

Governor McDonnell Announces Downtown Tunnel/Midtown Tunnel/MLK Extension Project Moving Forward **– Contract expected to be signed on \$1.9 billion project by end of 2011 –**

July 20, 2011

RICHMOND – Governor Bob McDonnell announced today that the Virginia Department of Transportation (VDOT) and Elizabeth River Crossings LLC (ERC) have agreed on the major business points for the Downtown Tunnel/Midtown Tunnel/Martin Luther King Extension Project connecting Norfolk and Portsmouth. Agreement on the major business points of the transaction paves the way for VDOT and ERC to finalize the detailed terms of the comprehensive agreement and the financing package for this \$1.9 billion project. VDOT and ERC expect to sign the comprehensive agreement and achieve financial close by the end of 2011.

"The construction of the Downtown Tunnel/Midtown Tunnel/MLK Extension project will bring needed improvements to the transportation infrastructure of Hampton Roads, which will connect citizens with their jobs, families and activities. It will also provide easier access to our military bases and the Port of Virginia that will increase security and commerce in the region," said Governor Bob McDonnell. "This critical improvement is long overdue. The innovative public-private agreement will advance this project years before the Commonwealth could afford to complete the work on its own."

The major business points of the transaction were presented to the Commonwealth Transportation Board (CTB) today, Wednesday, July 20, at its meeting in Richmond.

Key aspects of the transaction require ERC to:

- Design and construct the project including:
 - Construction of a new Midtown Tunnel facility
 - Rehabilitation and upgrades to the existing Downtown Tunnel and Midtown Tunnel facilities
 - Construction of the Martin Luther King (MLK) extension in Portsmouth
 - Minor upgrades to the Brambleton Avenue interchange in Norfolk
- Provide a fixed-price, fixed date, design-build contract
- Manage and fund all operations and maintenance for a 58-year term
- Collect tolls at the Downtown Tunnel, Midtown Tunnel and MLK facilities
 - Tolls will be initially set at an off-peak rate of \$1.59 and a peak rate of \$1.84 for automobiles using the Downtown and Midtown Tunnels
 - Users of the MLK extension will be charged a toll of either \$1 or 50 cents if the automobile uses the MLK extension in conjunction with either of the tunnels
- Provide for performance security during the construction and operations/maintenance phases
- Exercise good faith efforts to achieve specific goals for Disadvantage Business Enterprises (DBE) and Small, Women and Minority (SWaM) owned businesses
- Return each of the new and existing assets to the Commonwealth in good working order at the end of the agreement

"We are pleased that, through our partnership with VDOT, ERC will be one step closer to helping deliver a project that will vastly improve the region's transportation network," said Christopher Voyce, Executive Director of Macquarie Capital and Co-Developer of Elizabeth River Crossings, LLC.

Karl Reichelt, Executive Vice President of Skanska Infrastructure Development, co-developer as part of Elizabeth River Crossings LLC, added. "A significant milestone is achieved with this week's agreement, and our focus going forward is to build upon the partnership with VDOT to deliver this critical project to the region and the Commonwealth."

In the agreement, the Commonwealth of Virginia will retain ownership and oversight of the project and provide \$395 million in financial support for the construction of the facilities.

The formation of the Office of Public Private Partnerships (OTPP) has allowed the Commonwealth to focus its resources on the development of the Downtown Tunnel/Midtown Tunnel/MLK Extension project," said

Secretary of Transportation Sean Connaughton. "After this project comes to financial close, we will turn that focus to the I-95 HOV/HOT Lanes, the new Route 460 and segments of Route 58 and the Coalfields Expressway."

The department will now have a long-term relationship with our private partners, Elizabeth River Crossings, to design, construct, operate, maintain and finance both existing and new infrastructure in Norfolk and Portsmouth," said VDOT Commissioner Greg Whirley.

"This agreement sends a powerful message to those wanting to invest in the Commonwealth that Virginia is open for business," said Governor McDonnell. "I want to commend the General Assembly for its bipartisan support of our transportation funding legislation which made this agreement possible, as well as being invited to apply for a TIFIA loan provided by the U.S. Department of Transportation. I want to thank the excellent OTP3 team and VDOT personnel who worked so hard on this agreement."

The presentation is available on the CTB website www.ctb.virginia.gov/. For more information about the Downtown/Midtown/MLK project, visit <http://www.midtowntunnel.org/>. For more on the Commonwealth's PPTA program, visit www.vappta.org/.

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