

U.S. Route 460 Corridor Improvements Project
Virginia Corridor Partners (VCP)
Macquarie/Skanska/Tidewater/Lane/DMJM Harris
Proposal Summary - September 29, 2006

Proposal:

1. Development, construction, operation and maintenance of a new 55 mile, 4-lane divided limited access highway with 9 interchanges that generally follows the CBA 1 alignment as described in the Draft Environmental Impact Statement (DEIS). (Tab2, Page 61)
2. 50 year concession period for the Proposer. (Tab 3, Page 73)
3. Identifies possibility of constructing a direct link to service the container port development. (Tab 2, Page 60)
4. Proposal does not include frontage roads for access to properties. (Tab 2, Page 60)
5. Approximately 24 wetlands/stream locations have been identified to be spanned by bridges or culverts. (Tab 2, Page 60)
6. Estimated project schedule: Start: July 2010 and be completed June 2014. (ES, Page 4)
7. Proposes single opening of the facility after completion of testing, etc. (Tab 2, Page 70)
8. Proposes utilization of a whole-of-life approach and includes regular monitoring of asset conditions and optimization in terms of cost and time of major repair and replacement works (Tab 2, page 70)

Team Structure and Approach: (Tab 1, pages 3-4)

1. Virginia Corridor Partners (SPC) is an equal share joint venture of Macquarie Investment Holdings and Skanska Infrastructure Development.
2. The Design/Build (D/B) Contractor is Tidewater Skanska, Lane Construction Corp., and English Construction.
3. The D/B Designers are DMJM Harris/ Hayes, Seay, Mattern & Mattern/ Thompson & Litton.
4. Financial Mgmt. by Morgan Stanley/Morgan Keegan (public) and Macquarie Securities (private).
5. Government and Public Relations by McGuire Woods. Legal Advisors are Kaufman & Canoles.

VDOT Responsibilities: (Tab 2, page 62)

1. VCP is prepared to perform all needed activities for this project. However it sees opportunities to reduce costs if VDOT would perform all or parts of the following activities: ROW functions, permitting, toll processing, providing owner controlled insurance program, and compress procurement process.

Environmental Permitting and Approvals: (Tab 2, page 62)

1. VCP will pursue and adhere to all permitting requirements.
2. Proposes that VDOT to obtain required permits with support of VCP.

Proposer's Critical Factors for Success: (Tab 2, pages 65-67)

1. Obtaining fixed price design-build contract.
2. VDOT and VCP agreement to terms of Comprehensive Agreement.
3. Define and extract project value to/from commercial and motorist project users.
4. Cooperation from governing authorities and beneficiaries regarding contributions.
5. Achieving Record of Decision (ROD).
6. Matching project scope to available funding.
7. Reducing procurement process duration.
8. Use/acceptance of innovative solutions.
9. Public acceptance of project

10. Maintaining project schedule

Financing: Tab 3

1. Three tier concept for funding to include private funding, tolling, and contributions from beneficiaries of the project. (ES, page 2)
2. Nearly \$400m equity investment by Macquarie and Skanska ID. (Tab 3, page 73)
3. Estimated project cost is \$1,913,000,000 (2010) if all work done by VCP (base scenario). (Tab 3, page 73)
4. Alternative estimated project cost is \$1,568,000,000 (2010) if certain work is done by VDOT (alternative scenario). (Tab 3, page 85)
5. Total capitalization for the proposal is \$2,432,000,000 for base scenario and \$2,119,000,000 for alternative scenario. (Tab 3, pages 85-86)
6. Financing Plan: Revenue streams from; a) tolling of Rt. 460, 2) tolling other facilities in Hampton Roads, 3) gaining contributions from beneficiaries of the project (localities, ports, truckers, shippers, citizens, etc.). (Tab 3, page 79)
7. Debt strategy: financing from; a) private activity bonds, b) TIFIA, c) Capital Markets (private finance, equity investment). (Tab 3, page 80)
8. Proposed equity for base scenario is \$363m and \$314m for alternative scenario (Tab 3, page 84 and 85)
9. Includes the CBA 1 modified route in Isle of Wight County. (Tab 3, page 88)
10. Toll rates are variable based upon location of four proposed toll plazas and type of vehicle. (Tab 3, page 91)
 - a. Motorcycle- \$1.10 to \$1.90 Max of \$5.95
 - b. Two axle - \$2.20 to \$3.80 Max of \$11.90
 - c. Additional axles- \$1.10 to \$1.90 Max of \$5.95
11. Project risks have been identified with associated mitigation methods including (Tab 3, pages 96-97):
 - a. Construction
 - b. Environmental/permitting
 - c. Toll revenue
 - d. Securing of financing
 - e. Competing facilities
 - f. Site conditions
 - g. Hazardous materials
 - h. Utility relocations
 - i. Technology enhancement
 - j. Insurance
 - k. Compensation events/relief events
12. Life Cycle Revenues range from \$1,698m to \$6,458m over the 50 year concession (Tab 3, pages 97-98)
13. Life Cycle costs range from \$1,204m to \$2,944m over the life of the concession
14. Four mainline toll plazas are proposed with variable pricing available for time of day and for electronic tag usage. Possible reduction of user fees for local traffic. (Tab 3, page 106)