

BASIS FOR PRELIMINARY SELECTION OF I-69 DEVELOPMENT PARTNERS

The Indiana Finance Authority ("IFA") has proceeded, under Indiana Code 8-15.5 (the "Act"), to seek proposals from private sector entities to develop, design, build, finance and operate and maintain Section 5 of the Indiana I-69 Project (the "Project") through an availability payment concession pursuant to a public private agreement ("Public Private Agreement").

On January 21, 2014, each of four consortia, Connect Indiana Development Partners, Plenary Roads Indiana, WM I-69 Partners, LLC and I-69 Development Partners ("Proposers") submitted proposed offers ("Proposals") in response to the Request for Proposals for the I-69 Section 5 Project, issued by IFA on October 15, 2013 (as amended, the "RFP").

Each Proposal was comprised of two separate components, a Technical Proposal and a Financial 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 is described under the caption **Scoring and Evaluation Criteria** below. A best value evaluation process was utilized and the preliminary selection of the Selected Offeror (defined below) was made based on the Total Proposal Score as described below.

The Public Finance Director of the State of Indiana ("Public Finance Director") determined the Total Proposal Score for each Proposal by combining the Technical Score and the Financial Score for such Proposal, which scores were determined as described under the caption **Scoring and Evaluation Criteria** below. The Proposal submitted by I-69 Development Partners ("Selected Offer") had the highest Total Proposal Score. The Selected Offer provides for a Base MAP (maximum availability payment) of \$21.8 million based on the Proposal due date of January 21, 2014. Such payment is the maximum annual availability payment ("MAP" or "Base MAP") to be made by IFA to the extent earned by I-69 Development Partners (the "Selected Offeror") pursuant to the Public-Private Agreement over the thirty five year concession term following substantial completion of the Project. The payment is a unitary amount that includes (i) the cost of designing, constructing and financing the Project, (ii) the cost of operation and maintenance over such term of the Project, and (iii) the cost of the rehabilitation and handback work on such portions of the Project needed to maintain the condition of such portions during the term of the Public Private Agreement and to return the same to IFA at the end of the concession term in the condition specified under the Public Private Agreement. The MAP is subject to deductions for nonperformance (non-availability) and noncompliance, each as defined in the Public Private Agreement. The MAP is also subject to an annual increase of 2.50% of 80% of the MAP and an annual increase based on the Consumer Price Index for the remaining 20% of the MAP.

The Selected Offer provides for a construction budget of approximately \$325.5 million, which is less than the construction budget of \$347 million used in the initial financial plan. The Selected Offer provides for a substantial completion date of October 31, 2016. The Selected Offer had the highest Financial Score, Technical Score and Total Proposal Score.

The Public Finance Director advised the IFA of the terms and conditions of the Selected Offer and recommended that the IFA preliminarily select the Selected Offer submitted by the

Selected Offeror as the Developer under the Public Private Agreement for the Project. On February 19, 2014, the IFA preliminarily selected the Selected Offeror as the Developer under the Public Private Agreement for the Project. Such preliminary selection of the Selected Offeror by the IFA under the Act also constitutes the selection of the Preferred Proposer under the RFP.

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 Public Private Agreement on March 3, 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 Total Proposal Score was based on the sum of the Financial Score and the Technical Score allocating the 100 total available points as follows:

Financial Score	80 points maximum
<u>Technical Score</u>	<u>20 points maximum</u>
Total Proposal Score	100 points maximum

Financial Score

The Financial Score is the sum of the MAP Score and Financial Proposal Feasibility Score.

The Financial Proposal Feasibility Score is a maximum of 5 points.

The MAP Score (maximum of 75 points) was based on the Present Value of the Base MAP (determined pursuant to Section 5.5 of the Instructions to Proposers, which is Volume I of the RFP ("ITP")), normalized to the Proposal containing the lowest value of Base MAP, calculated as follows:

$$\text{MAP Score} = \frac{\text{Lowest Value of Base MAP}}{\text{Proposer's Value of Base MAP}} \times 75 \text{ points}$$

By normalize, it means that the Proposer with the lowest value of Base MAP would receive 75 points and each of the other Proposers would receive fewer points based on the ratio of the lowest value of Base MAP being offered by the Selected Offeror to such Proposer's value of Base MAP.

Technical Score

The Technical Score (maximum of 20 points) is comprised of the Technical Proposal Score.

The Technical Proposal Score was calculated using the following formula:

Technical Proposal Score = Technical Proposal Evaluation Committee ("TPEC") evaluation score of Technical Proposal X 0.20.

The Technical Proposal Score was calculated based on the TPEC evaluation score for the Preliminary Performance Plans (maximum 100 Technical Proposal Score points) submitted with each Proposal. The evaluation factors for the Preliminary Performance Plan component of the Technical Proposal Score are as follows:

- (a) Preliminary Project Management Plan (maximum 30 Technical Proposal Score points);
- (b) Preliminary Design-Build Plan (maximum 35 Technical Proposal Score points); and
- (c) Preliminary Operations and Maintenance Plan (maximum 35 Technical Proposal Score points).

Evaluation Criteria

The RFP, which is posted on the IFA website at www.in.gov/ifa, contains additional information, detail and subcriteria consistent with the above with respect to the evaluation criteria. Section 5.3 of the ITP describes the separate pass/fail criteria for the Financial Proposal and for the Technical Proposal. Section 5.4 of the ITP describes the evaluation factors and subfactors for the Technical Proposal Score. Section 5.5 of the ITP describes the subfactors for the Financial Proposal Feasibility Score.

Evaluation Process and Procedures

The evaluation was undertaken by several evaluation committees and subcommittees: (i) the Technical Proposal Evaluation Committee ("TPEC") and Financial Proposal Evaluation Committee ("FPEC") (collectively, the "Evaluation Committees"); (ii) the Technical Proposal Evaluation Subcommittee ("TPES"), the Technical Proposal pass/fail and responsiveness subcommittee, the Financial Proposal Evaluation Subcommittee ("FPES"), Financial Proposal pass/fail and responsiveness subcommittee, and Administrative/Legal subcommittee (collectively the "Advisory Subcommittees"); and (iii) a number of other facilitators and observers (such as the Federal Highway Administration) participating in or observing the evaluation. The TPEC and FPEC, which were the only committees to officially score the Proposals, were solely comprised of personnel from IFA and the Indiana Department of Transportation ("INDOT").

Evaluation of the Technical Proposals and the Financial Proposals were segregated and undertaken by totally different teams, all intended to ensure the integrity of the evaluation process. With the exception of certain controlled communications facilitated by outside counsel (and members of the Administrative/Legal subcommittee) pertaining to discrete pass/fail issues involving commitments by the Proposers' bonding sureties, it was not until evaluation of the Technical Proposals and the Financial Proposals were complete that there was any communication about the Proposals between the two distinct sets of evaluation teams.

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 February 3, 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 Financial Proposals, the Financial Proposal pass/fail and responsiveness subcommittee reviewed the Financial Proposals to determine if they were responsive to the Financial Proposal submittal requirements set forth in the RFP and whether the Financial Proposals passed the Financial Proposal pass/fail criteria set forth in the RFP. On February 4, 2014, the Financial Proposal pass/fail and responsiveness subcommittee concluded its review of the Financial Proposals and recommended to the FPEC that (1) all Financial Proposals passed the Financial 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 February 7, 2014, the TPES commenced its qualitative reviews of all four Technical Proposals. The Technical Proposals were reviewed individually by the TPES members until February 4, 2014. The TPES met on February 5-7, 2014 and developed findings, assessments and qualitative scoring recommendations of the Technical Proposals.

The Technical Proposals were reviewed individually by the TPEC members until February 10, 2014. On February 11-13, 2014, the TPEC met to (i) receive the findings, assessments and qualitative rating recommendations for the Technical Proposals from the TPES Chair, (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 and finalize the qualitative rating of the Technical Proposals in order to determine the Technical Proposal Score for each Technical Proposal, (v) perform the Schedule Score evaluation for each Technical Proposal; and (vi) conduct and finalize the Technical Scores for each Technical Proposal.

The FPES conducted its qualitative evaluation of all four Financial Proposals. The Financial Proposals were reviewed individually by the FPES members until February 4, 2014. The FPES met on February 5, 2014, and developed findings, assessments and qualitative scoring recommendations of the Financial Proposals.

The Financial Proposals were reviewed individually by the FPEC members until February 12, 2014. On February 13-14, 2014, the FPEC met to (i) receive the findings, assessments and qualitative rating recommendations for the Financial Proposals from FPES Co-Chairs, (ii) receive recommendations as to pass/fail and responsiveness regarding the Financial Proposal from the Financial Proposal pass/fail and responsiveness subcommittee, (iii) make final determinations as to whether the Financial Proposals met the pass/fail and responsiveness criteria, (iv) conduct and finalize the qualitative rating of the Financial Proposals in order to

determine the Financial Proposal Feasibility Score for each Financial Proposal; (v) confirm each Proposal's MAP Score; and (vi) determine each Proposal's Financial Score.

After the TPEC and FPEC completed scoring of all Technical Proposals and Financial Proposals, respectively, the Public Finance Director determined the Total Proposal Score for each Proposal by adding the Technical Score and Financial Score for each Proposal. The Proposer with the highest Total Proposal Score was identified as the Selected Offeror, which is also the Preferred Proposer under the RFP.