
Southern Connector Toll Road

Request for Toll Road Concessionaire Qualifications

September 27, 2007

I. Overview of RFQ and Concession Process

Introduction

Connector 2000 Association, Inc., a non-profit public benefit corporation (the “*Association*”) entered into a License Agreement with South Carolina Department of Transportation (“*SCDOT*”) dated February 11, 1998 (the “*License Agreement*”) to develop, construct, finance, operate, repair, renew and replace the Greenville Southern Connector Toll Road (the “*Toll Road*”). The License Agreement gave the Association the exclusive right to plan, design, finance, develop, acquire, and construct the Toll Road, including the right to collect tolls for the term of the License (50 years after substantial completion). The Association issued its Toll Road Revenue Bonds (Southern Connector Project, Greenville, South Carolina), Series 1998A, B and C (the “*Bonds*”) in the original principal amount of \$200,177,680 to pay substantially all the costs of the acquisition of right of way, the design, construction and equipping of the Toll Road. The Association engaged a development team and completed the design, construction, acquisition and equipping of the Toll Road. The Toll Road achieved substantial completion on March 14, 2001 and the Association is currently operating the Toll Road and collecting tolls under the License Agreement.

The Association is issuing this Request for Toll Road Concessionaire Qualifications (this “*RFQ*”), with the cooperation of SCDOT pursuant to S.C. Code Section 57-3-200, to evaluate the qualifications of entities interested in entering into a long-term license and concession of the Toll Road (the “*Concession*”) with SCDOT to replace the Association’s current License Agreement. The primary objective of the long term Concession will be to maximize value to the public, SCDOT, and the bondholders, while maintaining the high safety standards and service levels of the Toll Road.

Overview of Request for RFQ.

This RFQ allows prospective Proposers to formally express their interest in bidding on the Concession of the Toll Road. Sections II and III of this RFQ provide an introductory description of the Toll Road and include highlights of the possible Concession. Section IV summarizes the required Proposer qualifications. Section V lists the RFQ submission requirements and procedures for those looking to bid on the Concession. Attached hereto as Appendix I is a copy of the July 3, 2007 Toll Rate Study (the “*Toll Rate Study*”) prepared for the Association by URS Corporation (the “*Consultant*”). Attached hereto as Appendix II is a copy of the June 2007 Survey Report on Condition of Southern Connector Toll Road (the “*Engineer’s Report*”) prepared for the Association by Earth Tech, Inc. (the “*Engineer*”).

Those interested in bidding on the Concession should respond to this RFQ no later than 4:00 pm Columbia, South Carolina time on November 14, 2007. The Association, in cooperation with SCDOT, may determine whether to accept any responses that are not received by the date and time set forth in this paragraph. Based on the RFQ submissions, the Association, in cooperation with SCDOT, will determine those Teams that are qualified to bid on the Concession as submissions are received. There will be no restriction as to the number of Proposers that may qualify. The Association and SCDOT may develop a short list of qualified Proposers if they deem it advisable to do so.

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

“*Concessionaire*” means the Qualified Proposer selected by the Association and approved by the SCDOT Commission to operate the Concession.

“*Proposer*” or “*Team*” means an individual, a company, or a consortium of individuals and/or companies formed to undertake the transaction.

“*Qualified Proposer*” means a Proposer or Team that has been deemed qualified to submit a bid for the Concession.

“*Team Member*” means a member of a Team.

Overview of Proposal and Concession Process

After the review of RFQ submissions, Proposers that are deemed qualified will sign a Confidentiality Agreement and receive additional information on the Toll Road and the bidding process. Qualified Proposers may be asked to submit preliminary, non-binding bids for evaluation. Qualified Proposers will have the opportunity to conduct due diligence of the Toll Road through: (i) Toll Road tours and additional inspections by Proposer representatives; (ii) access to Association management and advisors; (iii) access to SCDOT manuals and regulations, (iv) review and discussion of a proposed Toll Road Concession and License Agreement (the “*Concession Agreement*”), and (v) any other relevant and reasonably available information requested by the Proposer. Following this due diligence process, final and binding bids will be submitted in accordance with procedures to be provided to the remaining Proposers.

Proposers 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 Association’s and SCDOT’s objectives, the Association will present the selected proposal to the SCDOT Commission for its approval. Both the SCDOT and the Association reserve the right to modify or terminate this solicitation at any stage if either determines such action to be in either’s best interests. The receipt of proposals or other documents at any stage of either the RFQ or the bidding process will in no way obligate SCDOT or the Association to enter into any contract of any kind with any party.

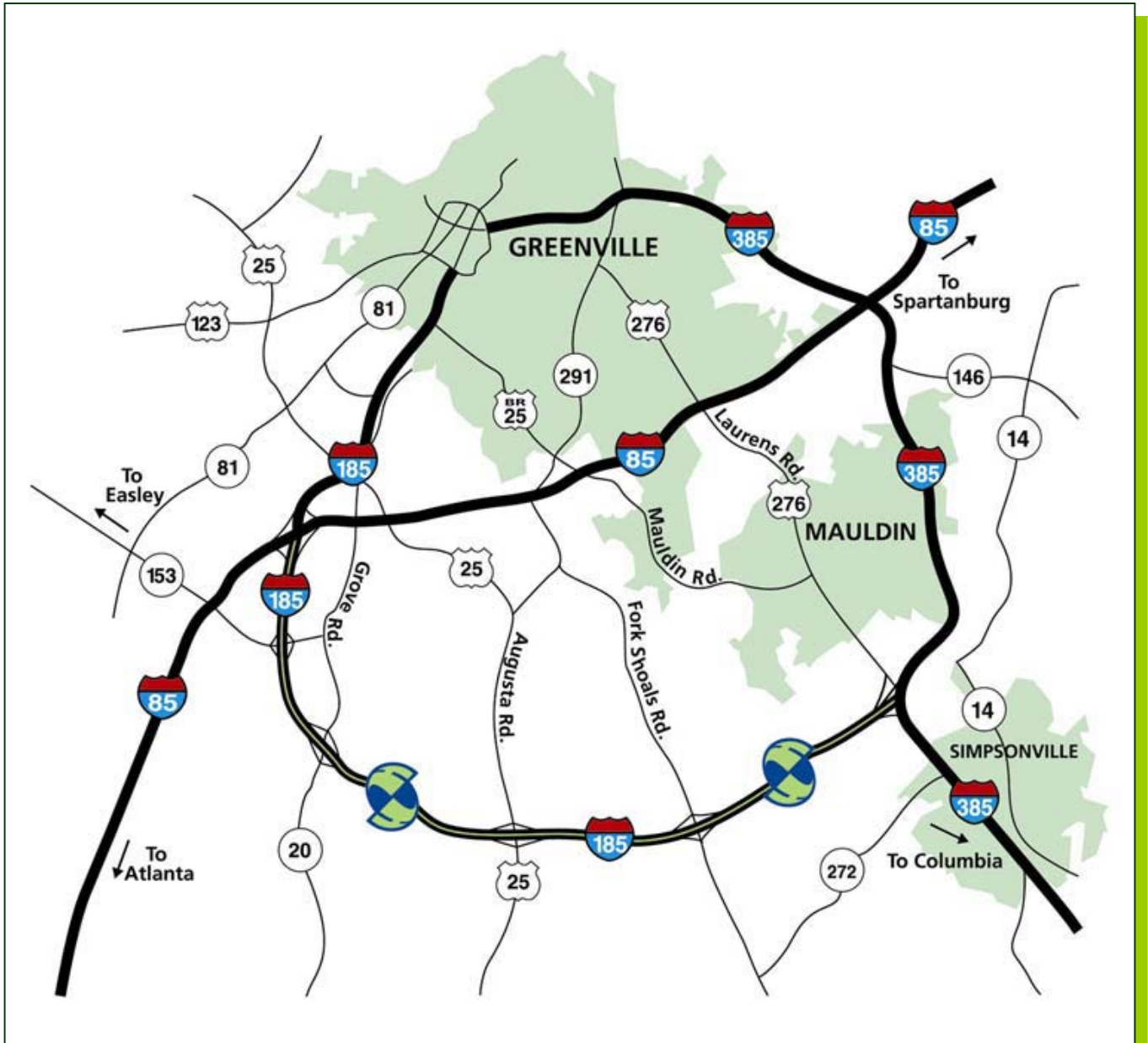
The Concession Agreement, if approved by the SCDOT Commission, will be a long-term agreement with SCDOT granting the selected Proposer (the “*Concessionaire*”) the exclusive right to operate the Toll Road and to collect toll revenue from the Toll Road during the term of the Concession Agreement. The Concession Agreement will include operating standards related to the operation, maintenance, and tolling of the Toll Road with which the Concessionaire will be required to comply. A portion or all of the proceeds of the Concession will be used to defease or extinguish all outstanding Association Bonds and other Toll Road debt (including SCDOT License Fees and maintenance reimbursements, and funding of a repair and replacement fund) and to correct the conditions identified in the Engineer’s Report.

II. Toll Road Description

Overview of the Toll Road

Located in Greenville County, South Carolina, the Toll Road, operated by the Association, was opened to toll-paying traffic on March 14, 2001. Designated I-185, the 16-mile toll road connects I-85 southwest of the City of Greenville with I-385 at Simpsonville, southeast of the city. I-85 leads southwestward to Atlanta and northeastward to Charlotte and Richmond; and I-385 leads southeastward, to a junction with I-26, which continues to Columbia and Charleston. At Simpsonville, I-385 also leads northward, crossing I-85 east of the city of Greenville and continuing to a terminus in downtown Greenville. The Southern Connector (I-185) and I-385

form three quadrants of an interstate circumferential route, leaving an expressway gap in only the northwest quadrant. A copy of the Association's official map is replicated on the following page, depicting the alignment.



Tolling Infrastructure.

There are four toll collections locations on the Toll Road. From west to east:

- West mainline plaza (between SC 153 and SC 20);
- SC 20 interchange (ramps to/from east);
- Fork Shoals Road interchange (ramps to/from west); and
- East mainline plaza (between Fork Shoals Road and I-385/US 276).

Although no tolls are collected on the ramps at the US 25 interchange in the middle of the project, the toll setup on the Toll Road is a fully closed/barrier ramp system; no traffic can use the Toll Road without payment of toll.

In addition to the cash payment of tolls, motorists have the option of establishing an Electronic Toll Collection (ETC) prepaid toll account (Palmetto Pass or PalPass for short), which allows them to travel through dedicated lanes without stopping and have their tolls automatically deducted from their prepaid toll accounts. The PalPass system for the Toll Road is interoperable with the only other toll road located in the State of South Carolina, the Hilton Head Cross Island Parkway. The Concession Agreement will provide that the Concessionaire must cooperate with SCDOT and any operator of the Hilton Head Cross Island Parkway to maintain such interoperability and reciprocity during the term of the Concession Agreement. Motorists with PalPass accounts currently receive a 25 percent discount on all mainline toll plaza transactions. This discount applies to all vehicles, regardless of the number of axles. No discount is offered at the unattended ramps.

Each mainline plaza consists of four toll lanes in each direction. The left lane is an express PalPass-only lane, and the second-from-left lane is for coin (unattended) exact change users. There are no tollbooths in the left two lanes. The right two lanes are attended for cash-payment, change and receipts. In addition, PalPass is accepted in every lane. The speed limit through the express lane is 45 mph.

The ramp plazas each contain one toll lane, are unattended (requiring exact change), and accept PalPass customers.

Historical Toll Rates and Revenue

The last toll rate increase on the Southern Connector was in January 2005. At that time, the passenger car (2-axle) through-trip rate was increased by \$.25 from \$.75 to \$1.00 for cars entering at either the east or west toll plazas, while cars entering through the toll ramps at Fork Shoals Road and SC 20 continued to pay the same fee of \$.50. Additionally, the Pal Pass rate was raised from \$.60 to \$.75. Tolls were also raised on vehicles of more than 2 axles, but these vehicles continued to be a small amount of the total transactions on the Southern Connector (3.4% in 2005 and 2006) as well as total revenue (8.0%-8.1% in 2005 and 2006). Additionally, PalPass users continued to receive a discount.

Table 1 on the following page states the current per-axle toll rates for use of the Toll Road. The present toll operating schedule became effective January 3, 2005.

Table 1 Southern Connector Tolls

Vehicle Classification	West Toll Plaza and East Toll Plaza		Toll Ramps at Fork Shoals Road and SC 20	
	Through 1/2/05	Effective 1/3/05	Through 1/2/05	Effective 1/3/05
2-Axle – Cash	\$.75	\$1.00	\$.50	\$.50
– PalPass	.60	.75	.50	.50
3-Axle – Cash	1.50	1.80	.50	.50
– PalPass	1.20	1.35	.50	.50
4-Axle – Cash	2.00	2.40	.50	.50
– PalPass	1.60	1.80	.50	.50
5-Axle – Cash	2.50	3.00	.50	.50
– PalPass	2.00	2.25	.50	.50
6+Axle – Cash	3.00	3.60	.50	.50
– PalPass	2.40	2.70	.50	.50

Following are the criteria that were used to establish the toll schedule:

- For two-axle/cash vehicles, the present full-length (16-mile) toll rate is 12.5 cents per mile, while the PalPass rate is 9.4 cents per mile.
- At the West and East Plazas, the two-axle/cash toll was increased 33 percent on January 3, 2005 while the multi-axle tolls were increased 20 percent.
- At the West and East Plazas, all PalPass users receive a 25 percent discount. The discount has been 20 percent prior to the 2005 toll increase, so the differential between the cash and PalPass users has increased not only in magnitude but also in percentage terms. This was done to encourage the use of PalPass by allowing cash customers to avoid a toll increase by converting to electronic toll payment.
- The ramp tolls, at a flat 50 cents for all vehicle classifications, were not increased on January 3, 2005; and no PalPass discount is offered.

Appendix I contains detailed historical revenue figures for the Toll Road. Toll revenue in 2006 was \$5,085,679. Additionally, toll revenues in the first eight months of 2007 are up 9.4% when compared to the first eight months of 2006.

Proposed Toll increase

After review of the positive impact of the 2005 toll increase the Consultant has recommended SCDOT should consider making a number of toll adjustments aimed at maximizing revenue productivity. The Consultant has identified the following toll adjustments based upon traffic and revenue statistics and estimates developed by the Consultant to establish an order of magnitude of the probable toll impacts.

Increase the general toll level in July 2008 and January 2010. With respect to the two-axle/cash toll, increases of \$.25 would boost the present \$1.00 toll to \$1.50 (multi-axle tolls would increase proportionately) by 2010. Elasticity reports indicate the maximum revenue point is between \$1.50 and \$1.75. In per-mile terms, the toll rate would increase from 12.5 cents per mile to 18.8 cents per mile by 2010.

Reduce the PalPass discount in two steps and eliminate the discount by 2010. By this time, the PalPass participation would be well established (based on convenience and the early-year discounts) and its market share could be maintained based on convenience alone.

Increase the SC 20 and Fork Shoals Road ramp tolls in parallel with the mainline plaza tolls, so that they remain at a minimum of one-half the two-axle mainline plaza rate, rounded to the nearest quarter.

Historical Traffic

Appendix I details historical traffic figures for the Southern Connector Toll Road. From 2001 to 2006, toll transactions have generally followed an increasing trend, with some fluctuations in growth. Factors behind these fluctuations include a toll increase in 2005 and the “ramp-up” phenomenon; the period of time it takes motorists to become acquainted with the roadway.

Total vehicle transactions have increased an average of 15.5% per year from 2001 to 2004 and 9.8% per year from 2005 to 2006. Annual transactions in 2004 reached 5,129,949 before subsequently decreasing to 4,948,535 in 2005 after the January 2005 toll increase. However, toll transactions peaked in 2006 at 5,434,691.

III. Investment Highlights

While the Toll Road has experienced traffic volumes which are below original projections, the road is demonstrating significant traffic and revenue growth. Despite this positive performance, the Association considers that a private sector Concessionaire may be best able to maximize the financial performance of the Toll Road over the long term, while providing economic value and high quality service for patrons of the road. Highlights of the Toll Road include:

1. Early Stage Toll Road which is Experiencing Significant Growth.

The Toll Road opened in March 2001. While initial traffic has not conformed to the original forecasts, this is not uncommon in new facilities. With the continuing commercial and residential development and employment growth expected to occur in its corridor, the Toll Road’s traffic demand and revenues are expected to increase substantially over time.

2. Robust Growth in Primary Market Area.

Greenville County’s estimated population of 407,383 for 2006 represents a 27% increase since 1990 and a 7.3% increase since 2000. Greenville County’s population is estimated to grow to 450,500 by 2015. There has been nearly \$1.4 billion in total announced capital investment since 2002 and approximately 7,000 jobs created during this same time, with \$182,200,000 in new capital investment announced for 2006, creating over 1,744 jobs.

3. Limited Future Capital Expenditures

The Toll Road was substantially completed in March 2001 under a Design / Build Contract and thus does not currently need significant life-cycle maintenance or capital expenditures.

IV. Proposer Qualification Requirements and Evaluation Criteria

This RFQ is open to Proposers capable of meeting the requirements highlighted in this section and detailed further in Section V. Upon receipt, all RFQ submissions will be reviewed for completeness in accordance with the submission requirements highlighted in Section V of this RFQ. At the end of this completeness review, the Association, with the cooperation of SCDOT, 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 Concession. The Association, with the consent of SCDOT, 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 RFQ submission adequately details the acceptable technical capability of the Concessionaire with respect to the following areas of expertise:

- a. Operation and maintenance;
- b. Customer service; and
- c. Safety.

Financial Capability

The evaluation of financial capabilities will address whether the RFQ submission adequately details the financial capability of the Concessionaire with respect to the following areas:

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

V. RFQ Submission Requirements and Procedure

RFQ Submission Requirements

Proposers that anticipate responding to this RFQ shall indicate so as soon as possible by providing contact information via e-mail to the authorized representative listed below, RFQ submissions should comply with the format provided under “*Format and Required Information for RFQ Submission*” below. Additional information not specifically related to the Concession or this RFQ should not be included.

Mr. Peter Femia
Connector 2000 Association, Inc.
Executive Vice President/General Manager
Phone: (864) 527-2150
Fax: (864) 527-2176
E-mail:
RFQ@southernconnector.com

Mail Deliveries:
Post Office Box 408
Piedmont, South Carolina 29673

Hand Deliveries:
3050 Southern Connector
Piedmont, South Carolina 29673

Toll Road Web Page:

<http://www.southernconnector.com>

Informational Meeting

A non-mandatory informational meeting will be held for this RFQ on Wednesday October 17, 2007 commencing at 1:00 PM, Greenville, South Carolina time in the Board Room of the West Toll Plaza of the Southern Connector, 3050 Southern Connector, Piedmont, South Carolina. Those planning to respond to this RFQ are encouraged to attend. The meeting will be recorded. One copy of the transcript of the informational meeting will be provided to each Proposer. Please confirm your attendance by contacting the Authorized Representative listed above. Participants at the informational meeting may ask questions or request clarification of this RFQ.

Questions.

All questions or requests for information regarding this RFQ should be in writing and should be submitted at or before the time of the informational meeting described above directed only to the authorized representative listed above. Please DO NOT contact any officials or related parties at the State of South Carolina, the Association or SCDOT. A list of the questions received at the informational meeting or otherwise and responses made will be delivered to each of the Proposers. Proposers may not rely on any responses about the RFQ except written responses to questions submitted in accordance with this RFQ.

No Liability for Costs

Neither the Association nor SCDOT, nor any of their respective advisors shall be responsible for costs or damages incurred by Proposers, Teams, Team Members, subcontractors, counsel, accountants, consultants 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 RFQ Submission

All RFQ 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 Proposer: 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 Association 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. Proposers should specify how these comparable projects relate to the proposed Toll Road Concession.
 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 Concessionaire will have with SCDOT; 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 Concession. 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 Association shall be deemed owner of all information and papers submitted by a Proposer, but SCDOT will have access to all information. Therefore, Proposers are advised that materials contained in RFQ submissions will be subject to the South Carolina Freedom of Information Act (“**FOIA**”), 30-4-10 *et seq.*, and may be viewed and copied by any member of the public, including news agencies and competitors. Proposers claiming a statutory exception to FOIA 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 Proposer must also specify which statutory exception provision applies. SCDOT reserves the right to make final determinations of confidentiality. If SCDOT does not agree that the information designated is confidential under one of the disclosure exceptions to FOIA, it may either reject the Proposer’s response or discuss its interpretation of the allowable exceptions with the Proposer. If agreement can be reached, the Proposer’s response will be considered. If agreement cannot be reached, SCDOT will remove the response from consideration for award and return the response to the Proposer.
2. Provide details of any relevant criminal investigation or conviction, suspensions, material pending litigation, regulatory or civil enforcement action pending against your Team.
3. Although not required for the RFQ Submission, please note, the Concessionaire will be required to make a certification that each Team Member that interacts with State of South Carolina employees are aware of and shall abide by all ethical requirements that apply to persons who have a business relationship with SCDOT, as set forth in the Ethics, Government Accountability and Campaign Reform Act of 1991, Chapter 8 of Title 13 South Carolina Code, and the regulations promulgated there under. If you are not familiar with these ethical requirements, you should refer any questions to the South Carolina State Ethics Commission, or visit the South Carolina State Ethics Commission website at <http://ethics.sc.gov>. If the Concessionaire or its agents violate any applicable ethical standards, SCDOT may, in its sole discretion, terminate the Concession Agreement immediately upon notice to the Concessionaire.

4. Further, the Concession Agreement will require that the Concessionaire comply with SCDOT'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 RFQ 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 disadvantaged business enterprises; and
 - (4) Affirmative action/equal opportunity.

RFQ Submission Instructions

Ten copies of the RFQ submission should be delivered to the address shown below no later than 4:00 P.M. Columbia, South Carolina time on Wednesday, November 14, 2007. The Association with the consent of SCDOT may determine in its discretion whether to accept any responses that are not received by the date and time set forth in this paragraph. RFQ submissions may not be submitted via facsimile machine or electronic mail. Deliver RFQ submissions to:

Mr. Peter Femia
 Connector 2000 Association, Inc.
 Executive Vice President/General Manager
 Phone: (864) 527-2150

Mail Deliveries:
 Post Office Box 408
 Piedmont, South Carolina 29673

Hand Deliveries:
 3050 Southern Connector
 Piedmont, South Carolina 29673

Post RFQ Process

Qualified Proposers will be asked to participate in further due diligence as described in Section I, and to ultimately provide final and binding proposals to the Association and SCDOT for consideration by the SCDOT Commission. The approximate timing for the process will be as follows:

Timing for Process

Next Key Step

Expected Date

Informational Meeting	October 17, 2007
Responses to Questions	October 22, 2007
RFQ Submittal	November 14, 2007
Sign Confidentiality Agreement with Qualified Proposers and Begin Due Diligence Process	November 16, 2007
Due Diligence Process Concludes and Concession Agreement Finalized	February 15, 2008
Receive Final and Binding Proposals	March 15, 2008

More details will follow the November 14, 2007 RFQ submittal. Proposers should be prepared to react quickly to meet this timetable.

To the extent a proposal is accepted, it is anticipated that financial close will occur in June 2008.

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