



**NORTHERN INDIANA
COMMUTER TRANSPORTATION DISTRICT**

33 E. U.S. HIGHWAY 12 • CHESTERTON, IN 46302-3514

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**NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT
SPECIAL BOARD MEETING
November 9, 2015
Northern Indiana Commuter Transportation District
33 East U.S. Highway 12
Chesterton, IN 46304-3514
Public Session – 10:00 a.m. (CST)**

BOARD MEMBERS PRESENT:

John Evans
Mark Catanzarite
Christine Cid

Jim Biggs
Michael Repay
David Pranckus

OTHERS PRESENT:

Harold Williamson – Passenger
Paul Willer – Passenger

Greg Price – Passenger
Ryan Dykes – AC Inc.

STAFF PRESENT:

Michael Noland
Chuck Lukmann, Esq.
Anthony Siegmund
Joe Crnkovich

John Parsons
Boris Matakovic
Laura Harrington

Keith Casey
Robert Byrd
Lisa J. Johnson

CALL TO ORDER

Board Chairman, Mr. Evans, called the meeting to order and asked that those present stand for the Pledge of Allegiance.

PUBLIC COMMENT

No public comment.

GENERAL MANAGER'S REPORT

Dune Park Station. Mr. Noland stated that we hope to be done with this station by early December. We are upgrading the veranda, ADA ramp, and railings. The restrooms are also being upgraded. We are using the balance of funds remaining from the high level platform project from a couple of years ago.

Positive Train Control Extension. Mr. Noland reported PTC was extended. He expressed his thanks to the Board, riders, and the Indiana Congressional delegations for their bipartisan effort in extending the deadline –Indiana led the nation. We were out there unanimously in favor and vocally out front early. He reported that NICTD now has until December 31, 2018 to get Positive Train Control implemented.

West Lake Corridor DEIS Workshops. Mr. Noland informed the board that we have three public workshops scheduled this week. We will be in Dyer tonight, in Hammond on Tuesday night and Thursday night we will be in Munster. We are using the workshops to bring everyone up to date on the study's progress, show artist renderings of station and facility design options, and answer questions.

Regional Cities Grant. It is not likely that the Regional Cities Grant will be given to the Northwest Indiana RDA in support of double tracking. Mr. Noland explained that while the news is disappointing, we knew it was an uphill battle going in. On a positive note, double tracking is now front and center and there is a lot of support for it now in Indianapolis and public now has a good concept of the situation and needs.

RESOLUTION 15.07 – A RESOLUTION OF THE BOARD OF TRUSTEES OF THE NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT AUTHORIZING THE ISSUANCE OF REVENUE BONDS OF THE DISTRICT AND REGARDING CERTAIN RELATED MATTERS.

Mr. Noland stated that Parsons Transportation Group has been approved at the last Board Meeting in negotiated contracts for approximately \$80,000,000.00, to cover Parsons' contract and an additional \$10,000,000 short term note to cover mobilization costs in advance of the bond closure date anticipated in mid-January. Mr. Noland introduced Phil Faccenda from Barnes & Thornburg (NICTD's bond counsel) and Carl Cender (NICTD's financial advisor). Mr. Cender assisted in the preparation of the requirements for the request for qualifications process for the bond underwriters. Fourteen firms submitted proposals for the bond underwriting. Mr. Lukmann has summarized next steps including the fact that once the bonds have been procured, the contracts must be approved by INDOT.

Mr. Lukmann summarized the current status regarding the bond process. Under the contract with Parsons Transportation Group, the first payment is due in mid-December. We will need approximately \$10,000,000.00 between now and the anticipated finalization of the \$90,000,000.00 bond issue. The \$10,000,000.00 will be paid in full with the \$90,000,000.00. There is a \$4,000,000.00 initial payment with \$2,000,000.00 monthly payments. The bulk of the money on the contract will be paid out between April 2016 and April 2017. We received a tremendous response from potential bond underwriters offering highly competitive rates. The underwriter selected is Bank of America Merrill Lynch.

Phil Faccenda discussed the two proposed changes in the bond resolution requested by the underwriter. The first consists of clarification of two items concerning (1) when payments are due as well as (2) annual maturities rather than semi-annual maturities. The second proposed change is on the bottom of page four where the underwriter requests a specific reference to term bonds. Term bonds are essentially serial bonds that are a marketing piece. Several serial maturities are bundled to the buyer and they are treated as one bond. They operate as a serial maturity, but they represent one bond. As an overview of the bond resolution it grants \$99,000,000.00 authority on the project, which provides for short-term financing of interim notes. He pointed out that the NICTD statute does not provide for bond anticipation notes but it does allow for notes. The Board will pledge the same revenue stream for the bonds as they will for the notes. The notes will be in a smaller amount. There is a separate section covering the notes. The cap interest rate on the notes will be less than 4%. The max interest rate on the bonds will be 7%. Multiple underwriters recommend that NICTD go out and independently obtain financing versus going through the state bond bank. NICTD might in fact save money by not going through the state.

The security for the bonds is going to be a pledge of both the Commuter Rail Service Fund (CRSF) and the Electric Rail Service Fund. That is statutory. It is anticipated that the SITUS tax in the CRSF will be more than sufficient to cover the debt service on the bonds. NICTD's use of the SITUS tax is limited to debt service and other capital improvements. That has been the source of backing for prior bonds that have been issued by NICTD. By pledging the entire Commuter Rail Service Fund and the Electric Rail Service Fund, the coverage will be outstanding for these bonds. The underwriters were very excited by the pledging of additional revenues even though it is not necessary from a commercial bond placement perspective. It is statutory and provides for a tremendous amount of coverage for these bonds. This should help obtain a very competitive rate because of the coverage. We anticipate closing on an interim financing in early December, and closing on the final financing in the spring.

Mr. Cender discussed that fourteen underwriting firms responded to his request for qualifications and that they were narrowed down to the top two firms. The fees quoted to us from Bank of America Merrill Lynch was \$2.13 per bond (per \$1,000), and that is a fabulous rate. They also have a great deal of transportation bond experience. Ms. Cid asked for a repeat of the fee amount. Mr. Cender responded that \$2.13 per bond would for \$90,000,000.00, would equal approximately \$192,000.00.

Keith Casey described the bond process and gave a financial status of how we will pay for the bonds to the Board. Mr. Lukmann formally read the title of Resolution 15-07, and he requested and recommended a motion be made by the Board to approve the Resolution along with the two amendments discussed earlier.

Michael Repay motioned to approve the resolution. The motion was seconded by Christine Cid. Mr. Evans stated that this is the beginning and a major step for the railroad to move into the future. The motion was approved unanimously.

ADJOURNMENT

Mr. Evan called for a motion to adjourn. Ms. Cid made the motion to adjourn. The motion was seconded by Mr. Biggs. It was so moved. The next NICTD Board Meeting is scheduled for November 20, 2015.

Respectfully submitted,



Christine Cid, Board Secretary

LJJ 11/09/15