

6-2-2017

June 2, 2017

**VOLUNTARY NOTICE TO HOLDERS OF INDIANA FINANCE AUTHORITY
TAX-EXEMPT PRIVATE ACTIVITY BONDS (I-69 SECTION 5 PROJECT),
SERIES 2014 (THE "BONDS")**

**CUSIP NUMBERS 45506DLJ2; 45506DLK9; 45506DLL7; 45506DLM5;
45506DLN3; 45506DLP8; 45506DLQ6; 45506DLS2; and 45506DLR41**

**NOTE: THIS NOTICE CONTAINS IMPORTANT INFORMATION. IF APPLICABLE,
ALL DEPOSITORIES, CUSTODIANS, AND OTHER INTERMEDIARIES RECEIVING
THIS NOTICE ARE REQUESTED TO EXPEDITE RETRANSMITTAL TO
BENEFICIAL OWNERS OF THE BONDS REFERENCED ABOVE IN A TIMELY
MANNER.**

The Indiana Finance Authority ("IFA") has previously entered into a Continuing Disclosure Agreement dated as of July 23, 2014 with respect to the Bonds. The IFA has previously entered a Nondisclosure Agreement ("NDA") with certain bondholders, which was executed for the purpose of determining if an agreement can be secured between IFA and the holders of a sufficient principal amount of the Bonds. The NDA has expired as of 3:00 p.m. (Eastern) on June 2, 2007. The NDA provided that upon termination of the NDA, IFA will disclose to the market on EMMA certain information that was provided to bondholders under the NDA. In connection with this voluntary notice, IFA makes no determination that such information is material non-public information or that such information is relevant to holders of the Bonds or prospective holders of the Bonds.

Specifically, IFA provided the following information:

1. IFA provided a summary of IFA's computation of estimated costs to complete the I-69 Section 5 Project ("Project") described in the Public Private Agreement ("PPA") between IFA and the I-69 Development Partners ("Developer"), which Project was financed in part by the Bonds. Such summary was prepared in anticipation of IFA potentially exercising its step-in rights to address a Developer Default (as defined in

the PPA). The summary is set forth in the attached. As of the filing of this notice, no Developer Default has been declared.

2. IFA provided to bondholders, at their request, a bond pricing evaluation by IFA's consultant on which IFA's negotiation position was based.
3. IFA referred bondholders to publically available information regarding projected costs for O&M, lifecycle and insurance that was submitted by Developer as part of its proposal for the Project (available on IFA's website via the following link: http://www.in.gov/ifa/files/Exhibit_2-I_Cost_Tables_Redacted.pdf), which projection does not include sales and use taxes for O&M and lifecycle costs.
4. IFA advised that, although there has been no agreed change to the Baseline Substantial Completion Date or Long Stop Date set forth in the PPA, IFA currently assumes Substantial Completion can be achieved by August 31, 2018.

Per IFA's analysis, under certain circumstances, the PPA would permit IFA to undertake certain actions that may produce a recovery to holders of the Bonds a recovery of less than the principal amount. However, in order to secure control of the completion of the Project by IFA and resolve outstanding issues, IFA has sought to negotiate a settlement with the holders of the Bonds, over a period of several days, pursuant to which IFA would redeem the Bonds by paying termination compensation under the PPA. Upon a negotiated settlement, the funding of such termination compensation amount would be provided from the proceeds of bonds that would be expected to be issued by IFA by September 1, 2017. IFA's most recent offer was an amount equal to the sum of: the principal amount of all Bonds, plus accrued interest to the redemption date, plus release of the debt service reserve amount (approximately \$6.2 million), less all other unspent Bond proceeds (approximately \$30 million), subject to agreement on other terms. As of the expiration of the NDA, negotiations have not resulted in an agreement.

I69 Section 5 - Estimated Cost to Complete

		Total to Complete
Earthworks & Drainage & Roadway		\$ 96,000,000
Structures		\$ 31,000,000
MOT, signing, lighting, etc.		\$ 14,000,000
Environmental		\$ 4,300,000
Utilities		\$ 5,800,000
Mobilization/Demobilization		\$ 5,800,000
OMMC-Project Office-G&A		\$ 14,985,000
Engineering		\$ 5,000,000
PI/DBE		\$ 1,400,000
Construction Manager/DB/Profit		\$ 8,500,000
		\$ 186,785,000
Subcontractor Claims & Contingency		\$ 50,000,000
Total Estimated Cost to Complete		\$ 236,785,000

Remaining sources of funds

PABS proceeds	36,000,000	
Equity	4,000,000	
Milestone 5	20,000,000	
Unpaid portion of Milestone 4	12,000,000	
Subtotal		72,000,000
Estimate of sum required to complete construction and resolve claims		\$ 164,785,000