BASIS FOR PRELIMINARY SELECTION OF TOLL SYSTEM PROVIDER

The Indiana Finance Authority ("IFA"), on behalf of the Joint Board (described below), has proceeded to seek proposals from private sector entities to provide, operate, manage, and maintain an all-electronic toll collection system, including roadside, back office and toll system operations functions for the Louisville Southern Indiana Ohio River Bridges Project pursuant to a toll services agreement (the "Agreement") under Indiana Code 8-15.5 (the "Act"). The Louisville Southern Indiana Ohio River Bridges Project includes the East End Crossing Bridge, the Downtown Crossing Bridges and the associated access and roadways. The Joint Board was created pursuant to the Bi-State Development Agreement among the State of Indiana, by and through the Department of Transportation, the Commonwealth of Kentucky, by and through the Kentucky Transportation Cabinet, IFA, the Kentucky Public Transportation Infrastructure Authority and the Louisville Southern Indiana Bridges Authority with respect to the Louisville Southern Indiana Ohio River Bridges Project.

On July 28, 2014, four teams ("Proposers") submitted proposed offers ("Proposals") in response to the Request for Proposals to Provide, Operate, Manage, and Maintain a Toll Collection System and Provide Back Office Toll Collection and Customer Service for the Louisville Southern Indiana Ohio River Bridges Project issued on May 23, 2014 (as amended, the "RFP").

Each Proposal was comprised of two separate components, a Technical Proposal and a Price Proposal. The process used to evaluate the Proposals is described under the caption Evaluation Process and Procedures below. The scoring and criteria used to evaluate the Proposals are described under the caption Summary of Scoring and Evaluation Criteria below. A best value evaluation process was utilized.

The Public Finance Director of the State of Indiana ("Public Finance Director"), through her designee, determined the Total Proposal Score for each Proposal by combining the Technical Score and the Price Score for such Proposal, which scores were determined as described under the caption Summary of Scoring and Evaluation Criteria below. Kapsch Traffic Com IVHS, Inc., the Proposer with the highest Total Proposal Score, was notified on August 11, 2014 that it was preliminarily identified as the Preferred Proposer under the RFP and that the IFA and Joint Board wanted to commence negotiations to determine if an Agreement satisfactory to IFA and the Joint Board could be agreed upon.

Following the successful completion of negotiations, the Public Finance Director advised the IFA and the Joint Board of the terms and conditions of the Agreement proposed by Kapsch Traffic Com IVHS, Inc. ("Selected Offer") and recommended that the IFA preliminarily select Kapsch Traffic Com IVHS ("Selected Offeror") as the Toll Services Provider ("TSP") under the Agreement. On September 15, 2014, the Joint Board approved the selection of the Selected Offeror as the TSP. On September 16, 2014, the IFA preliminarily selected the Selected Offeror as the TSP under the Agreement.

The Selected Offer provides for a Total Toll Collection System Capital and Operations Maintenance Price of Thirty-Nine Million, Eight Hundred Sixty-Three Thousand, Three
Hundred Fifty-Eight Dollars ($39,863,358). The Selected Offer had the highest Total Proposal Score.

In accordance with the Act, IFA is conducting a public hearing for the purpose of inviting public comments on the preliminary selection by the IFA of the Selected Offeror and the terms of the Agreement on September 29, 2014. The Act requires that a written explanation of the basis upon which the IFA made such preliminary selection shall also be made available for inspection and copying by the public at the offices of the IFA at least seven days before such public hearing. This document is being provided by IFA in satisfaction of that requirement.

**Summary of Scoring and Evaluation Criteria**

The best value determination was based on a 1000 point scale. The Price Score represents up to 400 points of the Total Proposal Score and the Technical Score will represent up to 600 points of the Total Proposal Score.

<table>
<thead>
<tr>
<th>Price Score</th>
<th>(400 pts maximum)</th>
</tr>
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<tbody>
<tr>
<td>Technical Score</td>
<td>(600 pts maximum)</td>
</tr>
<tr>
<td><strong>Total</strong>:</td>
<td>(1000 pts maximum)</td>
</tr>
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</table>

**Price Score**

The Price Score (maximum of 400 points) for each Proposer was based on the Proposer’s Contract Price which is denoted as the "Total Toll Collection System Capital and Operations and Maintenance Price" in such Proposer’s Proposal, normalized to the Proposal containing the lowest Contract Price, calculated as follows:

$$ \text{Price Score} = \frac{\text{Lowest Contract Price}}{\text{Proposer’s Contract Price}} \times 400 \text{ points} $$

**Technical Score**

The Proposer’s Technical Proposal was evaluated by the TPEC based on the factors set forth below, in descending order of importance (although consecutive factors may be of equal value to each other):

(a) Roadside System;
(b) Back Office System;
(c) Customer Service Center;
(d) Performance Requirements;
(e) Work Flows;
(f) System Architecture;
(g) Financial Requirements;
(h) Access Control and CCTV;
(i) Toll Operations Center and System Monitoring;
(j) TCS Operations and Maintenance; and
(k) Plans and Testing.

The Technical Score comprises no more than 600 points of the Total Proposal Score. Technical Proposals were evaluated according to the Proposer’s ability to best satisfy the technical requirements as set forth in the Technical Requirements (as defined in the RFP).

Evaluation Criteria

The RFP, which is posted on the IFA website at www.in.gov/ifa, contains additional information consistent with the above with respect to the evaluation criteria. Section 4.3 of the RFP describes the pass/fail criteria for the Price Proposal and the Technical Proposal. Section 4.4 of the RFP describes the evaluation factors for the Technical Proposal Score.

Evaluation Process and Procedures

The evaluation was undertaken by several proposal evaluation committees and subcommittees: (i) the Technical Proposal Evaluation Committee ("TPEC") and the Price Proposal Evaluation Committee ("PPEC") (collectively, the "Evaluation Committees"); (ii) the Technical Proposal pass/fail and responsiveness subcommittee, the Price Proposal pass/fail and responsiveness subcommittee, and Administrative/Legal subcommittee (collectively the "Advisory Subcommittees"); (iii) Technical Proposal Advisors and Price Proposal Advisors; and (iv) other facilitators and observers participating in the evaluation.

Upon receipt of the Technical Proposals, the Technical Proposal pass/fail and responsiveness subcommittee reviewed the Technical Proposals to determine if they were responsive to the Technical Proposal submittal requirements set forth in the RFP and whether the Technical Proposals passed the Technical Proposal pass/fail criteria set forth in the RFP. On August 4, 2014, the Technical Proposal pass/fail and responsiveness subcommittee concluded its review of the Technical Proposals and recommended to the TPEC that (1) the Technical Proposals passed the Technical Proposal pass/fail criteria and were responsive to the RFP and (2) any minor omissions or misplacement of information were waivable and should be waived.

Upon receipt of the Price Proposals, the Price Proposal pass/fail and responsiveness subcommittee reviewed the Price Proposals to determine if they were responsive to the Price Proposal submittal requirements set forth in the RFP and whether the Price Proposals passed the Price Proposal pass/fail criteria set forth in the RFP. On August 4, 2014, the Price Proposal pass/fail and responsiveness subcommittee concluded its review of the Price Proposals and recommended to the PPEC that (1) all Price Proposals passed the Price Proposal pass/fail criteria
and were responsive to the RFP and (2) any minor omissions or misplacement of information were waivable and should be waived.

On July 28, 2014, the Technical Proposal Advisors commenced their qualitative reviews of all four Technical Proposals. The Technical Proposals were reviewed individually and collectively by the Technical Proposal Advisors until August 4, 2014.

The Technical Proposals were reviewed individually by the TPEC members until August 4, 2014. On August 4-6, 2014, the TPEC met to (i) review and receive the findings and assessments of the Technical Proposals from the Technical Proposal Advisors, (ii) receive recommendations as to pass/fail and responsiveness regarding the Technical Proposal from the Technical Proposal pass/fail and responsiveness subcommittee, (iii) make final determinations as to whether the Technical Proposals met the pass/fail and responsiveness criteria, (iv) conduct the qualitative adjectival rating of the Technical Proposals, and (v) conduct and finalize the Technical Scores for each Technical Proposal. The Technical Proposal Advisors provided the TPEC with an oral report of those findings during the TPEC meetings. After receiving and discussing the report from the Technical Proposal pass/fail and responsiveness subcommittee, the TPEC then adopted that subcommittee’s report as to pass/fail and responsiveness, finding that (1) all Technical Proposals passed the Technical Proposal pass/fail criteria and were responsive to the RFP and (2) any minor omissions or misplacement of information were waivable and should be waived.

The Price Proposals were reviewed individually by the PPEC members until August 4, 2014. On August 4, 2014, the PPEC met to (i) review and receive recommendations as to pass/fail and responsiveness regarding the Price Proposal from the Price Proposal pass/fail evaluation and responsiveness subcommittee, (ii) make final determinations as to whether a Price Proposal meets the pass/fail and responsiveness criteria, (iii) determine each Proposal’s Price Score. After receiving and discussing the report from the Price Proposal pass/fail and responsiveness subcommittee, the PPEC then adopted that subcommittee’s report as to pass/fail and responsiveness, finding that (1) all Price Proposals passed the Technical Proposal pass/fail criteria and were responsive to the RFP and (2) any minor omissions or misplacement of information were waivable and should be waived.

Each Proposer received requests for clarification based on questions by the respective pass/fail and responsiveness subcommittees, the Technical Proposal Advisors and the TPEC regarding issues in the Technical Proposals and Price Proposals during the evaluation period. Responses were received from each Proposer to each request for clarification sufficient for each respective pass/fail and responsiveness subcommittee/evaluation committee to complete its respective deliberations and determine that (i) each Proposer was responsive and passed all pass/fail criteria, and (ii) any minor non-conforming elements were determined to be immaterial in light of the general requirements set forth in the RFP.

After the TPEC and PPEC completed scoring of all Technical Proposals and Price Proposals, respectively, the Public Finance Director, through her designee and with the assistance of certain Advisors, determined the Total Proposal Score for each Proposal by adding the Proposal’s Technical Proposal Score and Price Proposal Score.