
Indiana Toll Road

Request for Toll Road Concessionaire Proposals



September 28, 2005

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August 2005 Wilbur Smith Rate Review and Revenue Projections Study

I. Overview of RFP and Lease Process

Introduction

The State of Indiana (the "State") has engaged Goldman, Sachs & Co. (the "Advisor") as its financial advisor to assist in evaluating the possible long-term lease and concession (the "Lease") of the Indiana Toll Road (the "Toll Road"). The State's primary objective is to maximize value to the State, while maintaining the high safety standards and service levels of the Toll Road.

Overview of Request for Toll Road Lease Proposals ("RFP")

This RFP allows prospective Bidders to formally express their interest in bidding on the Lease of the Toll Road. Sections II and III of this RFP provide an introductory description of the Toll Road and include highlights of the possible Lease. Section IV summarizes the required Bidder qualifications. Section V lists the RFP submission requirements and procedures for those looking to bid on the Lease. The Appendix provides the 2005 Wilbur Smith Rate Review and Revenue Projection Study.

Those interested in bidding on the Lease should respond to this RFP no later than 4:00 pm Chicago time on **Wednesday, October 26th, 2005**. The State may determine in its discretion whether to accept any responses that are not received by the date and time set forth in this paragraph. Based on the RFP submissions, the State will determine those Teams that are qualified to bid on the Lease as submissions are received. There will be no restriction as to the number of Bidders that may qualify.

For the purposes of this RFP, the following definitions will apply:

- "Team" or "Bidder" means an individual, a company, or a consortium of individuals and/or companies formed to undertake the transaction.
- "Team Member" means a member of a Team.

Overview of Bidding and Lease Process

After the State's review of RFP submissions, Bidders that are deemed qualified by the State will sign a Confidentiality Agreement and receive a Confidential Information Memorandum providing additional information on the Toll Road and the bidding process. Qualified Bidders may be asked to submit preliminary, non-binding bids for evaluation. Bidders accepted for due diligence will have the opportunity to conduct due diligence of the Toll Road through: (i) access to an on-line data room; (ii) Toll Road tours and additional inspections by Bidder representatives; (iii) management presentations; and (iv) review and discussion of the State's proposed Toll Road Concession and Lease Agreement (the "Lease Agreement"). Following this due diligence process, final and binding bids will be submitted in accordance with procedures to be provided to the remaining Bidders.

Bidders may be required to comply with certain other requirements before submitting final bids.

If the final and binding proposals received at the conclusion of the solicitation process meet the State's objectives, the State expects to enter into the Lease Agreement with the successful Team (the "Private Operator"). The State reserves the right to modify or terminate this solicitation at any stage if the State determines this action to be in its best interests. The receipt of proposals or other documents at any stage of either the RFP or the bidding process will in no way obligate the State to enter into any contract of any kind with any party.

The Lease Agreement will be a long-term agreement granting the Private Operator the exclusive right to operate the Toll Road and to collect toll revenue from the Toll Road during the term of the Lease Agreement, anticipated to be at least 50 years. The Lease Agreement will include operating standards related to the operation, maintenance, and tolling of the Toll Road with which the Private Operator will be required to comply. Upon entering into the Lease Agreement, the State will use a portion of the proceeds of the Lease to defease or extinguish all outstanding Toll Road debt.

II. Toll Road Description

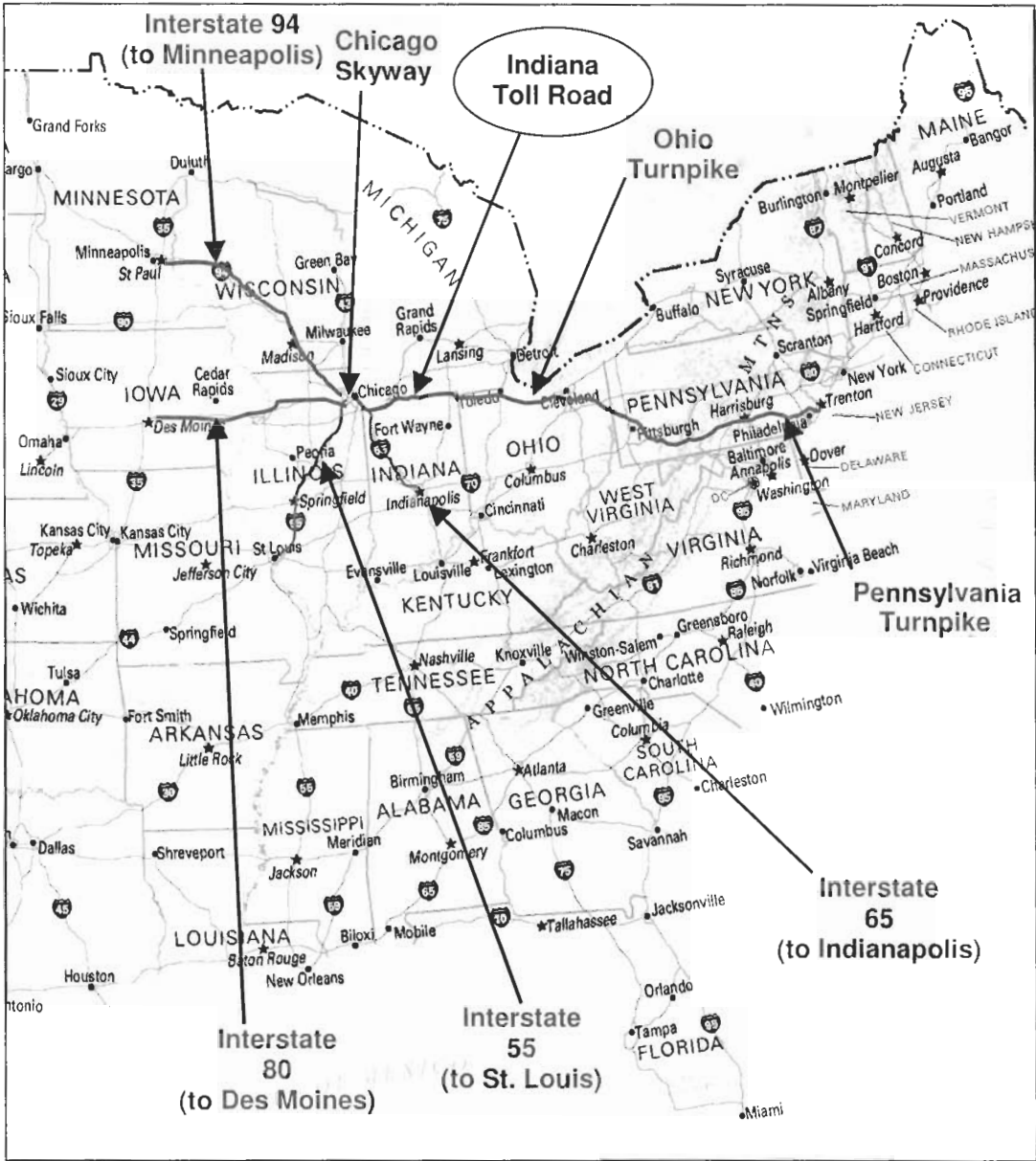
Overview of the Toll Road

The Indiana Toll Road serves as a critical transportation link between highways leading to major East Coast cities and northwestern Indiana, the City of Chicago, and the western United States. The Toll Road's eastern boundary is located at the Indiana-Ohio state line, connecting with the Ohio Turnpike, while its western boundary lies at the Illinois-Indiana state line, where it connects with the Chicago Skyway leading into downtown Chicago.

Approximately 157 miles in length, the Toll Road runs parallel to the Indiana-Michigan border to the north, before shifting in a southerly direction where Lake Michigan extends into northwest Indiana. The Toll Road is designated as Interstate 90 (I-90) from the Illinois State Line, where it connects to the Chicago Skyway, to the Ohio State Line, where it connects to the Ohio Turnpike. It is also designated Interstate 80 (I-80) from Milepost 21 where it connects to Interstate 94 to the Ohio State Line. The Toll Road provides access to three other interstate routes: I-69, which provides north-south access to Fort Wayne and Indianapolis; I-65, which provides access to Lafayette and Indianapolis; and I-94, which provides access to western Michigan and the southern Chicago areas. Additionally, the Toll Road serves as the primary traffic artery to a number of the State's important metropolitan areas including Angola, Elkhart, Mishawaka, South Bend, La Porte, Valparaiso, Portage, Gary, Goshen, Chesterton, East Chicago, Hammond, and Hobart.

The Indiana Toll Road was completed and opened to traffic in 1956.

Figure 1 – Indiana Toll Road and its Link to the United States Interstate System



Tolling Infrastructure

The Toll Road currently operates as a closed barrier system of toll collection between Milepost 1 (farthest west) and Milepost 23, and as a closed ticket toll collection system between Milepost 24 and Milepost 153 (farthest east). Originally operated entirely as a ticket toll collection system, the Toll Road was converted to the barrier system and equipped with a computerized toll collection system in July 1986. The Toll Road currently does not have electronic tolling collection, but has begun to establish the infrastructure to move towards an electronic system.

Toll rates on the Toll Road are based on vehicle class, as well as on the length of vehicle movement. Travel plazas are operated at ten different sites along the length of the Indiana Toll Road. Two of these are located along the barrier portion of the Toll Road, and the other eight are located along the ticket system portion of the Toll Road. These ten sites lie at five different milepost locations, with one service site located in each direction at Mileposts 22, 56, 90, 126, and 146.

Historical Toll Rates and Revenue

The last toll rate increase on the Indiana Toll Road was in October 1985. At that time, the passenger car through-trip rate was increased by 9.4% from \$4.25 (2.7 cents/mile) to \$4.65 (3.0 cents/mile), while a typical 5-axle truck through-trip rate increased by approximately 24% from \$11.75 (7.5 cents per mile) to \$14.55 (9.3 cents per mile). In fiscal year 1986, the year in which the toll increase was implemented, transactions increased 5.1% over the prior year, and annual revenue increased 15.7%.

Table 1 summarizes the current per-axle toll rates for use of the Toll Road. The present toll operating schedule became effective October 1, 1985. Prior to 1985, the last toll increase for two-axle passenger cars occurred on October 1, 1980, with the through-trip toll for passenger cars rising from \$3.50 to \$4.25, and the through-trip toll for commercial vehicles rising from \$9.00 to \$11.75.

Class	Toll Rate	Per Mile Rate (c/Mile)
Two-axle	\$4.7	3.0
Three-axle	8.9	5.6
Four-axle	11.2	7.1
Five-axle	14.6	9.3
Six-axle	17.1	10.9
Seven-axle or more	31.8	20.2

A passenger car commuter discount plan, created in 1980, provides certain drivers with a 33% discount from the cash toll rate. The discount program only applies to passenger cars and only to certain commuter routes. All other trips are charged at the regular rate. This program will be discontinued after the proposed toll increase is implemented (see pg. 7 for description of the proposed toll increase).

Table 2 on the following page exhibits detailed historical revenue figures broken down by vehicle type for the Toll Road. As shown in the table, toll revenue increased from \$38 million in 1984 to almost \$85 million in 2004. Toll revenue compounded annual growth rates over the period 1984-2004 and 1994-2004 were 4.1 and 2.7 percent, respectively. Excluding the years 2001 to 2004, when construction on I-65 and the Chicago Skyway contributed to traffic declines, the toll revenue

compounded annual growth rate was 5.1% between 1984-2000, and 4.4% between 1990 and 2000.

Table 2
Historical Toll Revenue By Vehicle Type
1984-2004
(Dollar amounts in thousands)

Year ^(a)	Passenger Cars ^(b)	Percent Change Over Previous Year	Commercial Vehicles ^(b)	Percent Change Over Previous Year	Total Vehicles ^(b)	Percent Change Over Previous Year
1984	\$14,687	-	\$23,473	-	\$38,160	-
1985 ^(c)	14,703	0.1	23,287	(0.8)	37,989	(0.4)
1986	15,935	8.4	28,014	20.3	43,949	15.7
1987 ^(d)	18,208	14.3	30,468	8.8	48,675	10.8
1988	19,399	6.5	32,467	6.6	51,866	6.6
1989	20,703	6.7	33,299	2.6	54,002	4.1
1990	21,762	5.1	33,403	0.3	55,173	2.2
1991	22,764	4.6	32,686	(2.1)	55,448	0.5
1992	23,735	4.3	34,382	5.2	58,226	5.0
1993	24,509	3.3	36,785	7.0	61,295	5.3
1994	25,267	3.1	39,469	7.3	64,735	5.6
1995	26,149	3.5	42,998	8.9	69,148	6.8
1996	27,396	4.8	43,166	0.4	70,562	2.0
1997	29,559	7.9	44,780	3.7	74,354	5.4
1998	31,666	7.1	46,695	4.3	78,361	5.4
1999	32,422	2.4	48,892	4.7	81,314	3.8
2000 ^(e)	32,405	(0.1)	52,071	6.5	84,476	3.9
2001 ^(e)	32,651	0.8	49,190	(5.5)	81,841	(3.1)
2002	34,881	6.8	47,531	(3.4)	82,412	0.7
2003 ^(f)	34,882	0.0	47,164	(0.8)	82,046	(0.4)
2004	35,313	1.2	49,593	5.2	84,907	3.5
Compound Annual Growth Rate						
1984-2004		4.5		3.8		4.1
1994-2004		3.4		2.3		2.7
1999-2004		1.7		0.3		0.9
1984-2000		5.1		5.1		5.1
1990-2000		4.1		4.5		4.4

(a) Fiscal year ending June 30, except 1984

(b) Revenues reflect gross toll revenues, without adjustments

(c) Toll Road Fiscal year end changed to June 30

(d) In July 1986, converted from a full Closed Ticket System to the presently utilized Barrier/Ticket Combination System.

(e) Volume declines due to construction on I-65, Interchange 1 and Interchange 24

(f) Volume declines due to Chicago Skyway construction and I-65/I-90 Interchange construction

Source: Wilbur Smith / State of Indiana

Note: Some numbers may not sum due to rounding.

Proposed Toll Increase

On September 26, 2005, Indiana Governor Mitch Daniels announced that the Indiana Toll Road will increase its toll rates. Tolls will increase by 72% for passenger cars and by 113% for 5 axle commercial vehicles. Table 3 summarizes the proposed per-axle toll rates for the Toll Road. Toll classifications will be reduced from 9 vehicle classes to 6 vehicle classes, based on number of axles. The proposed toll increase is subject to a period of public comment and must be approved by the Indiana Finance Authority Board. Implementation of the proposed toll increase is anticipated to occur on April 3, 2006.

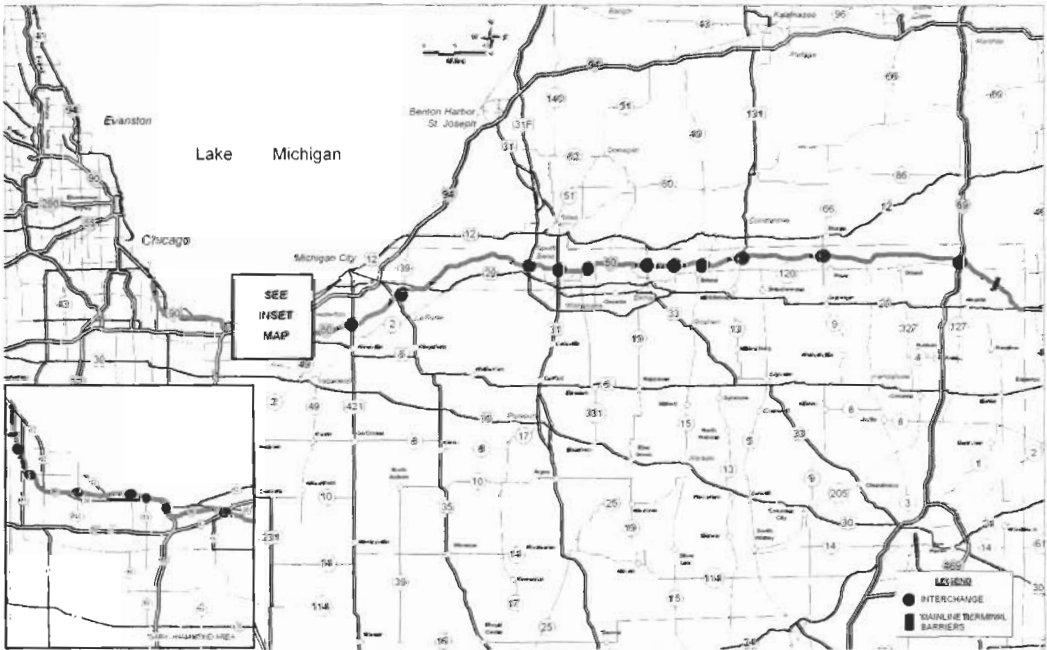
Table 3

Proposed Toll Road Through-Trip Toll Rates

Class	Toll Rate	Post-Increase Per Mile Rate (c/Mile)	Pre-Increase Per Mile Rate (c/Mile)
Two-axle	\$8.00	5.1	3.0
Three-axle	11.00	7.0	5.6
Four-axle	24.00	15.3	7.1
Five-axle	31.00	19.8	9.3
Six-axle	36.50	23.3	10.9
Seven-axle or more	54.50	34.7	20.2

The proposed toll increase represents one component of the Governor's \$10.6 billion 10-year plan to advance the State's economy by investing in transportation. The plan, *Major Moves: Top Tier Transportation for a Top Tier Economy*, includes building I-69 to the southern edge of the state, completing the Hoosier Heartland Corridor, constructing the Fort to Port link from Ft. Wayne to the east, building two Ohio River bridges, and upgrading US 31 in South Bend, Kokomo and Hamilton County. These additional investments in the State's infrastructure corridors represent a significant commitment by the State of Indiana to expand and enhance the quality of transportation infrastructure in the State. The State expects the magnitude of the investment to have a positive impact on future Toll Road volume and revenue as a result of higher quality surface transportation and increased economic activity.

Figure 2 – Indiana Toll Road Interchanges



Historical Traffic

Table 4 details historical traffic figures for the Toll Road. From 1957 to 2004, toll transactions have generally followed an increasing trend, with some fluctuations in growth. Factors behind these fluctuations include four toll increases implemented during the period, economic cycles, and, more recently, roadway construction programs on both the Toll Road and other surrounding highways. The footnotes of Table 4 highlight some of these factors in the years that they occurred.

Total vehicle transactions have increased an average of 5.0% per year over the 30-year period from 1974-2004 and 3.4% per year over the 10-year period from 1994-2004. Since 2000, alternating periods of growth and decline in transactions have been observed, primarily due to construction activity. Specifically, transaction declines of 2.3% and 1.2% in fiscal years 2000 and 2001, respectively, can be directly attributed to construction activity on I-65, which at times reduced the interchange facility to a single travel lane per direction. In addition, transactions declined in fiscal year 2000 due to construction activity at Interchanges 1 (Westpoint) and 24 (Portage), where two lanes were out of operation in both directions for several months.

Annual transactions peaked in fiscal year 2002, growing by 5.1% and then declining subsequently by 3.4% in fiscal year 2003. The increase in Fiscal 2002 was partially a result of completion of the aforementioned construction activity on the Toll Road. In addition, construction activities on the Bishop Ford Freeway in Illinois diverted traffic to the Indiana Toll Road 2002. The subsequent decline in fiscal year 2003 was partially the result of construction activity on the Chicago Skyway and at the Interchange between I-65 and the Toll Road. In fiscal year 2004, although the construction activity on the Chicago Skyway continued, an increase of approximately 1.5% was observed over the previous year due to the completion of work on the Interchange between I-65 and the Toll Road. In addition, the Toll Road experienced positive traffic diversions from the reconstruction and widening of the Borman Expressway, between Calumet and Cline Avenue, which began in March of 2004.

Table 4

**Historical Toll Transactions
1957-2004**

Year ^(a)	Annual System Transactions	Average Daily Transactions	Annual Percentage Change	Annual System Revenue ^(b)	Annual Percentage Change
1957	8,318,191	22,800	-	\$8,262,810	-
1958	9,594,091	26,300	15.4	9,729,053	17.7
1959	8,561,222	23,500	(10.6)	11,963,557	23.0
1960	10,089,199	27,600	17.4	12,379,441	3.5
1961	9,881,121	27,100	(1.8)	11,461,181	(7.4)
1962	9,834,436	26,900	(0.7)	13,751,370	20.0
1963	9,680,380	26,500	(1.5)	13,483,787	(1.9)
1964	10,610,030	29,100	9.8	14,422,354	7.0
1965	11,508,731	31,500	8.2	14,864,693	3.1
1966	12,451,887	34,100	8.3	15,967,482	7.4
1967	12,964,735	35,500	4.1	16,291,761	2.0
1968	14,188,189	38,900	9.6	17,789,405	9.2
1969	15,608,000	42,800	10.0	19,260,244	8.3
1970	15,554,024	42,600	(0.5)	19,169,637	(0.5)
1971	15,794,221	43,300	1.6	19,797,053	3.3
1972	15,080,155	41,300	(4.6)	20,001,282	1.0
1973	13,599,931	37,300	(9.7)	20,243,691	1.2
1974	12,635,310	34,600	(7.2)	19,903,748	(1.7)
1975	12,543,576	34,400	(0.6)	20,602,305	3.5
1976	13,824,843	37,900	10.2	22,981,176	11.5
1977	14,960,105	41,000	8.2	24,932,420	8.5
1978	16,120,328	44,200	7.8	27,492,571	10.3
1979	16,442,799	45,000	1.8	28,042,847	2.0
1980	15,464,733	42,400	(5.8)	28,691,830	2.3
1981	15,565,701	42,600	0.5	35,559,373	23.9
1982	14,783,300	40,500	(4.9)	33,577,944	(5.6)
1983	14,980,563	41,000	1.2	35,547,627	5.9
1984	15,751,803	43,200	5.4	38,160,100	7.3
1985 ^(c)	15,710,175	43,000	(0.5)	37,989,166	(0.4)
1986	16,507,158	45,200	5.1	43,949,222	15.7
1987 ^(d)	25,657,829	70,300	55.5	48,675,260	10.8
1988	27,662,706	75,800	7.8	51,865,774	6.6
1989	30,233,721	82,800	9.2	54,002,417	4.1
1990	31,638,525	86,700	4.7	55,172,700	2.2
1991	32,119,778	88,000	1.5	55,448,174	0.5
1992	34,726,205	95,100	8.1	58,226,368	5.0
1993	36,753,035	100,700	5.9	61,295,201	5.3
1994	38,807,941	106,300	5.6	64,735,204	5.6
1995	40,654,138	111,400	4.8	69,147,652	6.8
1996	43,395,240	118,900	6.7	70,561,917	2.0
1997	49,169,397	134,700	13.3	74,354,138	5.4
1998	53,664,314	147,000	9.1	78,360,542	5.4
1999	54,385,652	149,000	1.4	81,314,087	3.8
2000 ^(e)	53,106,478	145,500	(2.3)	84,476,207	3.9
2001 ^(e)	52,458,152	143,700	(1.2)	81,840,967	(3.1)
2002	55,144,510	151,100	5.1	82,412,158	0.7
2003 ^(f)	53,236,421	145,900	(3.4)	82,045,504	(0.4)
2004	54,057,639	148,100	1.5	84,906,514	3.5
Compound Annual Growth Rate					
1974-2004	5.0			5.0	
1984-2004	6.4			4.1	
1994-2004	3.4			2.7	
1999-2004	(0.1)			0.9	
1980-2000	6.4			5.5	
1990-2000	5.3			4.4	

(a) Fiscal year ending June 30, for all years after 1984

(b) Revenues reflect gross toll revenues, without adjustments

(c) Toll Road Fiscal year end changed to June 30

(d) On July 1986, converted from a full Closed Ticket System to the presently utilized Barrier/Ticket Combination System.

(e) Volume declines due to construction on I-65, Interchange 1 and Interchange 24

(f) Volume declines due to Chicago Skyway construction and I-65/I-90 Interchange construction

Source: Wilbur Smith / State of Indiana

Note: Some numbers may not sum due to rounding.

History of Key Capital Improvements

In order to address the growing traffic volume on the Toll Road, an aggressive improvement program was initiated in the 1980s. Seven new interchanges were constructed and opened to traffic between 1980 and 1986.

- The South-Bend Plymouth Interchange (Milepost 72) was opened in October 1980 to improve access to the western side of the South Bend metropolitan area. This interchange also provided a better route to reach the Michiana Regional Airport.
- The Mishawaka Interchange (Milepost 83) was opened in November 1982 to better serve the South Bend-Elkhart region.
- The Bristol-Goshen Interchange (Milepost 101) was opened in August 1983 to connect the Toll Road to State Road ("SR") 15.
- Interchanges with Cline Avenue (Milepost 10), Broadway Avenue (Milepost 15), and Willow Creek Road (Milepost 23) were opened during the latter half of 1985 and early part of 1986 to serve the increasing economic growth in Northwest Indiana.
- The half-interchange with SR 912 and US 41 at Milepost 3 was opened in October 1986.

Since 1995, the Toll Road has funded more than \$80 million in capital improvements to keep pace with increasing transportation demand. In October 1997, the Milepost 96 Interchange at County Road 17 in Elkhart was opened to traffic. This interchange provides full directional movements to and from the Toll Road, and also provides increased access to eastern Elkhart County. The opening of the Milepost 96 Interchange increased the number of interchange points currently providing access to the Toll Road to nineteen. Of these nineteen interchanges, two are operated as toll-free facilities.

Additional travel lanes in urban Lake County (Mileposts 15-19) were opened to traffic in 2005 to accommodate increased traffic demand near the I-65 connector. This section of the Toll Road serves as a vital trade link between northwest Indiana, the Chicago area and major transportation hubs to the south such as Indianapolis, Louisville, and Atlanta.

Since 1995, the Indiana Toll Road has funded \$224 million of rehabilitation activities. Key projects include:

- New pavement rehabilitation in Elkhart and LaGrange counties (Mileposts 93 to 121) completed in 1998.
- Reconstruction of the I-65 connector (Milepost 17) was opened to traffic in 2003.

III. Investment Highlights

The State believes that the Toll Road could become the first State-wide transportation corridor in the United States to be managed by a private operator through a Lease. While the Toll Road is a significant source of stable cash flows to the State, the State considers that a private entity may be able to derive more economic value from the asset while providing excellent service for Toll Road users. Highlights of the Toll Road include:

- 1. Substantial Commercial Traffic and Lack of Competing Direct Route:** The Toll Road is the only multi-lane, non-stop route between Chicago and the Ohio Turnpike, connecting the Midwest's largest economic hubs to the East Coast. Approximately 60% of the annual toll revenue consists of commercial trucks transporting time-sensitive goods and merchandise. For the majority of these vehicles, the alternative of using non-tolled state roads or alternative routes would be economically prohibitive. The Toll Road is also a primary thoroughfare for vehicles commuting to Chicago, Indianapolis, Elkhart and South Bend, and presents significant time savings relative to other rural alternatives.
- 2. Anticipated Small Impact of Proposed Toll Increase on Traffic Demand:** The Private Operator will have the right to set toll levels subject to the limitations to be specified by the State in the Lease Agreement. A published survey conducted by Wilbur Smith Associates, a traffic consulting firm, indicates that motorists who travel the Toll Road have a relatively low elasticity of demand with regards to changes in toll price from a total revenue perspective. Specifically, a recent study of the proposed passenger toll increase of 72% (from 3.0 cents per mile to 5.1 cents per mile) resulted in an increase in annual passenger car revenues of 78%, with a relatively small decline in annual passenger car volume.
- 3. Strong Toll Revenue Growth Rates:** Total toll revenue collected on the Toll Road in 2004 amounted to approximately \$85 million, an increase of more than 120% over the \$38 million realized in 1983. Between 1984-2004, the toll revenue compounded annual growth rate for all traffic was 4.1%. Passenger vehicles constitute a significant portion of volume, accounting for over 80% of all traffic transactions, while high-margin commercial vehicles account for almost 60% of total revenue.
- 4. 48-Year Operating History:** The Toll Road began operations in 1956. Since that time, the Toll Road has given motorists easy access between the City of Chicago, Ohio, and Indiana. The toll road is well-known to both passenger and commercial motorists, and is viewed by many as a "Main Street of the Midwest", serving as the preferred route between Chicago and Northwest Indiana, as well as a vital transportation link between the Midwest and the eastern United States. Further, the Toll Road's extensive operating history allows substantial traffic data from which to

model traffic projections and sensitivity analyses.

- 5. Limited Future Capital Expenditures:** The State has maintained the condition of the Toll Road via a comprehensive annual capital improvement program. Since 1995, annual capital expenditures for the purpose of road improvement and enhancement averaged \$8 million per year. Most recently, the State has completed several major projects, including the addition of additional travel lanes near the I-65 connector. Since 1995, the Toll Road infrastructure capital expenditures have averaged \$22 million per year, and include the rehabilitation of pavement in Elkhart and LaGrange counties and the reconstruction of the I-65 connector. These upgrades are expected to significantly reduce future capital maintenance expenditures and improve toll capacity.
- 6. Modernization Potential:** While the infrastructure of the Toll Road has historically been maintained at a high level, the current tolling technology is manual. Electronic tolling technologies could be implemented and may result in additional economic benefit. Such electronic tolling could offer additional pricing flexibility and optimization. Furthermore, the use of electronic tolling by the State of Illinois and the recent conversion to electronic tolling of the Chicago Skyway presents the opportunity for a private operator to establish the first multi-state ETC program in the Midwest.
- 7. Economic Environment:** The Toll Road is a critical link for several Midwestern economic hubs, including Chicago, Indianapolis, and Cleveland, as well as a beneficiary of national economic growth, via cross-country commercial traffic.

IV. Bidder Qualification Requirements and Evaluation Criteria

This RFP is open to prospective Bidders capable of meeting the requirements highlighted in this section and detailed further in Section V. Upon receipt, all RFP submissions will be reviewed for completeness in accordance with the submission requirements highlighted in Section V of this RFP. At the end of this completeness review, the State will assess each Team's qualifications in the areas of (i) technical capability and (ii) financial capability. There will be no restriction as to the number of Teams that may qualify to bid on the Lease. The State may allow changes in the composition of a Team if the Team is comprised of more than one entity (e.g., joint venture, partnership, etc.).

Technical Capability

The evaluation of technical capabilities will address whether the RFP submission adequately responds to the technical capability requirements of the Lease with respect to the following areas of expertise:

- Operation and maintenance;
- Customer service; and
- Safety.

Financial Capability

The evaluation of financial capabilities will address whether the RFP submission adequately responds to the financial capability requirements of the Lease with respect to the following areas:

- Financial capacity to pay purchase price and maintain Toll Road; and
- Ability to raise financing.

V. RFP Submission Requirements and Procedure

RFP Submission Requirements

Prospective Bidders that anticipate responding to this RFP shall indicate so as soon as possible by providing contact information via e-mail to both representatives of the Advisor listed below. RFP submissions should comply with the format provided under "Format and Required Information for RFP Submission" below. Additional information not specifically related to the Lease or this RFP should not be included. ***All questions or requests for information regarding this RFP should be in writing and should be directed to only the representatives of the Advisor as listed below. Please DO NOT contact any officials or related parties at the State of Indiana.***

Mr. Mark Florian
Managing Director
Goldman, Sachs & Co.
Phone: (312) 655-5858
mark.florian@gs.com

Mr. Emmett McCann
Associate
Goldman, Sachs & Co.
Phone: (312) 655-6137
emmett.mccann@gs.com

No Liability for Costs

The State and its advisors are not responsible for costs or damages incurred by Bidders, Teams, Team Members, subcontractors, or other interested parties in connection with the solicitation process, including but not limited to costs associated with preparing responses, qualifications, and proposals, and of participating in any conferences, oral presentations, or negotiations.

Format and Required Information for RFP Submission

All RFP submissions should follow the format outlined below.

- A. Cover Page (to include identification of all Team Members)
- B. Cover Letter (2 pages maximum)
- C. Table of Contents
- D. Executive Summary (Optional)
- E. Team Information
 1. Description of Bidder: Provide a description of the Team, including a description of all Team Members and the anticipated legal relationship (governance and capital structure) among the Team Members (e.g., partners, shareholders, client-consultants, etc.) as appropriate.
 2. Roles of Team Members and Key Personnel: Briefly outline the roles of the Team Members and key personnel. In doing so, please ensure that all the requirements as detailed in Section IV are addressed.

3. Contact Person: Provide a single contact person for all future communication between the Advisor and the Team. Please identify the contact person's name, title, organization, address, telephone number, fax number, and email address.
4. Controlling Interest: Identify the individuals or companies who hold a major or controlling interest in each Team Member.
5. Expected Advisors: Identify the companies and individuals who are expected to act as legal, financial, or other advisors for the Team.
6. Comparable Projects: Provide a list of comparable projects in which Team Members have participated. Bidders should specify how these comparable projects relate to the proposed Toll Road Lease.
7. References: Provide a list of Team Member references. These references should be able to describe the relevant qualifications and capabilities of Team Members looking to take a leading role in the operation and maintenance of the Toll Road.

F. Technical Capability

Teams should address the following areas with respect to technical capability:

1. Operations and Maintenance Expertise: Teams must provide evidence demonstrating their ability to operate and maintain a project of this nature and scope. Specifically, the Team should have:
 - a. substantial high volume toll facility maintenance and operation experience;
 - b. advanced knowledge of highway maintenance, repair, construction, and practical application of equipment and materials in toll facility operations;
 - c. demonstrated understanding in highway aging behavior to assess and determine the applicability of remedial maintenance action;
 - d. extensive experience in using highway condition and weather information to prepare for seasonal maintenance; and
 - e. all the capabilities necessary to successfully operate and maintain the Toll Road including routine maintenance (summer and winter), operations management, tolling management and operations, administration and public relations, and traffic operations.
2. Customer Service: Teams must demonstrate their commitment to achieving the highest standards of customer service and satisfaction. Specifically, the Team must highlight their experience and qualifications in the following areas:
 - a. maintaining productive ongoing relationships with government entities, similar to the relationship that the winning Toll Road bidder will have with the State; and
 - b. providing excellent customer service to the traveling public.
3. Safety: Teams must demonstrate their ability to address and resolve safety issues. Specifically, the Team should have:
 - a. knowledge of highway safety techniques and methodologies;
 - b. experience in emergency response support; and

- c. background in relevant traffic engineering standards, specifications, policies, practices, and processes.

G. Financial Capability

Teams should address the following areas with respect to financial capability:

1. Financial Capacity to Pay Purchase Price and Maintain Toll Road: Teams must demonstrate their financial capacity to pay the equity portion of the purchase price and to maintain the Toll Road for the term of the Lease. To demonstrate sufficient financial capacity, Team Members must provide copies of audited financial statements for the past two years, together with any other relevant financial information. If audited financial statements cannot be provided, Team Members should provide enough financial information to demonstrate that they have the financial resources to successfully execute a project of this nature and scope. Financial factors which will be assessed include:
 - a. adequacy of equity;
 - b. profitability;
 - c. availability of liquid equity;
 - d. debt/capitalization and interest coverage ratios; and
 - e. demands from other projects.
2. Ability to Raise Financing: Teams must provide specific evidence demonstrating their ability to raise financing for a project of this nature and scope. Specific factors that will be assessed include:
 - a. capability of raising debt and equity in the current capital market;
 - b. the number and size of past relevant transactions; and
 - c. specific experiences on past relevant transactions.

H. Legal Provisions

1. The State shall be deemed owner of all information and papers submitted by a prospective Bidder. Bidders are advised that materials contained in RFP submissions are subject to the Indiana Public Records Act, IC 5-14-3 et seq., and may be viewed and copied by any member of the public, including news agencies and competitors. Bidders claiming a statutory exception to the Indiana Public Records Act must place all confidential documents (including the requisite number of copies) in a sealed envelope clearly marked "Confidential" and must indicate in the transmittal letter and on the outside of that envelope that confidential materials are included. The Bidder must also specify which statutory exception provision applies. The State reserves the right to make final determinations of confidentiality. If the State does not agree that the information designated is confidential under one of the disclosure exceptions to the Indiana Public Records Act, it may either reject the response or discuss its interpretation of the allowable exceptions with the Bidder. If agreement can be reached, the response will be considered. If agreement cannot be reached, the State will remove the response from consideration for award and return the response to the Bidder. The State will not consider information regarding compensation to be confidential information.

2. Please provide details of any relevant criminal investigation or conviction, material pending litigation, regulatory or civil enforcement action pending against your Team.
3. Although not required for the RFP Submission, please note, all Private Operators will be required to make a part of the Concession Agreement a certification that each Team Member that interacts with State employees are aware of and shall abide by all ethical requirements that apply to persons who have a business relationship with the State, as set forth in Indiana Code § 4-2-6 et seq., the regulations promulgated there under, and Executive Orders 04-08, dated April 27, 2004 and 05-12, dated January 10, 2005. If you are not familiar with these ethical requirements, you should refer any questions to the Indiana State Ethics Commission, or visit the Indiana State Ethics Commission website at <http://www.in.gov/ethics/>. If the Private Operator or its agents violate any applicable ethical standards, the State may, in its sole discretion, terminate the Concession Agreement immediately upon notice to the Private Operator. In addition, the Private Operator may be subject to penalties under IC 4-2-6-12.
4. Although not required for the RFP Submission, please note, the Private Operator will be required to certify as part of the Concession Agreement as required by IC 5-22-3-7:
 - (1) The Private Operator and any principals of the Private Operator certify that (A) the Private Operator, except for de minimis and nonsystematic violations, has not violated the terms of (i) IC 24-4.7 [Telephone Solicitation Of Consumers], (ii) IC 24-5-12 [Telephone Solicitations] or (iii) IC 24-5-14 [Regulation of Automatic Dialing Machines] in the previous three hundred sixty-five (365) days, even if IC 24-4.7 is preempted by federal law; and (B) the Private Operator will not violate the terms of IC 24-4.7 for the duration of the contract, even if IC 24-4.7 is preempted by federal law.
 - (2) The Private Operator and any principals of the Private Operator certify that an affiliate or principal of the Private Operator and any agent acting on behalf of the Private Operator or on behalf of an affiliate or principal of the Private Operator: (A) except for de minimis and nonsystematic violations, has not violated the terms of IC 24-4.7 in the previous three hundred sixty-five (365) days, even if IC 24-4.7 is preempted by federal law; and (B) will not violate the terms of IC 24-4.7 for the duration of the contract, even if IC 24-4.7 is preempted by federal law.
5. Further, the Concession Agreement will require that the Private Operator comply with the State's requirements in contracting activities and with other applicable law and regulations during the term of the Concession Agreement as related to those items listed below. Although not required for the RFP Submission, prior to accepting your Team's Final and Binding Proposal, your Team will be required to submit a detailed summary of your Team's policies on:
 - (1) Enforcement of drug-free workplace initiatives;
 - (2) Prohibition of discriminatory employment practices;
 - (3) Use of women business enterprises;
 - (4) Use of minority business enterprises;
 - (5) Affirmative action/equal opportunity

RFP Submission Instructions

Ten copies of the RFP submission should be delivered to the address shown below no later than 4:00 P.M. Chicago time on Wednesday, October 26th, 2005. The State may determine in its discretion whether to accept any responses that are not received by the date and time set forth in this paragraph. RFP submissions may not be submitted via facsimile machine or electronic mail. Deliver RFP submissions to:

Mr. Mark Florian
Managing Director
Goldman, Sachs & Co.
71 S. Wacker Drive
Suite 500
Chicago, IL 60606
(312) 655-5858

Post RFP Process

Prospective bidders who are deemed qualified by the State, in its sole discretion, will be asked to participate in further due diligence as described in Section I, and to ultimately provide final and binding proposals to the State for the Toll Road. The approximate timing for the process will be as follows:

Timing for Process	
Key Next Step	Expected Date
RFP Submittal	October 26th
Sign Confidentiality Agreements with Qualified Bidders	Late October
Due Diligence Process	November and December
Receive Final and Binding Proposals	Early January

To the extent that the State accepts a proposal, it is anticipated that the financial close will be in June 2006.

More details will follow the October 26th submittal. Bidders should be prepared to react quickly to meet this timetable.

The State reserves the right to modify or terminate this solicitation at any stage if the State determines this action to be in its best interests. The receipt of proposals or other documents at any stage of either the RFP or the bidding process will in no way obligate the State to enter into any contract of any kind with any party.