

STATE OF INDIANA

Eric J. Holcomb
Governor

STATE BUDGET AGENCY
212 State House
Indianapolis, Indiana 46204-2796
317-232-5610

Jason D. Dudich
Director

September 1, 2017

Ms. Lucy Garliauskas, Associate Administrator
Office of Planning and Environment
Federal Transit Administration
1200 New Jersey Avenue, SE, East Building
Washington, D.C. 20590

RE: West Lake Corridor and Double Tracking of the South Short Line
Fiscal Year 2019 New Starts and Core Capacity Financial Planning/Rating Submittal

Dear Associate Administrator Garliauskas:

Introduction

The purpose of this letter is to provide a brief description of the West Lake Corridor and Double Track Project, the breadth of its economic effect on Northwest Indiana and the commitment by the State of Indiana (the "State") and certain of its local communities to finance this transformational economic and community development Project.

The Project

The Governor of the State of Indiana, the Indiana General Assembly and certain of the State's local communities have agreed to support and fund the West Lake Corridor and the Double Tracking of the South Shore Line (collectively, the "Project", and individually, West Lake and Double Track), which are also referred to as a Rail Project pursuant to Ind. Code 36-7.5-4.5-12. The Northwest Indiana Regional Development Authority ("RDA") has been working in concert with the South Shore Line's operator, the Northern Indiana Commuter Transportation District ("NICTD"), to accomplish the Project. As you are aware, this group has also been working in collaboration with the Federal Transit Administration to advance the Project, which will expand NICTD's South Shore Line ("SSL"), will create new rail based transportation services for communities in Northwest Indiana and will serve as a catalyst for further economic growth in this region.

The Project includes construction of (i) a new north south rail line with four station stops from Hammond, Indiana to Munster/Dyer Indiana (the "West Lake"), and (ii) a second rail line adjacent to the existing SSL (the "Double Track"). Both phases will include new signaling, communications, bridges, track infrastructure and rail station improvements. It is anticipated that rail service will begin in late 2020 for the Double Track and late 2022 for

West Lake. The Project will provide increased operational capacity to meet current and future ridership demands and will improve travel times and safety for the only existing commuter rail line connecting Northwest Indiana with the greater Chicago Metropolitan region.

Economic Effect of the Project

The RDA is particularly focused on using the new and refurbished rail stations as anchors to grow residential and commercial development in the served communities (the “Transit Oriented Development”). It is expected that the increased access to employment centers and destinations resulting from the Project, together with the planned Transit Oriented Development within Northwest Indiana, will produce \$2.5 billion in direct investment, 5,700 jobs and more than \$500 million in State sales and income tax revenue, over the next two decades. Thus, the Project is a critical component to the overall economic development vision and goal for the entirety of Northwest Indiana, and a boon to the State as a whole.

Commitment to the Project

The State has demonstrated its collective support and commitment to the Project, beginning in 2015, when the Indiana General Assembly passed, and then-Governor Mike Pence signed, House Enrolled Act 1001-2015 (the “2015 Act”), which: (i) includes the State’s commitment to seek appropriations from the State’s general fund in the amount of \$6 million per year for West Lake; and (ii) granted the RDA the authority and responsibility to plan, fund and finance the Project in concert with NICTD and other community stakeholders. In 2017, the Indiana General Assembly and Governor Eric Holcomb provided funding for the Double Track, in the same fashion as the State had done previously for West Lake, pursuant to House Enrolled Act 1001-2017 (the “2017 Budget Bill”). The 2017 Budget Bill extended the financial commitments from the 2015 Act, building on the rail project financing language passed therein, appropriated \$6 million per year beginning in 2018, and authorized the State to commit to seek appropriations to pay its share of the capital cost of the Double Track.

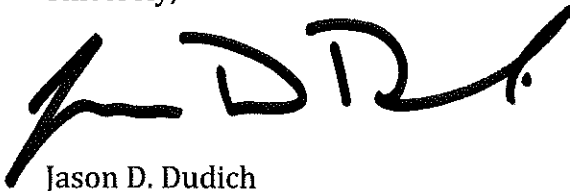
To summarize the State’s commitment to the Project, it has already enacted appropriations for payment of a portion of the cost of the Project and has made a commitment to seek further appropriations to finance its share of the cost of the overall Project. Additionally, pursuant to legislation enacted in 2015 and 2017 by the Indiana General Assembly, the RDA will work hand in hand with the State and various local units of government, which are also providing significant funds for the payment of the costs of the Project. A substantial portion of the costs of the Project to be paid by the State, the RDA and the local units of government will be financed by instruments issued by the Indiana Finance Authority (the “IFA”).

Thus, in coordination with the State, the IFA, and the local units of government, the State and local funding commitment has been approved and enacted to ensure that the State/Local funding portion of the Project meets the FTA requirements. The State, the RDA, NICTD and local units now are looking forward to the Federal Transit Administration to complete its processes and approve funding so that the Project can go forward and become a reality.

Conclusion

We sincerely thank the Federal Transit Administration for taking the time to consider our request and the importance of this Project to our State. If you have any questions regarding the foregoing, please do not hesitate to contact me directly at 317-232-5610 or JDudich@sba.in.gov.

Sincerely,

A handwritten signature in black ink, appearing to read 'JDudich', with a stylized flourish at the end.

Jason D. Dudich
State Budget Director
State of Indiana

Cc: Governor Eric Holcomb, State of Indiana
Senator Joe Donnelly, U.S. Senator, Indiana
Senator Todd Young, U.S. Senator, Indiana
Congressman Peter Visclosky, U.S. Representative, 1st Congressional District, Indiana
William Q. Hanna, President & CEO, Northwest Indiana Regional Development Authority
Michael Noland, President, NICTD/South Shore Line