264,924

NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY
 SUPPLEMENTAL SCHEDULE OF SUPPORTING ACTIVITIES
 FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

SALARIES & PROFESSIONAL SERVICES	2012	2011
Salaries and Related Personnel Costs	\$ 437,054	\$ 362,259
Legal	75,483	65,812
Accounting	29,750	28,916
Special Consultants	595,976	566,479
Compliance Consultant	63,500	38,100
Total Salaries & Professional Services	\$1,201,762	\$1,061,566

OPERATING EXPENSES		
Bank Charges	\$ 111	\$ 98
Office Supplies	13,634	8,451
Membership Dues	520	500
Conferences	817	-
Insurance	12,998	-
Background Check	68	-
Meals and Entertainment	8,723	7,831
Depreciation Expense	4,127	4,050
Rent, Telephone, & Technical Support	43,604	38,864
Travel	12,594	13,430
Tuition Reimbursement	9,477	9,675
Total Operating Expenses	\$106,673	\$82,899

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

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

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

Mission

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

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

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

Lake and Porter counties face unique and distinct challenges and opportunities related to transportation and economic development. A unique approach is required to fully take advantage of the economic potential of the South Shore, Gary/Chicago Airport, and Lake Michigan shoreline. Powers and responsibilities of the RDA are appropriate and necessary to carry out the public purposes

of encouraging economic development and further facilitating the provision of air, rail, and bus transportation services, project, and facilities, shoreline development projects, and economic development projects in eligible counties.

Power and Duties

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

Financing

The following identifies the sources of funding for the RDA:

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

Reporting Entity

In evaluating how to define the Organization for financial reporting purposes, management has considered all potential component units. The decision to include a potential component

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

Non-exchange Transactions

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

Measurement Focus and Basis of Accounting

The accounting policies of the Authority are based upon accounting principles generally accepted in the United States of America, as prescribed by the Government Accounting Standards Board (GASB). For the year ended December 31, 2008, the Authority adopted GASB Statement No. 34, Basic Financial Statements and Management’s Discussion and Analysis—for State

and Local Governments, GASB Statement No. 37, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments: Omnibus and GASB Statement No. 38, Certain Financial Statement Disclosures. The primary impact of adopting these GASB statements is the presentation of net assets, which replaces the previous fund equity section of contributed capital and retained earnings, the presentation of Management’s Discussion and Analysis (MD&A) as required supplementary information, and the addition of a statement of cash flows. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The accounts of the Authority are reported using the flow of economic resources measurement focus.

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

Management’s Use of Estimates

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

Revenue

The RDA receives substantially all of its support revenue from state, city and county agencies. Beginning in 2006, the fiscal officer of each city and county described in IC 36-7.5-2-(b) (other than the two largest cities in a county described in IC 36-7.5-2-3 (b) (1) (Lake County, Porter County, East Chicago, Gary, Hammond) shall each transfer three million five hundred thousand dollars (\$3,500,000) each year to the development authority for deposit in the development authority fund. The State of Indiana will provide \$110 million over ten years. A specific amount of \$20 million was

specifically designated for the Gary/Chicago International Airport and was paid during fiscal year 2007.

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

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

- The Regional Bus Authority – To increase opportunities for senior citizens, the handicapped community and Hoosiers without their own transportation.
- The Gary/Chicago International Airport Runway Expansion and EJ&E Railroad Re-Routing Plan – To provide access to Chicago’s business districts, Northwest Indiana, and surrounding Midwest states. The 715 acre site has an FAA approved expansion plan adding 320 acres ensuring long term growth for the airport and the Northwest Indiana economy.
- Commuter Rail Transportation – Plans to extend the South Shore rail line to Lowell and Valparaiso are being reviewed.
- Lake Michigan Shoreline Development – A reinvestment strategy for the Lake Michigan shoreline to provide balance between nature, industry, restoration and redevelopment while reclaiming the shoreline for public access and projects related to the Lake Michigan Marina and Shoreline Development Commission. IC36-7.5-2-1 identifies the types of projects eligible for RDA funding.

The RDA was the fiscal agent and recipient of federal funds under the Urban and Community Forestry program sponsored by the United States Department of Agriculture. The funded project is considered a Great Lakes Restoration Initiative (GLRI). The overall grant award at December 31, 2012 and 2011 was \$73,924 and \$250,936, respectively, which leveraged local matches from the RDA.

Accounts Receivable

At December 31, 2012 the RDA had outstanding receivables in the amount of \$8,625,000 which related to the city of Gary and the city of Hammond being delinquent on installments in the amounts of \$6,875,000 and \$1,750,000, respectively.

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

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

Prepaid Expenses

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

Accounts payable

The December 31st accounts payable balance relates to materials, supplies, taxes or services provided to the Authority during one calendar year, and not paid until the following calendar year. At December 31, 2012 and 2011, the Authority had accounts payable in the amounts of \$58,144 and \$79,291, respectively.

Grants Payable and other related accruals

The Authority is committed to various governmental organizations for reimbursement-based grants in which the organization had fulfilled the terms of the grant and submitted for reimbursement from the Authority. At December 31, 2012 and 2011, the total grants payable amounts were \$52,719,885 and 59,896,094 respectively.

BEGINNING BALANCE	\$ 59,896,094
INCREASE	\$ 30,300,000
(DECREASE)	\$ (37,476,209)
ENDING BALANCE	\$ 52,719,885
DUE WITHIN ONE YEAR	\$ 52,719,885

Operating Revenue, Operating Expenses, and Non-Operating Revenue and Expenses

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

Income Tax Status

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

Cash and Cash Equivalents

The RDA considers all investments with maturities of three months or less, when purchased, to be cash equivalents. Cash and cash equivalents are stated at fair value and consist of cash bank accounts and Certificates of Deposits.

Furniture and Equipment

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

Net Assets

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

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

At December 31, 2012 and 2011, there were no restricted assets as all assets are unrestricted.

Budgetary Information

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

Staff and Payroll

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

Tuition Expense

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

Operating Leases

The agency has a 1-year rental agreement for office space and supply reimbursement with a two year option to renew. The amount to be paid in fiscal year 2013 is approximately \$44,678.

Deposits and Investments

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

NOTE 2 - CONCENTRATIONS

At December 31, 2012 and 2011, \$1,000,000 of the RDA's cash and cash equivalents was insured by the Federal Depository Insurance Corporation ("FDIC"), and therefore classified under Risk Category 1. The Public Deposit Insurance Fund ("PDIF") was created by the Acts of 1937 in the state of Indiana to protect the public funds of the state and its political subdivisions deposited in approved financial institutions. The PDIF insures those public funds deposited in approved financial institutions which exceed the limits of coverage provided by any FDIC. The RDA has funds deposited in PDIF approved financial institutions. At December 31, 2012 and 2011, respectively, the remaining portion of \$71,322,318 and \$84,188,916 is covered by the PDIF and is also considered to be classified in Risk Category 1.

NOTE 3 - PROPERTY AND EQUIPMENT

All furniture & equipment is depreciated using the 5-year straight line method. Depreciation expense at December 31, 2012 and 2011 was \$4,127 and \$4,050, respectively. Property and Equipment at December 31st consist of the following:

	2012	2011
FURNITURE & FIXTURES	\$ 37,655	\$ 34,531
LEASEHOLD IMPROVEMENTS	11,502	11,502
LESS: ACCUMULATED DEPRECIATION	(42,274)	(38,148)
NET FURNITURE & FIXTURES	\$ 6,883	\$ 7,885

NOTE 4 – PUBLIC EMPLOYEES’ RETIREMENT FUND

The organization also offers a Health Savings Plan and PERF. To provide retirement benefits for its full-time employees, the Authority participates in the Public Employees’ Retirement Fund of Indiana (PERF), cost-sharing, multiple employer public employees’ retirement system. The contribution requirement, which was made by the Authority for employees covered by the PERE, was \$8,011. The Authority is required to and did contribute 3% of their employee’s compensation to the PERF. The contribution requirement, which was made by the Authority to fund retirement benefits, was \$24,565. These contributions represent 9.7% of covered payroll for 2012. The payroll for employees covered by the PERF was \$418,029. To obtain more information please visit the Public Employees’ Retirement Fund at www.in.gov/perf.

NOTE 5 – NOTE RECEIVABLE

The RDA agreed to loan \$6,000,000 to the Little Calumet River Basin Development Commission. The amount due to the Authority from the Little Calumet River Basin Development Commission at December 31, 2012 and 2011 was \$6,000,000.

During its 2012 legislative session, the Indiana General Assembly passed and the Governor signed on March 16, 2012, Public Law 106 – 2012 which established a revenue mechanism for the Little Calumet River Basin Development Commission and a repayment schedule for the Commission’s \$6,000,000, “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 repayment schedule is as follows: on July 1, 2013, \$2,430,000; on July 1, 2014, \$1,460,000; on July 1, 2015, \$920,000; on July 1, 2016, \$690,000; and on July 1, 2017, \$500,000.

NOTE 6 - COMMITMENTS

Since the inception of the RDA, there have been contracts awarded for approved projects within Northwest Indiana. Because not all awarded contracts have been completed, the RDA has remaining commitments of \$52,719,885 at December 31, 2012 as follows:

PROJECT NAME	Shoreline Park Gateway & Community Gateway
NATURE OF PROJECT	Shoreline Restoration
DATE AWARDED	03/25/2008
INITIAL TOTAL PROJECT COST	\$3,900,000
ADD-ONS OR CHANGE ORDERS	N/A
COST THROUGH 12-31-2012	\$1,483,604.10
REMAINING BALANCE AT 12-31-2012	\$2,416,395.90
PERCENT (%) COMPLETE AS OF 12-31-2012	38%
EXPECTED COMPLETION DATE	December 2013
	
PROJECT NAME	Water Filtration Plant Demolition
NATURE OF PROJECT	Shoreline Restoration
DATE AWARDED	11/13/2008
INITIAL TOTAL PROJECT COST	\$1,980,000
ADD-ONS OR CHANGE ORDERS	N/A
COST THROUGH 12-31-2012	\$ 225,000
REMAINING BALANCE AT 12-31-2012	\$1,755,000
PERCENT (%) COMPLETE AS OF 12-31-2012	11%
EXPECTED COMPLETION DATE	December 2013

PROJECT NAME	Hammond Lakes Area
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NATURE OF PROJECT	Shoreline Restoration
DATE AWARDED	January 8, 2009
INITIAL TOTAL PROJECT COST	\$31,480,000
ADD-ONS OR CHANGE ORDERS	N/A
COST THROUGH 12-31-2012	\$22,311,822.77
REMAINING BALANCE AT 12-31-2012	\$ 9,168,177.23
PERCENT (%) COMPLETE AS OF 12-31-2012	71%
EXPECTED COMPLETION DATE	December 2013



PROJECT NAME	Marquette Park Lakefront East
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NATURE OF PROJECT	Shoreline Restoration
DATE AWARDED	June 23, 2009
INITIAL TOTAL PROJECT COST	\$28,190,000
ADD-ONS OR CHANGE ORDERS	N/A
COST THROUGH 12-31-2012	\$21,994,282
REMAINING BALANCE AT 12-31-2012	\$ 6,195,718
PERCENT (%) COMPLETE AS OF 12-31-2012	81%
EXPECTED COMPLETION DATE	June 2013

PROJECT NAME	Porter Gateway to the Dunes
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NATURE OF PROJECT	Shoreline Restoration
DATE AWARDED	November 17, 2009
INITIAL TOTAL PROJECT COST	\$1,816,500
ADD-ONS OR CHANGE ORDERS	N/A
COST THROUGH 12-31-2012	\$1,673,082
REMAINING BALANCE AT 12-31-2012	\$ 143,418
PERCENT (%) COMPLETE AS OF 12-31-2012	92%
EXPECTED COMPLETION DATE	December 2013



PROJECT NAME	Porter Gateway to the Dunes (Grant 2)
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NATURE OF PROJECT	Shoreline Restoration
DATE AWARDED	July 7, 2011
INITIAL TOTAL PROJECT COST	\$3,915,000
ADD-ONS OR CHANGE ORDERS	N/A
COST THROUGH 12-31-2012	\$ 546,652
REMAINING BALANCE AT 12-31-2012	\$3,368,348
PERCENT (%) COMPLETE AS OF 12-31-2012	14%
EXPECTED COMPLETION DATE	December 2013

PROJECT NAME	Whiting Lakefront Park
NATURE OF PROJECT	Shoreline Restoration
DATE AWARDED	April 20, 2010
INITIAL TOTAL PROJECT COST	\$19,445,000
ADD-ONS OR CHANGE ORDERS	N/A
COST THROUGH 12-31-2012	\$ 6,548,369.21
REMAINING BALANCE AT 12-31-2012	\$12,896,630.79
PERCENT (%) COMPLETE AS OF 12-31-2012	34%
EXPECTED COMPLETION DATE	October 2012



PROJECT NAME	Gary International Airport
NATURE OF PROJECT	Runway Expansion/ Railroad Relocation
DATE AWARDED	December 14, 2012
INITIAL TOTAL PROJECT COST	\$30,000,000
ADD-ONS OR CHANGE ORDERS	N/A
COST THROUGH 12-31-2012	\$13,423,801.05
REMAINING BALANCE AT 12-31-2012	\$16,576,198.95
PERCENT (%) COMPLETE AS OF 12-31-2012	44%
EXPECTED COMPLETION DATE	December 2013

PROJECT NAME	Town of Pines
NATURE OF PROJECT	Challenge Grant – Studies/Due Diligence
DATE AWARDED	November 20, 2012
INITIAL TOTAL PROJECT COST	\$200,000
ADD-ONS OR CHANGE ORDERS	N/A
COST THROUGH 12-31-2012	\$ 0.00
REMAINING BALANCE AT 12-31-2012	\$200,000.00
PERCENT (%) COMPLETE AS OF 12-31-2012	0%
EXPECTED COMPLETION DATE	December 2013

NOTE 7 – OTHER MATTERS

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

NOTE 8 – PERIOD RESTATEMENT

During the period, several adjustments were made to various accounts to properly report grants payable. The net affect of the adjustments amounts to \$36,202 to net assets.

NOTE 9 – SUBSEQUENT EVENTS

In accordance with FASB ASC Topic 855, Subsequent Events, the Organization has evaluated subsequent events through March 8, 2013 which is the date these financial statements were issued. All subsequent events, if any, requiring recognition as of December 31, 2012 have been incorporated into these financial statements herein.



The new U.S. 12 bridge at the South Shore's Dune Park station in Chesterton.

STAFF



BILL HANNA
PRESIDENT AND CHIEF EXECUTIVE OFFICER

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



SHERRI ZILLER
CHIEF OPERATING OFFICER

Sherrri 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 support economic development and redevelopment throughout the region. She holds a Master's degree in Education and a Bachelor's in Political Science from Purdue University Calumet.



JILLIAN HUBER
ASSISTANT TO THE PRESIDENT AND CEO
SPECIAL PROJECTS COORDINATOR

Jillian Huber serves as the Assistant to the President and CEO and Special Projects Coordinator for the RDA. She has been with the organization since summer 2007. Huber is responsible for managing administrative aspects of RDA projects as they relate to scheduling, logistical coordination, communication, organizing, managing and reporting. Her responsibilities also include general fiscal and office management functions. Huber has a Bachelor's degree in Labor Studies from Indiana University and is working toward a Master's degree in Public Administration.



AMY JAKUBIN
ADMINISTRATIVE ASSISTANT/SCHEDULING COORDINATOR

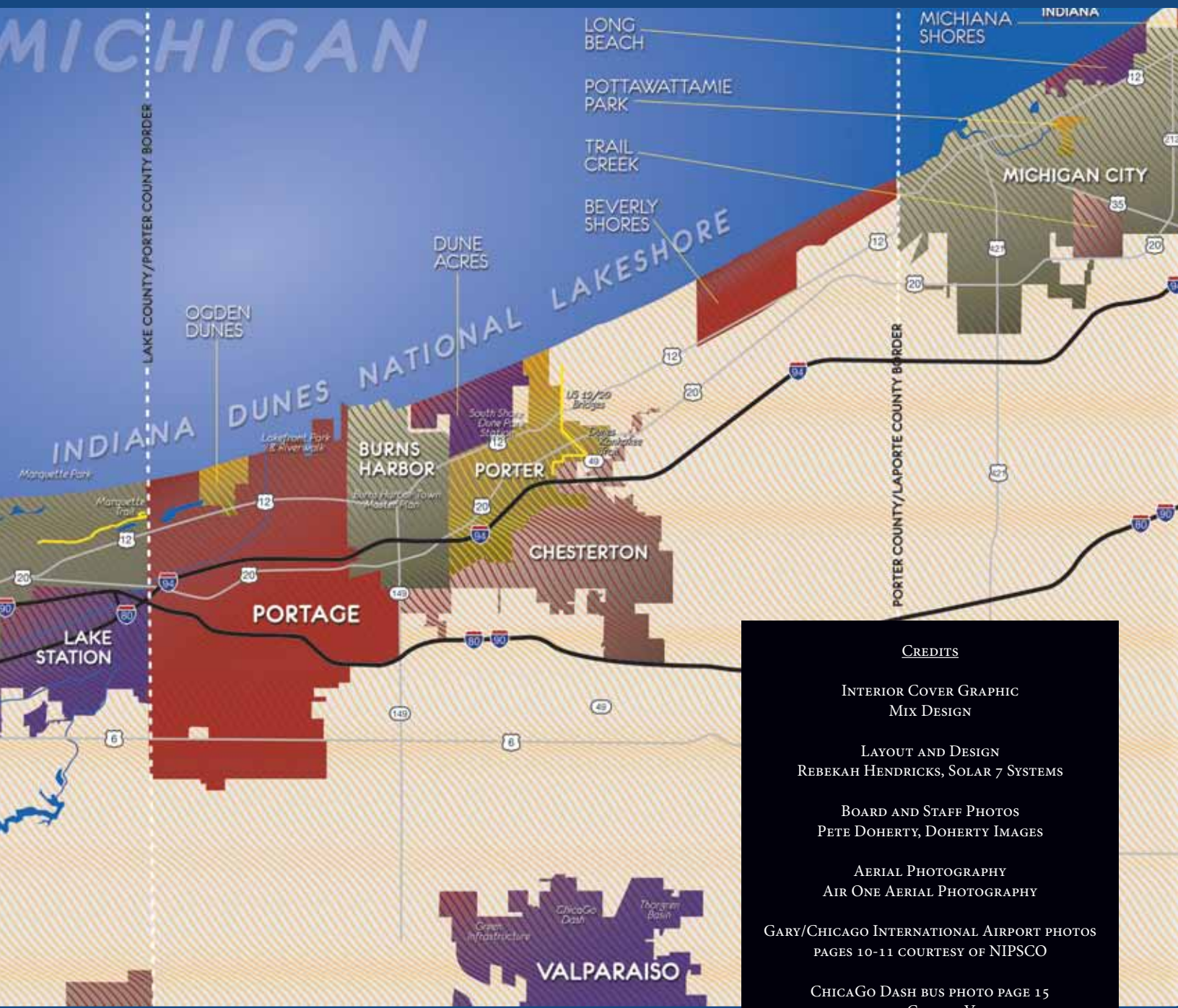
Amy Jakubin, a resident of Crown Point, is the Administrative Assistant/Scheduling Coordinator at the RDA. She has been with the organization since 2011. Jakubin works with the President, COO, Board of Directors and staff to provide dedicated administrative support. Prior to joining the RDA, Amy worked as a Nursing Assistant/Preceptor for Manor Care in Homewood, IL. Jakubin has a Nursing Assistant certification from South Suburban College and is pursuing a Master's in Health Care Administration.



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.

MICHIGAN



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HAMMOND

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MERRILLVILLE

