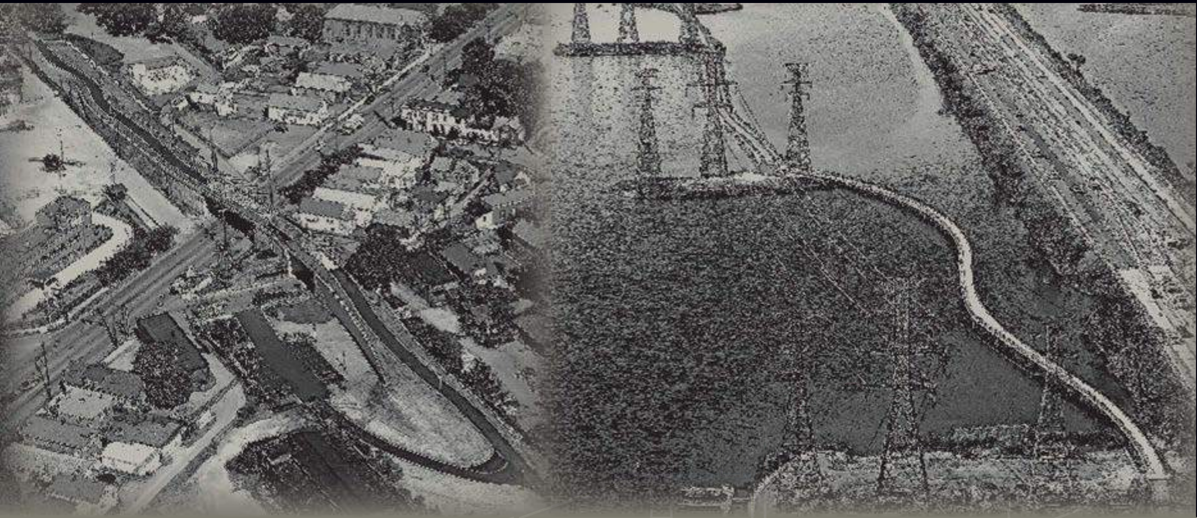


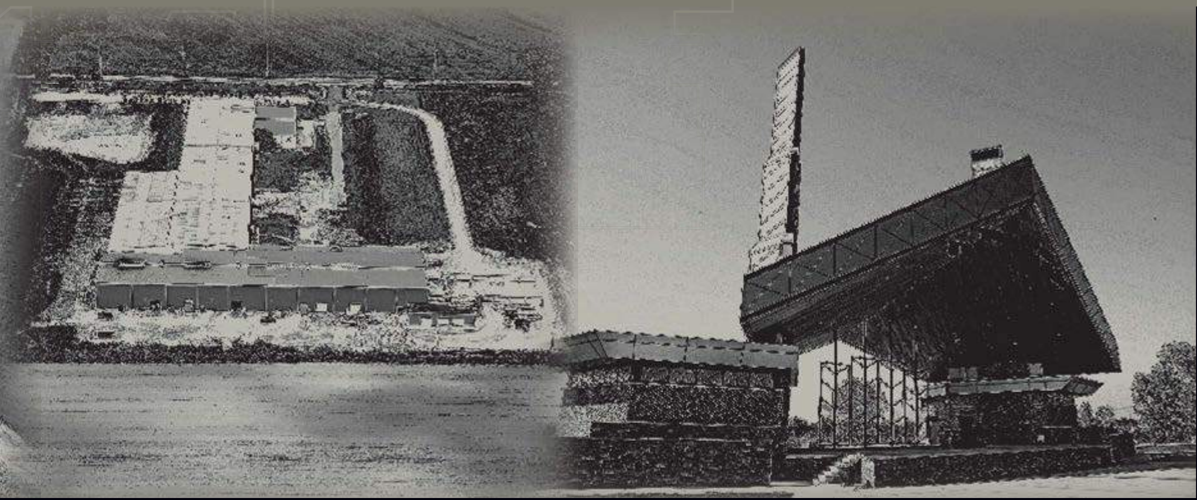
ANNUAL
REPORT

2013

Trusted.

Tested.

Results.



Northwest Indiana
RDA
Regional Development Authority

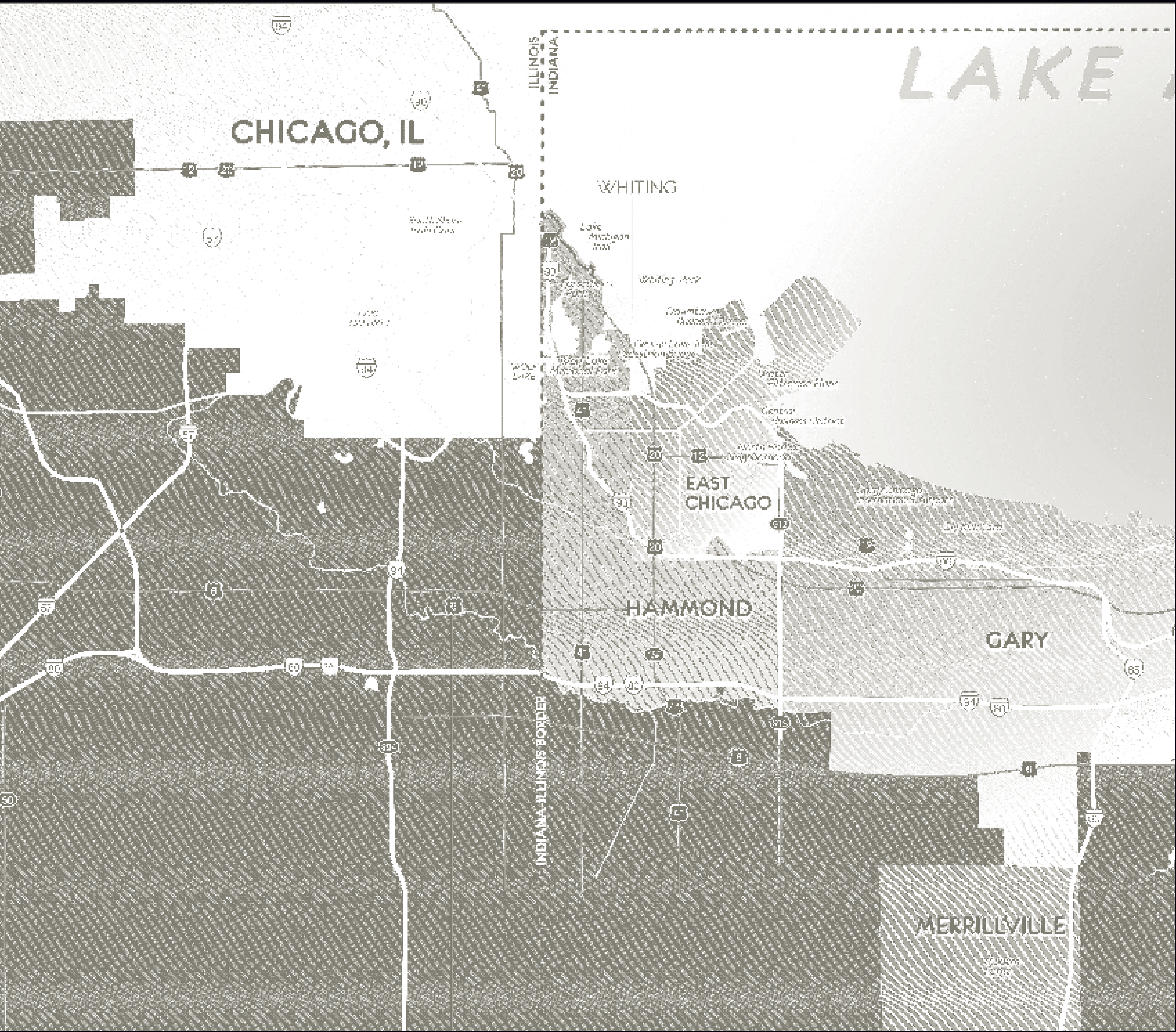

LAKE
ILLINOIS
INDIANA
CHICAGO, IL
WHITING
EAST CHICAGO
HAMMOND
GARY
MERRILLVILLE
INDIANA-ILLINOIS BORDER

Table of Contents

A Letter from the Chairman and President/CEO 4

The Board of Directors 6

Introduction: Moving Ahead 8

Surface Transportation 10

The Gary/Chicago International Airport 14

Shoreline Redevelopment 16

Economic Development 18

Other Initiatives 20

Local Contractor and MBE/WBE Participation 22

Independent Auditors' Report 24

Staff 42

From the Chairman and the President/CEO

Bill Hanna
President and CEO

Donald P. Fesko
Chairman of the Board

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 2013 annual report. For the ninth consecutive year, the RDA has passed its annual audit with flying colors while funding projects throughout the region that will have a lasting economic impact on all of Northwest Indiana.

Highlights of the past 12 months include:

- Use of $5.4 million from our **No-Interest Securitized Forgivable Loan Fund** (formerly known as the Deal-Closing Fund) to support the creation of 545 new jobs in Northwest Indiana. **Tec Air**, a designer and manufacturer of plastic air movement components and systems, received $2 million in incentives to relocate its Willow Springs, Ill. headquarters to Munster, creating up to 258 new jobs by 2016. **Pratt Industries**, America's fifth-largest largest corrugated packaging company, received $1.4 million as part of a package of local, regional and state incentives that secured a $200 million investment in Valparaiso that will create 137 new jobs. Finally, $1.575 million in incentives were provided for a new facility for **MonoSol** in Portage. The company is investing $65 million in Northwest Indiana and will create about 150 jobs in the next five years.

• Worked with the **City of Gary** and representatives from the **Gary/Chicago International Airport** on the selection of a private partner to operate the airport. We also continue to work with the airport and the three Class 1 railroads involved in order to complete the runway expansion and rail relocation project by the federal 2015 deadline.

• Approved a $17 million matching grant for the **Waterfront Revitalization Initiative** in East Chicago. The grant will help fund phase 1 of the initiative, which includes improvements at Jeorse Park Beach and the East Chicago Marina; street and overpass work; and demolition of vacant properties.

• Set aside $8 million a year in RDA funds to match local funds generated for the construction of the **West Lake Corridor.** The West Lake Corridor is forecast to carry more than 5,000 riders daily by 2033. This represents a 40 percent increase in ridership over the commuters currently taking the South Shore train into Chicago. The annual commuter income generated by the West Lake Corridor is estimated at $147.3 million, a 62 percent increase over the $237.5 million that the South Shore line commuters now bring back to Northwest Indiana. This expansion is also projected to create almost 2,000 non-commuter jobs in Northwest Indiana.

• Approved a $1.1 million grant to the **Northwest Indiana Commuter Transportation District (NICTD)** for an environmental impact study that must be completed prior to construction of the West Lake Corridor. NICTD provided $1.9 million for the study.

• Were awarded **two grants by the U.S. Environmental Protection Agency.** Working in partnership with NIRPC and the cities of Gary, Hammond and East Chicago, the RDA was awarded $800,000 in EPA funds to establish a revolving loan fund for brownfield remediation in those three cities. We were later awarded a second $600,000 grant for brownfields assessment work.

• **Selected consultants Katz Sapper & Miller to conduct a pair of feasibility studies** for a trauma center and an academic medical center in Northwest Indiana. In accordance with Indiana statute IC 36-7.5-5, the RDA must investigate whether the statistical profile of injuries annually sustained by the population of Northwest Indiana justifies the placement of one or more trauma centers in the region and, if so, what the appropriate levels of the trauma center(s) should be to care for those injuries, in terms of the trauma center rating system of the American College of Surgeons. The Indiana General Assembly also directed the RDA to examine the feasibility of developing an academic medical center in Northwest Indiana.

• Continued to fund shoreline projects in Hammond and Whiting. The RDA has granted a combined $53 million for work at **Wolf Lake in Hammond** and at the **Whiting Lakefront Park**. Both projects will be finished in 2014. Work at **Marquette Park in Gary** is substantially complete.

The Board of Directors of the RDA has taken these actions because they strongly believe in their value to the economy and quality of life of Northwest Indiana. They reflect a desire to support job creation in Lake County, open up new job opportunities via better connectivity to Chicago and enhance the region's attractiveness to families looking for a great place to live, work and play.

Donald P. Fesko

Donald P. Fesko
Chairman of the Board

Bill Hanna

Bill Hanna
President and CEO

Board of Directors

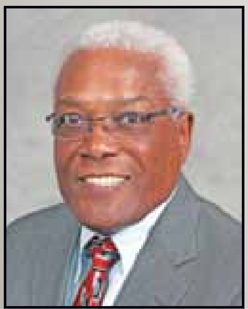
Donald P. Fesko - Governor's Appointment, Chairman of the Board

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

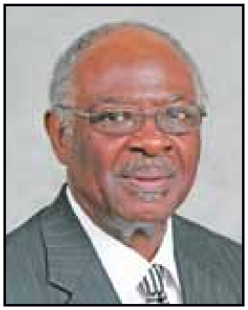
Working Groups Served: Fiscal Committee, Lakeshore Redevelopment, Chair; Economic Development

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.

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 15 boards of organizations including serving as President of the Whiting-Robertsdale Chamber of Commerce, St. Joseph's Carmelite Home Advisory Board, Northshore Health Systems, 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.

Introduction: Moving Ahead

Marquette Park, Gary, IN.

As the RDA completes its ninth year, much has changed. When the organization was created in 2006, it was a completely new idea. There were no guidelines, examples or templates. All of our successes, and all of our failures, have been hard-earned. But as a result, the RDA has gained a reputation for dealing openly and fairly, adjusting as needed and getting things done.

The expansion of the Gary/Chicago International Airport has gone from something no one ever believed would happen to the brink of completion. The Marquette Plan for the shoreline was just a plan; now it's real. Rail and bus connectivity to high-paying jobs in Chicago has been upgraded, and new companies lured to Northwest Indiana with the help of the RDA's deal-closing fund.

It's important to note that we did not accomplish this on our own. Over the past nine years, the RDA has partnered with local, state and federal governments, and with private businesses, in transforming Northwest Indiana. We appreciate all of our partners' efforts. Without them, we would not have succeeded.

Key Initiatives

The Gary/Chicago Airport project has been a very long haul for us, the airport, the City of Gary and everyone else involved, but the end is in sight. Over the past nine years we've moved power stations, rerouted train tracks, built bridges, cleaned up environmental contamination at multiple sites and laid down most of a new runway extension. Progress was made recently on one of the final priorities, an agreement between the three Class 1 railroads involved to move their operations off the old tracks, after which the final phase of the extension can be finished. We've also seen development at and around the airport begin to spring up. The final $7 million in RDA grant monies remaining for the project were recently transferred to the airport and will be used to complete the railroads' move to the new tracks.

The Lake Michigan shoreline has been transformed in Hammond, Whiting, Gary and Portage. All these projects are complete or are scheduled to be complete by the third quarter of 2014. Further shoreline work continues in East Chicago and Porter. We are particularly proud of the lakefront project in Whiting, which has had a tremendous impact on the city. On Whiting's web site, Mayor Joe Stahura calls the RDA grant that fueled development of the park as "the single most important event in his tenure as mayor." They now have a lakefront venue for recreation and events, a new stadium, new housing and recently broke ground on a new mixed-use development – a four-story building with commercial space on the ground level and luxury apartments above – that will be the first new building of its kind in the city in 60 years. The vibrant downtown boasts shops, restaurants and a brewpub, making Whiting a destination location.

The RDA has been part of seven economic development deals to date, five in Lake County and two in Porter. The RDA's investment was relatively small, about $10 million, but has helped bring almost a thousand jobs and half a billion in investment to the region.

When those economic development jobs are combined with the jobs that, according to our 2012 ROI analysis, will be created by the shoreline and Gary Airport projects by 2025, as well as the construction jobs generated in those two areas, there are close to 5,500 jobs that have been or will be created by the efforts of the last nine years.

The West Lake Corridor

Our plans for the next decade are equally ambitious. With one single project, the West Lake Corridor, the RDA can fuel the creation of an estimated 7,600 jobs (all permanent). By focusing on connectivity to Chicago and Transit-Oriented Development (TOD) here in Northwest Indiana, we can drive economic development and improve quality of life.

This focus leverages existing projects on the shoreline and at the Gary/Chicago International Airport, and will help build a more diverse workforce that will, in turn, make the region more attractive for companies looking to relocate to Indiana.

Trusted:
RDA's successful partnerships with local, state, federal and private organizations.

- Cities of Gary, Hammond and East Chicago
- Cities of Whiting, Valparaiso, Portage, Merrillville and Munster; Towns of Porter, Burns Harbor and Pines
- Counties of Lake and Porter
- State of Indiana
- Little Calumet River Basin Development Commission
- Federal Aviation Administration
- Federal Transit Administration
- Environmental Protection Agency
- Department of Housing and Urban Development
- Northern Indiana Commuter Transportation District
- Northwestern Indiana Regional Planning Commission
- Office of Congressman Peter J. Visclosky
- Indiana Economic Development Corporation
- Indiana Department of Environmental Management
- Indiana Department of Natural Resources
- Indiana Finance Authority
- Indiana Department of Transportation
- Canadian National, Land o' Frost, Tec Air, Modern Forge, AM Manufacturing, MonoSol and Pratt Industries

Tested:
RDA created in 2006.

- Gary Airport expansion
- Shoreline redevelopment
- Rail and bus transportation
- Economic development

Results:
Projects in all four focus areas completed or nearing completion.

- Gary/Chicago International Airport
- Economic Development
  - Kirk Yard
  - Modern Forge
  - Land O'Frost
  - Tec Air
  - AM Manufacturing
  - Pratt Industries
  - MonoSol
- Marquette Plan
  - Wolf Lake
  - Whiting Lakefront
  - Marquette Park
  - Portage Lakefront
  - Jeorse Beach
- Rail & Bus Transportation
  - ChicaGo Dash
  - NICTD Rail Cars

Dune Park Station, Chesterton, IN.

Surface Transportation: Creating Connections

When *Site Selection* magazine released its analysis of business growth in major cities around the country in 2013, it contained both good news and bad for Northwest Indiana. To the good, the Chicago metro area, of which the region is a part, was the No. 1 metro area in the U.S. for corporate investment. The magazine counted 373 new and expanding businesses in the area last year. Their total investment was $2.8 billion, and they created more than 10,000 jobs.

The bad news? Virtually all those companies were on the Illinois side of the border. Despite Indiana's tax advantage over Illinois and the state's lower cost of living, only a few companies invested in Lake, Porter and La Porte counties. At the same time, the lack of options for commuting into Chicago from Northwest Indiana meant Hoosiers had a harder time competing for those thousands of new Chicago jobs.

This is why numerous groups and leaders around Northwest Indiana, including ConNext, an umbrella organization for several young professionals groups in Lake and Porter counties; the Regional Development Authority (RDA); the heads of major universities; county and municipal leaders; and Congressman Pete Visclosky, have joined together to champion expanded South Shore service in Northwest Indiana. “This is a generational imperative,” Congressman Visclosky says. Northwest Indiana faces a declining and aging population, dwindling household income and a growing lack of opportunity. Yet just over the state line, he notes, is a vibrant city with an economy the size of Sweden’s. The only way to reverse trends here is to connect more closely with the economy there.

> The tri-state Chicago MSA ranks as the eighth-largest economy in the world and third-largest in the U.S.

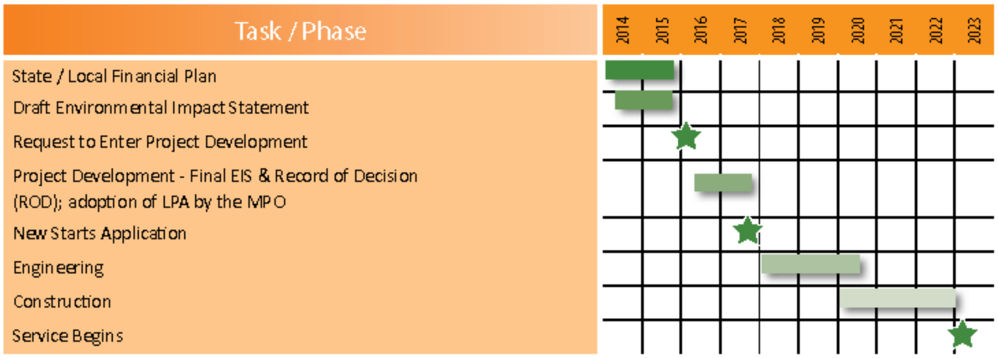
The numbers are compelling. The Chicago Metropolitan Statistical Area (MSA) is a tri-state economy – Illinois, Indiana and Wisconsin – with a population of 9.5 million people living in 14 counties. It ranks as the eighth-largest economy by GDP in the world and the third-largest in the U.S., behind only New York City and Los Angeles. There are 4.5 million jobs in the Chicago MSA – more than in the entire state of Indiana. An investment by Northwest Indiana counties and the state in more closely connecting the region’s workforce to the job generator that is Chicago will reap long-term economic benefits.

The extension, also known as the West Lake Corridor, will create jobs, increase property values and make Northwest Indiana a more attractive place to live. And by increasing connectivity to Chicago, where the same job pays almost 40 percent more than it does in Northwest Indiana, the project also creates more opportunity for our children. They don’t have to leave to pursue a career.

The federally required NEPA environmental study for the West Lake Corridor, which would run from Hammond to Dyer along the old Monon line, is underway. The $571 million project will be paid for with a combination of federal, local and RDA funds. The RDA has pledged $8 million annually for the project, and Congressman Visclosky has spearheaded an effort to raise an additional $8 million annually from local and county governments. So far, Lake County and many communities within it have agreed to provide funds for the extension.

A glance at U.S. Census data shows there is plenty of room for growth in Northwest Indiana commuting. Between 29 percent and 40 percent of

West Lake Extension POTENTIAL IMPLEMENTATION SCHEDULE



Benefits of West Lake Corridor Extension

Developing a line extension of the South Shore service into Lake County would bring the following benefits:

- Create nearly 2,000 non-commuter jobs in Northwest Indiana
- Connect thousands of area residents to high-paying Chicago jobs
- Entice economic development
- Provide an alternative mode of transportation to driving
- Lower commuting costs
- Increase NICTD system ridership
- Increase property values near stations
- Attract and retain families and younger residents to the region

Conceptual Alignment for
WEST LAKE CORRIDOR

residents of the counties surrounding Cook County in Illinois commute into Cook County to work. But only about 20 percent of Lake County residents, and just six percent of Porter County residents, do the same, despite similar travel distances. Because of our lack of connectivity to Chicago, Northwest Indiana doesn't get its "fair share" of either job opportunities in Chicago, or business development in the metro area.

Still, what the region does get from current riders of the South Shore line is significant. According to NICTD's most recent ridership survey, the average household income of South Shore riders is $82,400. Nearly half – 47% – of households have annual incomes of $75,000 or more, and 31% have annual incomes exceeding $100,000. More than 4 in 10 current riders (43%) are company officers, managers/ supervisors, professionals or technical specialists.

If opened on schedule (by 2023) the West Lake Corridor project is forecast to increase total ridership on the South Shore system by approximately 5,600 riders by 2033. This represents a 40% increase in ridership over the commuters currently transported into Chicago. The commuter income returned to the region by these new riders is $147.3 million annually, a 62% increase over the $237.5 million that the South Shore line commuters now bring back to Northwest Indiana.

The West Lake Corridor project is forecast to increase total ridership on the South Shore system by approximately 5,600 riders by 2033.

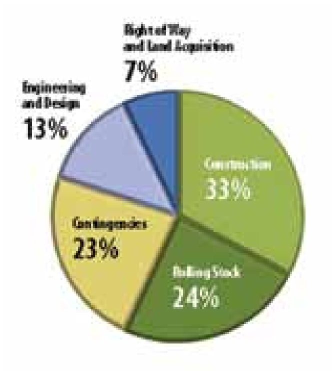
That money, when spent in Northwest Indiana, adds to the local economy in the form of increased employment, wages and regional production. The West Lake Corridor and related improvements are projected to add 1,984 jobs to the Northwest Indiana economy. Efficiencies are projected to generate $2.5 billion in economic output and $1.3 billion in gross regional product.

The South Shore line with the West Lake Corridor investment will also create overall efficiencies for the region's transportation networks. These investments will save approximately 300,000 vehicle miles traveled daily – saving time, conserving fuel, decreasing congestion and reducing environmental damage for the citizens of Northwest Indiana.

The West Lake Corridor is just one project of many identified in NITCD's new 20-Year Strategic Business Plan, completed in 2014 in cooperation with the RDA. The plan calls for about $1.6 billion in investment (including the cost of the West Lake extension) in the South Shore over the next 20 years. This includes new rail cars, station upgrades, double-tracking and realignments in South Bend and Michigan City. Most of these projects are

Passengers board a train at Dune Park Station.

Capital Costs CATEGORIES



* Contingencies are part of the FTA Cost Categories Template and reflect the level of detail known at the time of the 2009 feasibility study.

Project Capital Cost:

- $571 million (to Dyer)

Proposed Cost Distribution:

- 50% of capital costs paid with federal funds
- 50% of capital cost is allocated to local sources (Lake County)

eligible for up to 50% federal funding. Other projects in Lake and Porter counties identified in the plan include:

• Construction of a high-level boarding platform at Portage/Ogden Dunes station. This will speed boarding at the station and reduce travel time to Chicago. It would cost about $7 million.

• Consolidate or improve stations in Gary. The plan presents two options for Gary's three current stations. One option is to close the Miller Beach and Gary Metro stations and build a new station near the terminus of I-65. This would cost about $38 million. A second option is to close the Clark Road stop near the Gary/Chicago International Airport, and rebuild the existing Gary Metro and Miller stations with high-level boarding platforms. At $54 million, this is the more expensive option.

• Build a continuous double track between Gary and Michigan City. Right now, the South Shore line features two tracks from Chicago to Gary, but then narrows to a single track (with a few long passing sidings) to Michigan City. Double-tracking the entire route would greatly reduce commuting times from Porter and LaPorte counties. The cost is estimated at $98 million.

In addition to the economic benefits of rail investment, the plan represents the fulfillment of an obligation to future generations, says Regional Development Authority Vice-Chairman Harley Snyder.

"If you think about it in terms of the infrastructure we all enjoy and utilize in Northwest Indiana today, unless we do something to improve that tomorrow, it won't be here for those who follow us," he said. "Somebody paid for what we have today. It's our obligation, but also our opportunity to do so for those who come tomorrow."

The new runway at the Gary/Chicago International Airport.

The Gary/Chicago International Airport: Taking Wing

Events at the Gary/Chicago International Airport, site of a $174 million runway expansion and railroad relocation project funded jointly by the RDA, the Federal Aviation Administration and the City of Gary quickened over the course of 2013 and the early months of 2014. The rail portion of the project, including the installation of new tracks and construction of a new vehicle overpass, is substantially complete. All that remains is for the railroads using the old tracks to move operations to the new tracks.

On May 5, 2014, the CSX Transportation, Inc. (CSX) and Norfolk Southern Railway (NS) submitted a joint notice of track removal and relocation to the Surface Transportation Board (STB), the federal agency with regulatory authority over railroad issues. The notice to the STB contemplates removing CSX's "Ft. Wayne" line from its current location and combining it with NS's "Gary Branch." Currently, the Ft. Wayne line intersects with the newly constructed Canadian National (CN) line. Regulatory approval to remove the Ft. Wayne intersection is needed before CN can transfer its rail operations to the newly constructed CN line. Once operations are transferred, the existing CN rail line can be demolished and the runway expansion can proceed. The joint STB filing is the first major step toward that end.

Most of the new runway has already been laid down northwest of the existing tracks. Once the old rail line is removed and any environmental remediation completed, the remainder of the runway and signaling equipment can be installed. Deadline for completion of the project is December 2015.

The railroad filing was preceded by the January announcement of a new public-private partnership (P3) between the city, the airport and Aviation Facilities Company Inc./AvPORTS (AFCO), Guggenheim Securities and Loop Capital. Included in their agreements is a $100 million total investment in the airport and the City of Gary over 40 years. This includes an investment of $25 million in the first three years and a $300,000 investment in workforce development as well as performance incentives for revenue growth and profit sharing with the airport and the City of Gary.

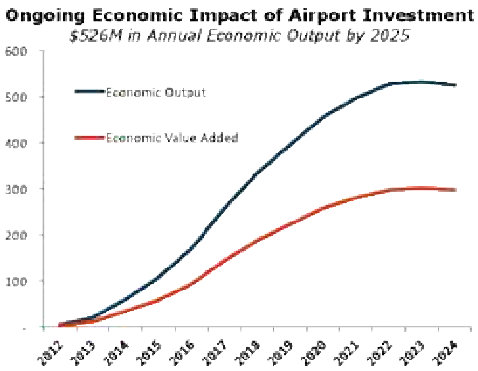
AFCO, based in Northern Virginia, is an industry leading airport management firm with over 80 years of experience successfully managing similarly situated airports and other airport related infrastructure throughout the country. RDA Vice-Chairman Harley Snyder was one of six members of an ad hoc committee that reviewed P3 proposals submitted to the airport and made recommendations to the Airport Authority Board and the Mayor of Gary.

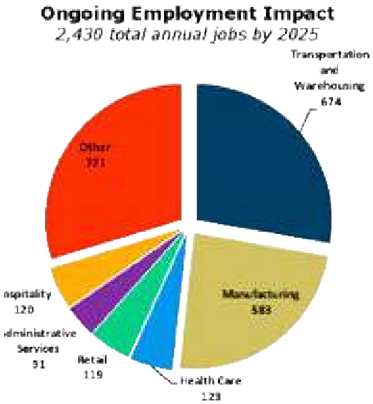
The RDA is pleased with the progress demonstrated by the airport over the past year and we remain confident that the runway extension will be completed prior to deadline.

The two sections of the runway will be joined once railroad tracks are removed.

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.





Key Provisions of the New Gary Airport P3

- The management and development agreements each carry a term of up to 40 years and include a **30%** goal for local participation, **20%** for disadvantaged and minority owned businesses, as well as **5%** for women and veteran owned businesses.
- Master plan to include a 10-year proposed investment and action plan intended to achieve a **$100 million investment over 40 years**
- **$25 million invested in first 36 months** ($10 million in first 18 months, $15 million within the next 18 months)
- **$2.5 million new development/ investment** that can be executed during the 6 months after the effective date
- **$15,000 expenditure goal** within first three months for workforce/ community development
- **$300,000 in workforce development over three years** ($50,000 in first year, $100,000 in second year, $150,000 in third year)
- City of Gary to share in **20% of net profits** of city property contributed, sold or leased for development.


1

Shoreline: A New Dawn

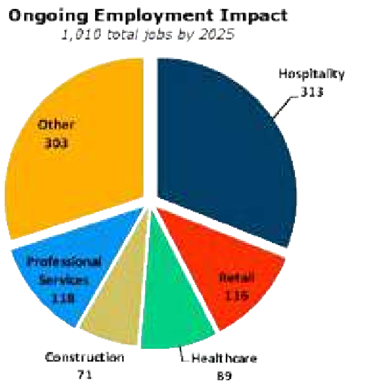
The RDA's shoreline initiatives, done in accordance with the Marquette Plan, were largely complete as of summer 2014. The Marquette Park restoration project, winner of the 2014 Cook Cup from Indiana Landmarks, has been finished. The last major piece of the Wolf Lake project in Hammond, a boardwalk over the lake connecting Hammond's trails to ones in Illinois, opened this past spring. Work on the Whiting Lakefront continues, but the major projects are done and everything is scheduled to be completed by the third quarter of 2014.

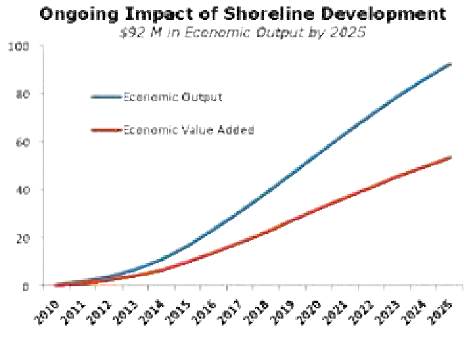
The one remaining major shoreline project being funded by the RDA is in East Chicago. In November, the Board of Directors approved a $17 million matching grant for the Waterfront Revitalization Initiative in East Chicago. The grant will help fund phase 1 of the project, which includes improvements at Jeorse Park Beach and the East Chicago Marina; street and overpass work; and demolition of vacant properties.

East Chicago has already invested more than $20 million in the North Harbor community and this grant will allow the city to better connect the neighborhood to the lakeshore and set the stage for economic development. Between this investment, other city and INDOT projects, and the new Cline Avenue bridge, East Chicago is set to make a dramatic transformation in just the next few years.

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.





Shore Snapshot

1 Whiting Lakefront Park

Grant Inception: 2008
Construction Begun: 2010
Completed: Q3 2014
RDA Funds: $22,008,225
Leveraged Funds: $24,788,000
Total: $46,796,225

2 Wolf Lake Revitalization

Grant Inception: 2009
Construction Begun: 2010
Completed: Q3 2014
RDA Funds: $31,000,000
Leveraged Funds: $22,782,700
Total: $52,782,700

3 Gary East Marquette Park

Grant Inception: 2009
Construction Begun: 2011
Completed: Q2 2014
RDA Funds: $28,190,000
Leveraged Funds: $1,000,000
Total: $29,190,000

The changing landscape of Northwest Indiana: before (top right) and after (above) photos of the Modern Forge facility in Merrillville.

Economic Development: Creating Jobs

The RDA continues to work in cooperation with the Indiana Economic Development Corporation (IEDC) to bring new jobs and investment to the region. In 2011, the RDA Board of Directors created a Deal-Closing Fund – since renamed the No-Interest Securitized Forgivable Loan Program – in order to act as a gap-filler for the IEDC on economic development projects should the need arise. Since then, RDA and IEDC have partnered seven times to bring nearly 1,000 new jobs to Northwest Indiana.

In September 2013, the RDA pledged $1.4 million from as part of a package of local, regional and state incentives that secured a $200 million investment by Pratt Industries, Inc., in Valparaiso. The expansion is projected to create up to 137 new jobs.

Then in February of 2014, the RDA approved the use of $400,000 to help bring AM Manufacturing to Munster. The Dolton, IL-based business manufactures equipment for the bakery and food industry. They will invest $2.75 million in a new facility in Munster, creating roughly 40 new jobs over the next few years.

Finally in June, the RDA approved $1.575 million to aid in the construction of a new facility for MonoSol in Portage. The Merrillville-based company is investing $65 million to build a 300,000-square-foot facility that will be operational in 2016 and create up to 150 jobs by 2020. The company already has about 300 full-time employees in Indiana.

Executives and local officials, including RDA President and CEO Bill Hanna (left) and board member Jeff Good (second from left) break ground on the company's $260 million expansion in February.

Gov. Mike Pence (center) speaks with RDA Chairman Don Fesko before the groundbreaking ceremony for Land O'Frost last October. The company is building a new corporate headquarters in Munster.

RDA DEAL-CLOSING FUND ACTIVITY 2011-2014

COMPANY	JOBS	RDA	LEVERAGED FUNDS	TOTAL INVESTMENT
CN Kirk Yard (Gary)	119	$1.9 million	$141 million	$142.9 million
Modern Forge (Merrillville)	240	$2 million	$37.9 million	$39.9 million
Land O'Frost (Munster)	50	$750,000	$6.4 million	$7.15 million
Tec Air (Munster)	258	$2.45 million	$15 million	$17.45 million
AM Manufacturing (Munster)	40	$400,000	$2.28 million	$2.68 million
Pratt Industries (Valparaiso)	137	$1.4 million	$260 million	$261.4 million
MonoSol (Portage)	150	$1.575 million	$65 million	$66.575 million
TOTAL	994	$10.48 million	$527.58 million	$538.06 million

Other Initiatives: Regional Work

In addition to its major projects, the RDA is also participating in a number of other projects of regional significance.

NWI Brownfields Coalition

Northwest Indiana has a long, proud history of industrial manufacturing, and thousands of residents are still employed today by the region's large steel and energy companies. But this history has taken a toll on the environment that must be addressed in order to make future development viable. Accordingly, the RDA has joined forces with local, state and federal agencies in order to establish a fund to identify and clean up contaminated sites, better known as "brownfields."

In 2013, the U.S. Environmental Protection Agency (EPA) awarded the RDA $800,000 to establish a revolving loan fund for brownfield remediation in the cities of Gary, Hammond and East Chicago. The RDA was one of 240 grant recipients who received $62.5 million from the EPA's Brownfields Assessment, Revolving Loan Fund and Cleanup (ARC) grants. The RDA grant was one of just five awarded in Indiana, and the largest outside of Indianapolis.

"This EPA grant will help clean up contaminated properties in Northwest Indiana," Region 5 Administrator Susan Hedman said. "The grant will spur redevelopment, help build new housing and create jobs in Gary, Hammond and East Chicago."

In 2014, the RDA was granted an additional $600,000 by EPA for brownfield assessment work.

The grant coalition and community-based groups, including the Northwestern Indiana Regional Planning Commission (NIRPC) Lakeshore and Gary Chambers, the Downtown Hammond Council, Foundations of East Chicago, Pulaski Park Neighborhood Association, East Chicago Community Health Center and the Shirley Heinz Land Trust will conduct outreach efforts to inform the public about the projects, their goals and benefits, and employment opportunities. In 2002 and 2009, Gary was awarded EPA funds to establish a Brownfields and Green Jobs Training Program, graduates of which will be eligible to work on these cleanup projects.

These grants represent the RDA's ongoing partnership with EPA. Previously, EPA has provided $1 million for dredging of the Marquette Park lagoons and $350,000 for storm water mitigation projects in the Miller Beach neighborhood surrounding Marquette Park. Both of those EPA grants resulted from the RDA's $28 million Marquette Park restoration project.

Before

After

Thorgren Basin

The $500,000 Thorgren basin project in Valparaiso has restored a stormwater basin to its natural state. Funded largely by a grant from the Great Lakes Restoration Initiative, the RDA provided $20,000 for a sidewalk and viewing area. The basin contains storm water after rains so plants and soil can filter out pollutants before the water is discharged into Salt Creek, which flows into Lake Michigan. Water from more than 500 homes and businesses drains into Thorgren basin. Stormwater management is an important part of maintaining our investment in the Lake Michigan shoreline.

Dunes Kankakee Trail

RDA Chief Operating Officer Sherri Ziller (third from left) joined local officials at the Indiana Dunes National Lakeshore in July 2013 to break ground for the newest section of the Dunes Kankakee Trail.

This section of the trail will stretch from the entrance to the Dunes back across the new bridges over routes 12 and 20 and connect to the Dorothy Buell Memorial Visitor Center. Nearby communities including Chesterton, Porter and Valparaiso have drawn up plans to connect to link in their own trails, creating a network that would provide trail access to the Dunes from all around northern Porter County.

Funding for the project comes from several sources, including RDA grants to Porter for its Gateway to the Dunes initiative, a $500,000 federal matching grant secured by Congressman Peter Visclosky (pictured at far right) and local funds from the town of Porter.

Sheraton Hotel Demolition

The RDA awarded the City of Gary a $200,000 grant toward the demolition of the abandoned Sheraton hotel. The city is combining RDA funds with both its own and federal dollars to remove the eyesore from downtown Gary. The first major step, asbestos removal, has been completed and demolition began in July of 2014, with a completion date of October.

Local Contractor and MBE/WBE Participation

The new conservatory at Wolf Lake in Hammond.

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. The results of the most recent report on MBE/WBE participation, covering the period from March 1, 2013 to May 31, 2014, are presented in the table on the opposite page.

ODS also found that more than 85 percent of the 211 companies working on these projects during the period were Northwest Indiana firms. These companies employed 958 workers, 43.3 percent of whom were residents of Lake and Porter counties. These workers earned $1.163 million in wages working on these projects.

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 $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.

• 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 FEBRUARY 28, 2014, GRANTEES REPORTED THE FOLLOWING:

PROJECT NAME	% COMPLETED	AWARD AMOUNT	MBE EXPENDITURES	WBE EXPENDITURES
East Chicago Water Filtration Plant	95%	$98,750.00	$96,881.72 550% above goal	$1,868.28 40% of goal
Gary East Marquette Park (all phases)	95%	$28,224,651.29	$1,263,207.96 At goal	$850,232.64 300% above goal
Hammond Lakes Area	95%	$27,980,000.00	$3,961,761.50 95% of goal	$3,158,188.04 125% above goal
East Chicago Gateway	72%	$3,900,000.00	$393,758.58 68% of goal	$39,858.00 21% of goal
Town of Porter (Phase 1)	100%	$667,781.60	$148,878.08 50% above goal	$17,485.87 53% of goal
Whiting Lakefront Development Project	91%	$19,455,000.00	$2,766,028.24 At goal	$1,137,211.75 17% above goal
Gary Chicago International Airport Expansion Project	75%	$30,000,000.00	$5,120,011.45 14% above goal	$2,660,058.47 75% above goal

2013 Independent Auditors' Report

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

WHITTAKER & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
PLLC

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

www.cawhittakercpa.com

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, 2013 and 2012, 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, 2013 and 2012, 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 26 through 29 and Budgetary Schedule 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 34) 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
January 31, 2014

Management's Discussion and Analysis
for the years ended December 31, 2013, 2012 and 2011

The following discussion and analysis of Northwest Indiana Regional Development Authority's (the "Authority") financial performance provides an introduction and overview of the Authority's financial activities for the year ended December 31, 2013. Please read this discussion in conjunction with the Authority's financial statements and the notes to financial statements immediately following this section.

FINANCIAL HIGHLIGHTS

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 2012 and smaller funded projects in the prior year.

2012

• Operating revenues for 2012 of $27,598,942 decreased by $162,028 compared to fiscal year 2011. This decrease is primarily due to the Authority receiving less federal funding from the USDA Forest Service program to fund the Valparaiso PES project.

• Operating expenses for 2012 of $31,722,172 increased by $23,411,772 compared to fiscal year 2011. This increase is primarily due to the Authority approving a grant for an Airport expansion project in the amount of $30,000,000 and other smaller funded projects.

2011

• Operating revenues for 2011 of $27,760,970 increased by $260,970 compared to fiscal year 2010. This increase is due to receiving a refund from the Valparaiso Express Bus grant and the RDA being the recipient of USDA Forest Service grant monies. The RDA is serving as the fiscal agent for the USDA Forest Service grant and makes payments directly to the contractor for their services related to this grant. Altogether, these statutory operating revenues continue to be affected by the growing receivables for the City of Gary, due to that unit's well documented fiscal crisis.

• Operating expenses for 2011 of $8,310,400 decreased by $12,133,320 compared to fiscal year 2010. This decrease is primarily due to the Authority approving fewer projects as compared to fiscal year 2010.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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

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

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

The *Statements of Cash Flows* 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 the Basic 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 Financial Statements begin on page 13.

In addition to the basic financial statements, this report includes Additional Information. The Additional Information section presents the 2013 Supplemental Schedule for Supporting Services on page 26 and Budgetary Comparison Schedule on page 27.

FINANCIAL ANALYSIS

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

In 2013, 2012 and 2011, the state of Indiana provided $10,000,000 of funding to the Authority.

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 assets at December 31, 2013, 2012, and 2011 is as follows:

NET ASSETS

	2013	2012	2011
Current assets	$88,754,244	$83,395,650	$92,079,835
Total current assets	88,754,244	83,395,650	92,079,835
Property and equipment Furniture & Fixtures, net	3,287	6,883	7,885
Long-term assets	2,110,000	3,570,000	6,000,000
Total assets	90,867,531	86,972,533	98,087,720
Current liabilities	30,887,760	52,797,824	59,975,385
Total current liabilities	30,887,760	52,797,824	59,975,385
Total liabilities	30,887,760	52,797,824	59,975,385
Unrestricted	59,979,771	34,174,709	38,112,335
Total liabilities and net assets	$90,867,531	$86,972,533	$98,087,720

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 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.

2012

Current assets decreased by $11,114,185 primarily due to an increase in the overall amount of funds the Authority used on current projects.
The 2012 decrease in current liabilities $7,197,563 was due to a decrease in accounts payable and grants payable.

The 2012 long-term assets decreased from 2011 due to the outstanding loan to the Little Calumet River Basin Development Commission schedule for payment to occur within the next year. Because of this, the amount has been reclassified to short-term in the amount of $2,430,000.

2011

Current assets increased by $6,144,405 primarily due to a decrease in the overall amount of funds the Authority used on current projects. The Authority also experienced an increase of $475,000 in the accounts receivable from the City of Gary.

The 2011 increase in current liabilities of $14,473,820 was due to the Authority approving projects in the current and prior fiscal years and payments being due within one year according to grant schedules which were approved at the time of awarding the grant.

The 2011 long-term assets remained the same as the prior fiscal year due to the outstanding loan to the Little Calumet River Basin Development Commission not having been repaid.

The 2011 decrease in long-term liabilities of $28,001,133 is due to a decrease in grants payable according to the schedule of draws from the grantees.

CHANGES IN NET ASSETS

	2013	2012	2011
Operating revenues	$27,521,072	$27,598,942	$27,760,970
Operating expenses	1,873,049	31,722,172	8,310,401
Operating income	25,648,023	(4,123,230)	19,450,569
Non-operating revenue	117,039	149,401	217,100
Period Restatement	40,000	36,202	0
Change in net assets	$25,805,062	$(3,937,627)	$19,667,669

2013

Operating revenues for year 2013 were $27,521,072 while operating expenses for 2013 were $1,873,049 resulting in operating income for 2013 of $25,648,023. A period restatement in the amount of $40,000 was made due to the initial grant award to the Town of Pines being made for $200,000 but the final amount awarded being $160,000, resulting in a net adjustment of $40,000. 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.

2012

Operating revenues for year 2012 were $27,598,942. Operating expenses for 2012 were $31,722,172. Operating loss for 2012 was ($3,937,627). This decrease was primarily due to an increase in the Authority's program expenses.

Non-operating revenue of $149,401 was due to investment interest income. Period restatement in the amount of $36,202 was made to properly report grants payable for grants which closed.

2011

Operating revenues for year 2011 were $27,760,970. Operating expenses for 2011 was $8,310,401. Operating income for 2011 was $19,450,569 resulting in an increase of $12,394,289 from prior fiscal year 2010. This increase in operating income was primarily due to a decrease in the Authority's program services expenses.

Non-operating revenue of $217,100 was due to investment interest income.

OPERATING EXPENSES

	2013	2012	2011
Salaries and wages	$556,380	$437,054	$362,259
Professional fees	593,337	764,708	699,307
Program Services	618,729	30,413,737	7,165,936
Other	104,603	106,673	82,899
Total operating expenses	$1,873,049	$31,722,172	$8,310,401

2013

The increase in salaries and wages of $119,326 in 2013 was due to a prepayment for payroll services being made to the State Budget Agency in the amount of $42,000 during December 2013. The increase was also due to an accrual of approximately $38,900 being made for accrued payroll and vacation. Additionally, the increase related to the hiring of the Executive Assistant, whom, in the past, was an independent contractor. Finally, the increase in salaries and wages resulted from staff cost of living adjustments.

The decrease in professional fees in 2013 of $171,371 is due to the Authority's decreased use of project planning and due diligence services.

2012

The increase in salaries and wages of $74,795 in 2012 was due to staffing the Communication Manager position.

The increase in professional fees in 2012 of $65,401 is due to the Authority's increased use of project planning and due diligence services.

2011

The increase in salaries and wages of $44,829 in 2011 was due to a contract employee who began service in September 2011. Additionally, a payment to the State Budget Agency to settle a negative balance was made in June 2011.

The increase professional fees in 2011 of $126,963 is due to the Authority's increase in project related oversight and planning for new projects. Also, the Authority engaged consultants for federal grant writing purposed in 2011.

ChANgES iN CAShFLOWS

	2013	2012	2011
Cash from activities:			
Operating	$5,273,326	$(13,012,875)	$7,263,924
Investing	117,039	149,401	217,175
Financing	(3,596)	(3,124)	
Net change in cash	5,386,769	(12,866,598)	7,481,099
Cash:			
Beginning of the year	72,322,318	85,188,916	77,707,817
End of the year	$77,709,087	$72,322,318	$85,188,916

2013

As of December 31, 2013, the Authority's available cash of $77,709,087 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.

2012

As of December 31, 2012, the Authority's available cash of $72,322,318 decreased by $12,866,598 compared to December 31, 2011. This decrease in cash is due to the increase in the outlay of cash to fund program services.

2011

As of December 31, 2011, the Authority's available cash of $85,188,916 increased by $7,481,099 compared to December 31, 2010. This increase in cash is due to a decrease in the outlay of cash to fund program services.

FACTORS BEARING ON THE FUTURE

During 2014, the Authority awarded grants to NICTD NEPA for Gap Fill (up to $1M), allocated up to $8 million annually to Support West Lake, and provided funding awards for NICTD Engineering/Operations Study ("Bikes on Train") in the amount of $5,000, and a contract award for a Trauma Center and Academic Medical Center Feasibility Studies Grants (up to $500,000; reimbursable by the State). These awarded funds and contracts are not considered grants until signed by the Chairman of the Board.

The Authority will continue to entertain funding applications from its four targeted investment areas as well as other qualifying economic development projects.

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.

CN Kirk Yard, Gary, IN.

Northwest Indiana Regional Development Authority

STATEMENT OF FINANCIAL POSITION

For the Years Ended December 31, 2013 and 2012

	2013	2012
ASSETS		
Current assets		
• Cash and cash equivalents (Note 2)	$77,709,087	$72,322,318
• Accounts receivable (Note 1)	9,521,072	8,625,000
• Note receivable - due within one year (Note 5)	1,460,000	2,430,000
• Prepaid expenses	64,085	18,332
Total current assets	**$88,754,244**	**$83,395,650**
Property and equipment		
• Furniture, fixtures & leasehold improvements (Note 3)	49,157	49,157
Total property and equipment	49,157	49,157
• Accumulated depreciation	(45,870)	(42,274)
Total property and equipment (net)	**$3,287**	**$6,883**
Long-term assets		
• Note receivable - due after one year (Note 5)	2,110,000	3,570,000
Total long-term assets	2,110,000	3,570,000
Total assets	**$90,867,531**	**$86,972,533**
LiABiLiTiES AND NET ASSETS		
Current liabilities		
• Accounts payable and accrued expenses	122,447	58,144
• Accrued payroll and vacation	38,889	-
• Grants payable -due within one year (Notes 1 and 6)	30,726,424	52,739,680
Total liabilities	**$30,887,760**	**$52,797,824**
Net assets		
• Unrestricted	59,979,771	34,174,709
Total liabilities and net assets	**$90,867,531**	**$86,972,533**

See accompanying notes to the basic financial statements.

Northwest Indiana Regional Development Authority

STATEMENT OF ACTIVITIES

For the Years Ended December 31, 2013 and 2012

	2013	2012
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
• Other	21,072	25,000
Total Support	**$27,521,072**	**$27,598,942**
EXPENSES		
Program Services		
• Sheraton Hotel	200,000	-
• NICTD	275,000	-
• City of Gary, Phase III	100,000	-
• Indiana Landmark	25,000	-
• Marquette Plan	18,729	
• Town of Pines	-	200,000
• USDA Forest Service (PES Grant)	-	93,942
• NIRPC	-	119,795
• Gary/Chicago International Airport	-	30,000,000
Total Program Services	**$618,729**	**$30,413,737**
Supporting Services		
• Salaries & professional services	1,149,717	1,201,762
• Operating expenses	101,007	102,546
Total Supporting Services	**$1,250,724**	**$1,304,308**
• Depreciation expense	3,596	4,127
Total Expenses	**$1,873,049**	**$31,722,172**
Non-operating revenue (expense)		
Interest Income	117,039	149,401
Total non-operating revenue	117,039	149,401
Change in Net Assets	25,765,062	(3,973,829)
Net Unrestricted Assets - Beginning of Year	34,174,709	38,112,336
Period Restatement (Note 8)	40,000	36,202
Net Unrestricted Assets - End of Year	**$59,979,771**	**$34,174,709**

See accompanying notes to the basic financial statements.

Northwest Indiana Regional Development Authority

STATEMENT OF CASH FLOW

For the Years Ended December 31, 2013 and 2012

	2013	2012
Cash flows from operating activities		
• Fee revenue and repayments	$37,004,804	$26,722,521
• Little Calumet repayment	2,430,000	-
• Payments to employees for services	(533,705)	(437,054)
• Payments to grantees for awarded contracts	(32,971,788)	(38,407,539)
• Payments to other suppliers for goods and services	(655,985)	(890,803)
Cash flows from operating activities	**5,273,326**	**(13,012,875)**
Cash flows from investing activities		
• Investment interest income	117,039	149,401
Net cash from investing activities	**117,039**	**149,401**
Cash flows from financing activities		
• Purchase of fixed assets and leasehold improvements	(3,596)	(3,124)
Net cash from investing activities	**(3,596)**	**(3,124)**
Net change in cash and cash equivalents	5,386,769	(12,866,598)
Cash and cash equivalents at beginning of year	72,322,318	85,188,916
Cash and cash equivalents at end of year	**$77,709,087**	**$72,322,318**

RECONCILiATiON OF OPERATiNg iNCOME TO CASh FLOWS PROViDED BY OPERATiNg ACTiViTiES:

	2013	2012
Operating income	$25,805,062	$(3,917,832)
Interest income	(117,039)	(149,401)
Depreciation expense	3,596	4,127
Changes in assets and liabilities		
• (Increase) in accounts receivable	(896,072)	(1,750,000)
• Decrease in notes receivable	2,430,000	-
• (Increase) in prepaid expenses	(45,753)	(2,412)
• Decrease/(Increase) in accounts payable and other accruals	64,303	(21,148)
• (Decrease) in grants payable	(21,970,771)	(7,176,209)
Cash flows from operating activities	**$5,273,326**	**$(13,012,875)**

See accompanying notes to the basic financial statements.

Northwest Indiana Regional Development Authority

SUPPLEMENTAL SCHEDULE OF SUPPORTING ACTIVITIES

For the Years Ended December 31, 2013 and 2012

	2013	2012
SALARIES & PROFESSIONAL SERVICES		
Professional Fees		
Accounting	$36,120	$29,750
Communications/marketing consultant	405	21,349
Compliance consultant	50,800	63,500
Federal/State consultant	191,641	-
Financial Advisor	103,325	140,142
Human resources consultant	4,500	17,851
Legal	88,070	75,483
Planning consultant	21,250	
Project specific consultant	28,310	174,745
Public awareness and education	68,916	-
Salaries and related personnel costs	556,380	437,054
Special consultant	-	241,888
Total Salaries & Professional Services	**$1,149,717**	**$1,201,762**

	2013	2012
OPERATING EXPENSES		
Bank charges	$ -	$111
Background check		$68
Conferences	(500)	817
Fees and licenses	69	-
Insurance	15,417	12,998
Meals and entertainment	8,502	8,723
Membership dues	-	520
Office supplies	4,893	13,634
Postage	668	96
Professional development	2,126	-
Rent	48,074	38,118
Telephone, phone and fax services	5,959	5,391
Travel	7,888	12,594
Tuition reimbursement	7,910	9,477
Total Operating Expenses	**$101,007**	**$102,546**

See accompanying notes to the basic financial statements.

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 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). 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 was $73,924 which leveraged local matches from the RDA.

Accounts Receivable
At December 31, 2013 the RDA had outstanding receivables in the amount of $9,521,072 which related to the Cities of Gary and Hammond being delinquent on installments in the amounts of $6,875,000 and $2,625,000, respectively.

During 2013, the Authority agreed to perform a feasibility study to determine whether a trauma center and an academic medical center would be beneficial and feasible for Northwest Indiana. In the Authority's determination and research, the State of Indiana agreed to reimburse the Authority up to $500,000 relating to costs incurred as a result of the study. At December 31, 2013, the Authority had spent $21,072 for services relating to the study of which is to be reimbursed by the state.

At December 31, 2012 the RDA had outstanding receivables in the amount of $8,625,000 which comprised of the cities of Gary and Hammond 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 during the current period, 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. Expenses that have occurred but not invoiced through the financial statement date are considered accrued expenses. At December 31, 2013 and 2012, the Authority had accounts payable and accrued expenses in the amounts of $122,447 and $58,144, respectively.

Accrued Payroll
Wages, salaries, and related payroll taxes and benefits that have been earned by the Authority's employees but not yet paid are considered accrued payroll. At December 31, 2013, accrued payroll was $14,351.

Accrued Vacation
The amount owed to employees as of the financial statement for the amount of vacation pay that has been earned but not taken is considered accrued vacation. At December 31, 2013, accrued vacation was $24,538.

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, 2013 and 2012, the total grants payable amounts were $30,726,424 and $52,739,680, respectively.

Beginning Balance	$52,739,680
Increase	$618,729
(Decrease)	$(22,631,985)
Ending Balance	$30,726,424
Due Within One Year	$30,726,424

As of the date of the financial statements, the board had approved the following grants; however, necessary requirements for the grant agreements had not been met. Upon requirements being met, the Organization could incur, if certain grants were signed, a liability in the aggregate amount of approximately $21,925,000 as follows:

City of Valparaiso (Lift Station Upgrade)	$200,000
Town of Munster (Tec-Air)	$2,400,000
South Shore Clean Cities (Dunes Transportation)	$75,000
Shifting Sands (Documentary)	$50,000
City of Hammond (New York Avenue)	$200,000
City of East Chicago (Economic Development)	$17,000,000
Town of Kouts (Land Acquisition)	$200,000
City of Gary (Canadian National)	$1,800,000
Total	$21,925,000

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 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, 2013 and 2012, 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 thirty-six month (36) rental agreement for office space and supply reimbursement with a two year option to renew. The RDA has chosen to renew the lease term which will expire May 31, 2015. The monthly lease amount, which is due at the beginning of each month, is $3,723. The following is the remaining obligation due for the rental agreement:

YEAR ENDED	AMOUNT
December 31, 2014	$ 44,676
May 31, 2015	$22,338
total	$67,014

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, 2013 and 2012, $800,000 and $1,000,000, 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, 2013 and 2012, respectively, the remaining portion of $76,909,087 and $71,322,318 was 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 straight line method. Depreciation expense at December 31, 2013 and 2012 was $3,596 and $4,127, respectively. Property and Equipment at year end consist of the following:

	2013	2012
Furniture & Fixtures	$37,655	$34,531
Leasehold Improvements	11,502	11,502
Less: Accumulated Depreciation	(45,870)	(42,274)
Net Furniture & Fixtures	$3,287	$6,883

NOTE 4 – PUBLIC EMPLOYEES' RETIREMENT FUND

The organization 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 PERF, was $12,634. 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 $44,273. These contributions represent 9.7% of covered payroll for 2013. To obtain more information please visit the Public Employees' Retirement Fund at www.in.gov/perf.

NOTE 5 – NOTE RECEIVABLE

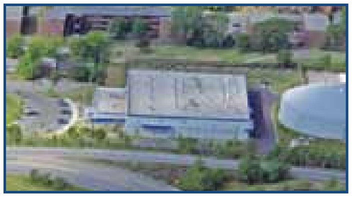
In 2006, the RDA agreed to loan $6,000,000 to the Little Calumet River Basin Development Commission. The amount due to the Authority from the Little Calumet River Basin Development Commission at December 31, 2013 and 2012 was $3,570,000 and $6,000,000, respectively.

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, 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

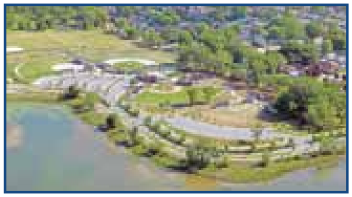
Since the inception of the RDA, there have been contracts awarded for approved projects within Northwest Indiana. Because not all awarded contracts have been completed, the RDA has remaining commitments of $30,726,424 at December 31, 2013 as follows:

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 12-31-2013	*$2,115,043.50*
Remaining Balance at 12-31-2013	*$1,784,956.50*
Percent (%) Complete as of 12-31-2013	*54%*
Expected Completion Date	*December 2014*



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 12-31-2013	*$225,000*
Remaining Balance at 12-31-2013	*$1,755,000*
Percent (%) Complete as of 12-31-2013	*11%*
Expected Completion Date	*December 2014*

Project Name	hammond Lakes Area
Nature of Project	*Shoreline Restoration*
Date Awarded	*January 8, 2009*
Initial Total Project Cost	*$31,480,000*
Add-ons or Change Orders	*N/A*
Cost Through 12-31-2013	*$26,850,051.29*
Remaining Balance at 12-31-2013	*$4,629,948.81*
Percent (%) Complete as of 12-31-2013	*85%*
Expected Completion Date	*December 2014*



Project Name	Marquette Park Lakefront East
Nature of Project	*Shoreline Restoration*
Date Awarded	*June 23, 2009*
Initial Total Project Cost	*$28,190,000*
Add-ons or Change Orders	*$100,000*
Cost Through 12-31-2013	*$27,970,708.16*
Remaining Balance at 12-31-2013	*$219,291.84*
Percent (%) Complete as of 12-31-2013	*96%*
Expected Completion Date	*December 2014*

Project Name	Porter gateway to the Dunes
Nature of Project	*Shoreline Restoration*
Date Awarded	*November 17, 2009*
Initial Total Project Cost	*$1,816,500*
Add-ons or Change Orders	*N/A*
Cost Through 12-31-2013	*$1,799,900.18*
Remaining Balance at 12-31-2013	*$16,599.82*
Percent (%) Complete as of 12-31-2013	*100%*
Expected Completion Date	*December 2014*

Project Name	Porter gateway to the Dunes (grant 2)
Nature of Project	*Shoreline Restoration*
Date Awarded	*July 7, 2011*
Initial Total Project Cost	*$3,915,000*
Add-ons or Change Orders	*N/A*
Cost Through 12-31-2013	*$1,629,186.10*
Remaining Balance at 12-31-2013	*$2,285,813.90*
Percent (%) Complete as of 12-31-2013	*42%*
Expected Completion Date	*December 2014*

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 12-31-2013	*$13,903,366.91*
Remaining Balance at 12-31-2013	*$5,541,633.09*
Percent (%) Complete as of 12-31-2013	*72%*
Expected Completion Date	*December 2014*

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 12-31-2013	*$16,121,664.14*
Remaining Balance at 12-31-2013	*$13,878,335.86*
Percent (%) Complete as of 12-31-2013	*85%*
Expected Completion Date	*December 2014*

Project Name	Town of Pines
Nature of Project	*Challenge Grant – Studies/Due Diligence*
Date Awarded	*November 20, 2012*
Initial Total Project Cost	*$200,000*
Add-ons or Change Orders	*N/A*
Cost Through 12-31-2013	*$ 0.00*
Remaining Balance at 12-31-2013	*$160,000.00*
Percent (%) Complete as of 12-31-2013	*100%*
Expected Completion Date	*December 2014*

Project Name	Sheraton hotel Challenge grant
Nature of Project	*Soils and Materials*
Date Awarded	*November 27, 2013*
Initial Total Project Cost	*$200,000*
Add-ons or Change Orders	*N/A*
Cost Through 12-31-2013	*$45,154.25*
Remaining Balance at 12-31-2013	*$154,845.75*
Percent (%) Complete as of 12-31-2013	*45%*
Expected Completion Date	*July 2014*

Project Name	NiCTD
Nature of Project	*Strategic Business Plan*
Date Awarded	*May 7, 2013*
Initial Total Project Cost	*$275,000*
Add-ons or Change Orders	*N/A*
Cost Through 12-31-2013	*$ 0.00*
Remaining Balance at 12-31-2013	*$275,000.00*
Percent (%) Complete as of 12-31-2013	*100%*
Expected Completion Date	*April 2014*

Project Name	indiana Landmarks
Nature of Project	*Indiana Landmarks*
Date Awarded	*October 29, 2013*
Initial Total Project Cost	*$25,000*
Add-ons or Change Orders	*N/A*
Cost Through 12-31-2013	*$ 0.00*
Remaining Balance at 12-31-2013	*$25,000.00*
Percent (%) Complete as of 12-31-2013	*0%*
Expected Completion Date	*November 2014*

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 city" under Indiana Law 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 City of Gary's current delinquent balance equals $6,875,000. Gary did make payments of $3.5 million during 2012 and 2013. Payment of the delinquent amount which has accrued over the last four to five years will be evaluated and determined on the basis of what occurs with the Majestic Star Casino revenue settlement. The City of Gary makes RDA payments from its casino revenue.

In addition to the "Local Funding" received by the RDA, the RDA enabling legislation provides that the RDA would receive ten million dollars per year for a period of ten years from the proceeds of the lease of the Indiana Toll Road. Under that original allocation, the last ten million dollar payment from the State of Indiana is due in 2015. The RDA is currently engaged in an effort to secure "reauthorization" of the State of Indiana allocation from the Indiana General Assembly. Obviously the result of that effort is not yet known but the Authority remains confident that the effort will result in a reallocation of state funding.

NOTE 8 – PERIOD RESTATEMENT

The Town of Pines grant was originally approved for $200,000. Upon completion of the signed grant agreement, the total amount awarded amounted to $160,000 resulting in a net adjustment of ($40,000) to the Authority.

During the 2012, 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 February 27, 2014 which is the date these financial statements were available to be issued. Subsequent events requiring recognition as of December 31, 2013 have been incorporated into these financial statements.

During 2014, the Authority awarded grants to NICTD NEPA for Gap Fill (up to $1M), allocated up to $8 million annually to Support West Lake, and provided funding awards for NICTD Engineering/Operations Study ("Bikes on Train") in the amount of $5,000, and a contract award for a Trauma Center and Academic Medical Center Feasibility Studies Grants (up to $500,000; reimbursable by the State). These awarded funds and contracts are not considered grants until signed by the Chairman of the Board.

Staff

Bill Hanna
President and Chief Executive Officer

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

Sherri Ziller
Chief Operating Officer

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

Jillian Huber
Grants Manager

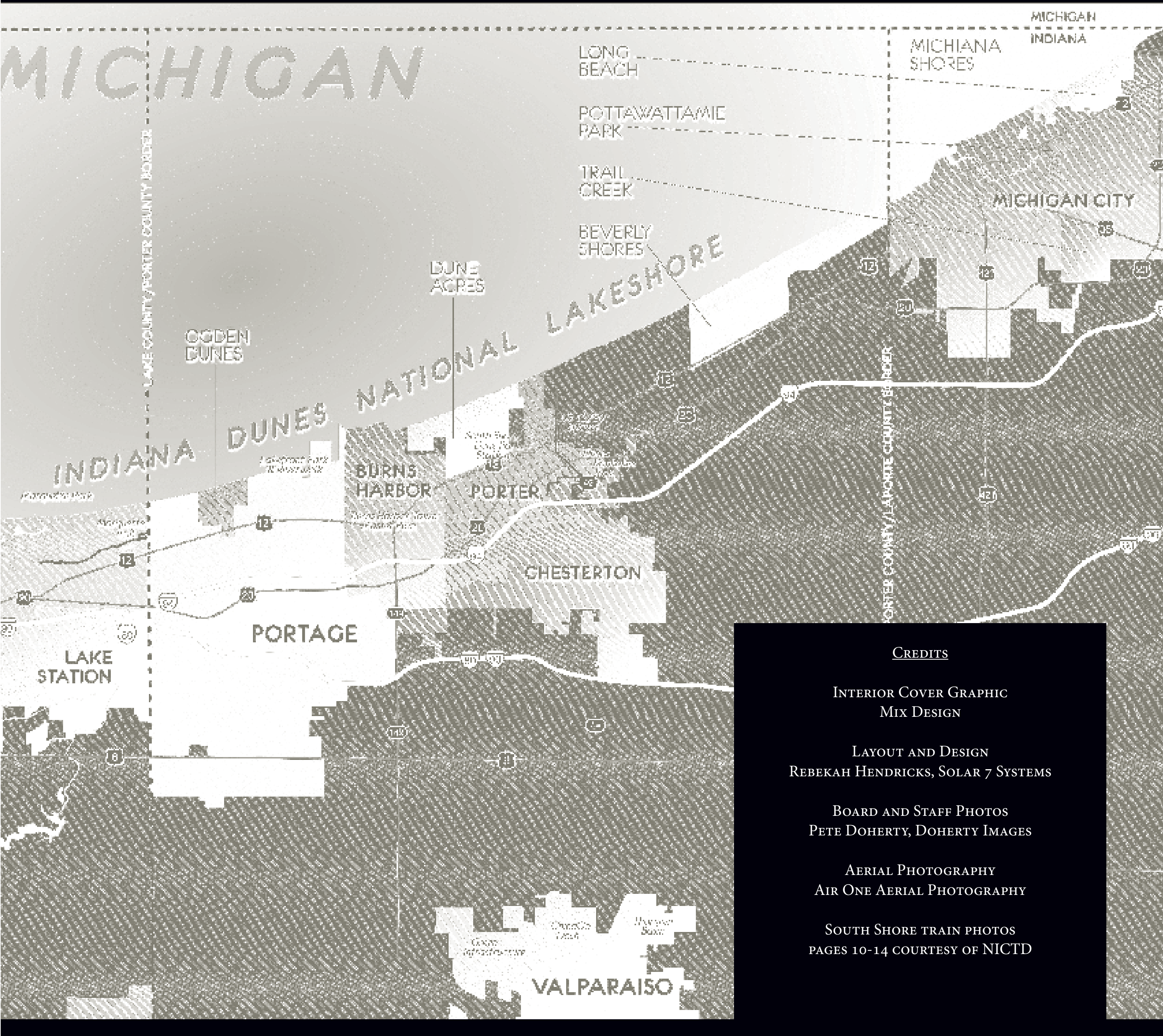
Jillian Huber serves as the Grants Manager for the RDA. Jillian currently oversees the financial and record-keeping aspects of the RDA grants program and all outside grants received by the RDA. She works closely with internal program staff to ensure accurate financial reporting and procedural compliance 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 external partners and compiles non-financial data for the preparation of internal reports, compliance reports, and grant billings. Jillian has a bachelor's degree in Labor Studies from Indiana University, and is currently pursuing her Master's in Public Administration.

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. 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.



<u>Credits</u>

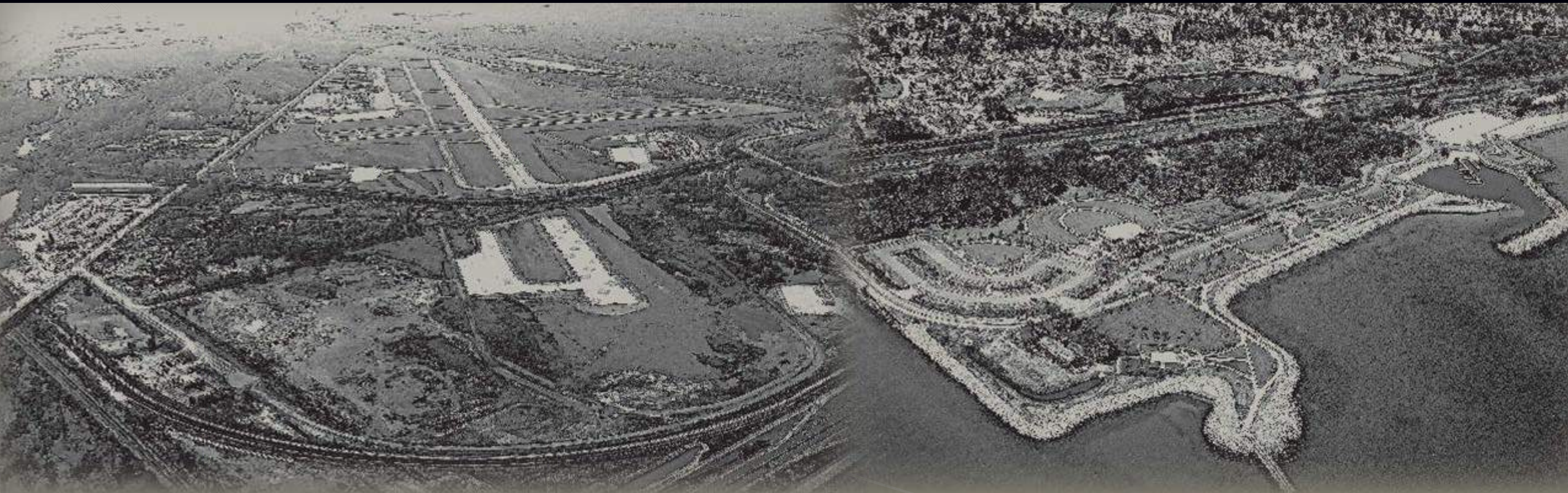
Interior Cover Graphic
Mix Design

Layout and Design
Rebekah Hendricks, Solar 7 Systems

Board and Staff Photos
Pete Doherty, Doherty Images

Aerial Photography
Air One Aerial Photography

South Shore train photos
pages 10-14 courtesy of NICTD



Northwest Indiana
RDA
Regional Development Authority

Northwest Indiana Regional Development Authority
9800 Connecticut Drive • Crown Point, IN 46307
Phone: (219) 644-3500 • Fax: (219) 644-3502

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

www.facebook.com/RDACatalyst
Twitter @nwi_rda