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Indiana to Cancel Public-Private Interstate Contract.

INDIANAPOLIS (AP) — The state of Indiana has reached agreements to take control of a long-delayed section of the Interstate 69 extension three years after hiring a private developer to complete the work, the Indiana Department of Transportation said Friday.

The Indiana Finance Authority, the privately run I-69 Development Partners and the company's bond holders reached settlement agreements in principle for the state of Indiana to assume control of the halfway-completed Section 5 between Bloomington and Martinsville by July 31, state officials said. The deal is subject to approval by the Finance Authority's board.

Dan Huge, Indiana Public Finance director, said the deals will not increase the overall project cost to taxpayers and may provide some savings. The original cost of the project in current dollars was about \$590 million over 35 years, and the new agreements and financing structure total about \$560 million, he said.

Section 5, which is about 21 miles long, has been plagued by delays since work started on it in 2014. It was originally scheduled to be completed in October 2016, but the Finance Authority said in a notice to bond holders earlier this month that it estimates work on Section 5 to be substantially complete by Aug. 31, 2018.

"I am delighted for Indiana taxpayers that we have reached an agreement for the State to assume control and finish this project," Governor Eric J. Holcomb said in a statement.

The Finance authority will issue lower-interest highway-revenue bonds that are expected to be rated AA+. Those will fully replace the developer's private-activity bonds, which were originally rated at BBB-, Indiana officials said. I-69 Development Partners will provide an additional \$12 million to bondholders and \$50 million to the Finance Authority as part of the settlement, INDOT said.

A message seeking comment was left for I-69 Development Partners on Friday.

The agreements will release the state from future liabilities or claims with bondholders, I-69 Development Partners, the design-builder Isolux Corsan and insurance and surety companies, state officials said. However, the state will assume all future financial risk to operate, maintain and preserve the roadway over 35 years. The developer previously had assumed that risk.

Currently, more than 30 subcontractors are working on the roadway and that will continue, state officials said.

Subcontractors have repeatedly halted work because of payment disputes with Isolux Corsan. Sections 1 through 4 of the I-69 extension between Evansville and Bloomington are complete. INDOT has started surveying work on Section 6 from Martinsville to Indianapolis.

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