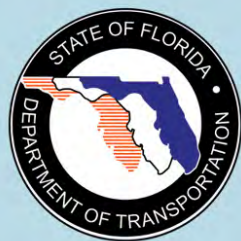


PORT OF MIAMI TUNNEL AND ACCESS IMPROVEMENT PROJECT



Supplement to Project Information Memorandum
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Note: *All text provided below should be read as a supplement to, rather than a replacement of, existing language in the PIM. The PIM may be downloaded at www.portofmiamitunnel.com.*

As stated previously in Section 1.6 of the PIM, the information contained herein is only intended to assist prospective Proposers in evaluating participation in the RFQ and for preparation of an SOQ. The information is only of an indicative and preliminary nature, and is subject to change. No representation or warranty is made that the information contained herein is correct or complete. Proposers must rely on their own sources of information and analysis in preparing their SOQs and final Proposals.

SUPPLEMENT TO SECTION 1

1.2. Project Funding

As in all PPP arrangements, future public payments are not full faith and credit obligations of the Grantor. FDOT has a high credit rating and has recently issued investment-grade debt that is subject to annual appropriation for its State Infrastructure Bank (includes repayment sources from the Florida State Transportation Trust Fund). FDOT is developing a description of its budgeting and appropriation mechanism and will provide a letter that explains this process to Short-Listed Proposers and their investors and lenders.

1.4. PPP Goals and Framework

1.4.1. Concession Tenor

The Concession tenor will be fixed by FDOT and set forth in the RFP. FDOT is currently analyzing term length options in anticipation of providing a draft term sheet to Short-Listed Proposers at the time of their designation. Preliminary results suggest that the most efficient tenor for FDOT will be in the lower range -- most likely 35 to 40 years.

The final decision on tenor will be driven by budget targets, cost analysis both in Year-of-Expenditure (“YOE”) and Present Value (“PV”) terms, and evaluation of Value for Money (“VfM”). FDOT’s goal is to select a term by balancing Net Present Cost and VfM with an attractive payment profile (maximum yearly payments). From this perspective, the shorter, 35-year tenor appears to yield the best results, while still allowing for a well-leveraged, long-term financial structure with an attractive cost of capital.

SUPPLEMENT TO SECTION 2

2.1. Project Scope

The RFP will establish an acceptable range of time for substantial completion (the “Completion Window”), e.g. July 1, 2012 – January 1, 2014. The Completion Window may be revised based on feedback from Short-Listed Proposers. The Concessionaire will be required to achieve final completion within a specified time period following substantial completion. Subject to compliance with applicable regulations, the Concessionaire will be able to commence the Operating Period upon substantial completion. Proposers will be required to include a proposed

date for substantial completion (“Proposed Completion Date”) in their detailed proposals, supported by a conceptual construction schedule and phasing plan.

FDOT will not assess liquidated damages against the Concessionaire for failure to achieve substantial completion by the Proposed Completion Date as long as substantial completion is achieved within the Completion Window. By the same token, the Concessionaire will be denied compensation for excusable delays in achieving substantial completion if the Concessionaire has, despite the delay, reasonably sufficient time remaining to achieve substantial completion within the Completion Window. Excusable delays that push substantial completion beyond the Completion Window may be the subject of a time extension, or compensable time extension, depending on the cause of the delay. To the extent the Concessionaire is entitled to a compensable time extension under the terms of the Concession Agreement, FDOT will extend the Completion Window and adjust the Concession term or maximum Availability Payment (“MAP” as defined below in section 5.1.1) after application of the risk sharing mechanism discussed below in Section 4.3.3. FDOT will assess liquidated damages for any unexcused failure by the Concessionaire to achieve substantial completion with the Completion Window. Excessive unexcused delay as defined in the Concession Agreement will constitute a terminating event.

2.5. Project Implementation

2.5.3. Subsurface Conditions

FDOT anticipates that it will receive the necessary permits to conduct drilling for an additional geotechnical investigation program in late March. Short-Listed Proposers will have a time-constrained opportunity to provide input on this program. FDOT’s permits will provide for boring 10 holes in the Channel and current plans call for drilling six of the holes as soon as possible. The final four holes are expected to be drilled after the short-listing of bidders to allow detailed input from the bidders as to what they would prefer for information and test protocol. The location of all ten holes will be largely fixed by the permits. FDOT will also be drilling up to three holes on land to prove the sampling techniques before drilling in the Channel (Dodge and Watson islands are man-made). Data from the FDOT tests should be available in a September – October 2006 timeframe. Representatives of Short-Listed Proposers, once selected, will be permitted to be on board the barge being used for drilling and testing activities for the final four holes.

SUPPLEMENT TO SECTION 4

4.2. Construction Milestone Payments

FDOT currently expects that at least \$100 - \$150 million of publicly committed funds will be used to make Construction Milestone Payments.

4.3. FDOT Risk Sharing

FDOT recognizes that geotechnical risk is an important consideration for many potential proposers. A key driver in FDOT's decision to procure the Tunnel using a concession approach is the opportunity to access private expertise in managing, mitigating and valuing geotechnical risk. Therefore, significant geotechnical risk will be transferred to the private sector. At the same time, FDOT wishes to establish a commercially-viable partnership that will encourage potential Proposers to compete for the Project. Accordingly, the Concessionaire will be responsible for overruns due to baseline geotechnical conditions, while FDOT will share substantial amounts of risk for overruns due to Changed Conditions. FDOT intends to further refine the risk sharing approach after discussions with the Short-Listed Proposers.

4.3.1. Baseline Conditions

As stated in Section 2.5.3 of the PIM, FDOT has already gathered a significant amount of geotechnical data and expects to receive the necessary permits for drilling in the Channel in late March in connection with a new geotechnical investigation program (described above). The resulting information will be analyzed along with previous information. This analysis will be presented in a report that establishes the baseline geotechnical conditions (the "Baseline Report"). FDOT will provide short listed teams with the report, together with access to underlying data and samples.

The Concessionaire will be responsible for site conditions that are within the parameters of the Baseline Report ("Baseline Conditions"). In addition, the Concessionaire will be responsible for other events within its control or that are reasonably foreseeable under the circumstances, including foreseeable weather conditions, permitting risks, detailed design decisions, and construction means and methods (including selection of appropriate TBM specifications, grouting methods and containment strategies). Note that FDOT will not allow the use of the New Austrian Tunneling Method ("NATM") for the main tunnel bores, but may allow this tunneling method for the cross-passages.

FDOT is retaining an independent insurance advisor. In consultation with the insurance advisor, FDOT will specify minimum insurance requirements for the concessionaire. These requirements will be set forth in the RFP. Risk sharing arrangements will only compensate for losses that are not covered by the required insurance program. The insurance requirement may be refined

following feedback from the Short-Listed Proposers. The Concessionaire will be responsible for all insurance costs.

4.3.2. Changed Conditions

FDOT will accept risk sharing for uninsured losses if the Concessionaire’s technical approach is appropriate for the project scope and the conditions in Baseline Geotechnical Report. If the Concessionaire proceeds appropriately and experiences cost overruns due to geotechnical conditions that were not foreseen in the Baseline Report (“Changed Conditions”), then several layers of risk sharing are contemplated. An example of the current approach being evaluated by FDOT is shown in Table 6, but is subject to change in the draft RFP and Concession Agreement that will be provided to Short-Listed Proposers. (This table is one of several models under consideration for risk allocation for changed conditions. This approach has been recommended by the FDOT POMT Team to the FDOT POMT Policy Committee, but a final decision has not been made at this time. Short-listed proposers will be asked to comment on the risk allocation approach for changed conditions.)

**Table 6.
Preliminary Changed Conditions Risk Allocation
(Subject to Change)**

Uninsured Losses (x)	Risk Allocation
x < \$10 million	100% Concessionaire
\$10 million < x < \$160 million	100% FDOT
\$160 million < x < \$180 million	100% Concessionaire
x > \$180 million	90% FDOT / 10% Concessionaire

FDOT also anticipates that in the most extreme case, the discovery of an extraordinary condition or major unforeseen event (as defined in the Concession Agreement), will trigger the option to terminate the Concession Agreement under a contractually-mandated termination settlement formula. Changed Conditions which result in overruns greater than \$180 million would be considered extraordinary. In addition, if a Changed Condition which is likely to be extraordinary is discovered early in the design or construction process a termination option also may be triggered.

FDOT anticipates that it will share Changed Conditions risks using a “Contingency Reserve,” provisionally expected to contain \$150 million. Claims for Changed Conditions would be honoured only when specific conditions are met as defined in the Concession Agreement. Disputes regarding entitlement will be subject to a summary dispute resolution process that will be established in the Concession Agreement. Determination of entitlement will be made in accordance with change order provisions and risk allocation mechanisms set forth in the Concession Agreement. FDOT will evaluate the claim at its discretion using either the unit

prices comprised in the Proposal’s construction budget, a negotiated lump sum, and/or time and materials.

If the Contingency Reserve is exhausted and the additional claims over \$180 million are deemed valid, FDOT may elect to satisfy the claims by extending the Concession tenor or increasing the MAP. Further refinements of the risk sharing strategy and compensation approaches will be included in the Draft RFP provided to Short-Listed Proposers and will be subject to further discussions prior to issuance of the final documents.

4.3.3. Delay Risk

As stated above in Section 2.1, the Concessionaire will be responsible for achieving substantial completion within the Completion Window. FDOT will also not share the risk of delays within the Completion Window. However, if substantial completion is delayed beyond the Completion Window due to Changed Conditions or other excusable reasons, then FDOT may extend the Completion Window. In addition, FDOT may provide an extension of the concession term, an increase of the MAP, and/or consider additional compensation to offset certain specified indirect costs due resulting from project delay (i.e. accrued interest).

SUPPLEMENT TO SECTION 5

5.1. Introduction to Availability Payments and Rationale

FDOT will make Availability Payments (assuming performance warrants) to the Concessionaire on a quarterly basis.

5.1.1. Maximum Availability Payment

Proposers will bid a single Maximum Annual Payment (“MAP”) amount. The MAP (and the actual quarterly payment amount) will be a single, unitary payment for availability and the quality of service provided. There will not be separate payments for CAPEX or OPEX. The RFP will establish a limit for the proposed MAP. Proposers requesting a MAP in excess of the limit will be deemed non-responsive. The proposed MAP will be the most significant financial factor in the selection process.

5.1.2. Inflation Adjustments

The MAP will be adjusted annually under an indexation formula that will be provided in the draft RFP. The indexation process will also be designed to accommodate FDOT's five-year work program budgeting process. FDOT currently anticipates that annual adjustments will be made with a capped percentage increase. However, periodic reassessments will be made if the amounts allowed under the cap fall too far behind a selected inflation index. All Proposals will assume the same indexation formula which will be set forth by FDOT in the RFP.

5.1.3. Commencement of Availability Payments

The Concessionaire will be able to earn Availability Payments from the moment the tunnel opens for public operation, provided this does not occur before the start of the Completion Window. Therefore, the sooner within the Completion Window that the Concessionaire completes the Project construction and commences proper operations, then the sooner the Concessionaire will be able to receive its first Availability Payment. FDOT expects that this will provide the Concessionaire with an incentive for timely completion.

At the same time, FDOT does not want bidders to be unrealistic in committing to a construction schedule that is too aggressive. As stated above in section 4.3.3, FDOT does not anticipate that it will share much, if any of the risk for loss of availability payments due to schedule slippage within the Completion Window.

5.2. Availability Payment Mechanism

FDOT is advancing its definition of the Payment Mechanism in order to present Short-Listed Proposers with a more concrete description of the mechanism, including the actual structure (components and weightings), the performance standards and the system for calculating payment amounts. FDOT is in the process of evaluating the appropriate criteria, measurement methods, and reporting methods based upon the performance factors it is identifying as necessary.

As stated previously in the PIM, FDOT is committed to making sure that the availability criteria and performance standards for the Project are easily measurable and that they are predictable for the Concessionaire and its lenders. FDOT also anticipates a 3-month "Settling-In" period starting immediately after traffic operations begin, during which time any deductions for failing to meet the performance factors will be phased-in.

A payment/performance matrix will be included in the draft Concession Agreement provided with the RFP. Calculations will be based on the level of performance, as measured by a monitoring system. In general terms, FDOT expects the system will be based on the principle of self-monitoring. The quality control system will be described in the Proposal, with results to be verified through additional audits conducted by FDOT and potentially augmented by periodic user surveys. Many conditions will be observed continuously through the electronic monitoring systems that will be built into the Tunnel.

At this time, FDOT anticipates that the Operating Segments will only include the below-grade elements of the Project. Operation and maintenance of the bridge sections of the Project will be performed by others and the Concessionaire will not be held responsible for their performance, beyond FDOT’s warranty requirements as will be set forth in the draft Concession Agreement.

5.5. High Traffic Payment

“High Traffic” will be defined as a traffic volume of heavy trucks and buses which exceeds the baseline level of heavy truck and bus traffic (the “Baseline”) specified in the RFP by more than 20%. In the event of High Traffic, FDOT will pay the Concessionaire a High Traffic Payment. The amount of the High Traffic Payment will be established by FDOT and calculated as a percentage of the MAP. An example of an approach is shown in Table 7. (This is an example only as a final decision has not been made on the approach for the high traffic payment).

**Table 7.
Potential High Traffic Payment
(Subject to Change)**

High Traffic Level	High Traffic Payment
20 – 33% above Baseline	2.0% of MAP
33 – 50% above Baseline	3.0% of MAP
>50% above Baseline	3.5% of MAP

If the High Traffic persists for more than five consecutive years, then the basis for the MAP will be re-evaluated following a full audit of all operating, maintenance and major maintenance costs. This mechanism will be reviewed with the Short-Listed Proposers.

SUPPLEMENT TO SECTION 6

6.3. Overview of the Proposal and Selection Phase

FDOT will place a strong emphasis on prompt execution of the Concession Agreement after receiving Proposals. FDOT is not planning to request a Best and Final Offer (“BAFO”).

As stated in the PIM in Section 1.3, FDOT will use a best value method of selection: FDOT will evaluate Proposers’ approaches to design and construction and project management, their plans for O&M and for quality assurance and control, and the amounts of their proposed MAPs.

Provisionally, FDOT anticipates that it will weight financial criteria at 50%-60% and technical criteria at 40%-50%. There will also be technical and financial pass/fail requirements including a ceiling for the MAP.

All Proposers will assume the same:

- Indexing formula for the MAP;
- Size and functioning of the Contingency Reserve;
- Amount of Construction Milestone Payments;
- High Traffic Payment; and
- Payment Mechanism.

The proposed MAP amount will comprise a very significant portion of the financial score. FDOT also is considering scoring two other financial criteria:

- Construction budget and schedule of values – the proposed construction budget will have to correlate fully with the technical proposal. The schedule of values will affect FDOT's assessment of contingency risk under each proposal. FDOT will also consider the impact of the construction budget in the event of contract termination scenarios.
- Financial feasibility of the Proposal:
 - The credibility of the plan of finance – i.e. the likelihood that it can be closed on time and under the terms assumed;
 - The level of support from lenders – Proposals which include financial offers that are more detailed and further advanced will be more highly ranked;
 - Shareholder commitment – deeper equity member involvement in and commitment to the project (e.g. risk assumed, firmness of commitments for equity contributions, etc.) will be more highly scored; and
 - Coherence and credibility of the business plan – more carefully structured and detailed plans will be more highly ranked, and proposals with inconsistencies between the financial model (technical assumptions) and the technical offer will be penalized. Inconsistency between the proposed MAP and other assumptions, and/or reliance on any extremely aggressive assumptions also will be penalized.

FDOT will expect Proposals to be complete when submitted. No BAFO stage is anticipated and negotiations with the Selected Proposer referenced in the PIM, if any, will be comprised solely of discussions for the purpose of clarifying the Proposal.

SUPPLEMENT TO SECTION 7

All questions related to the Project, the RFQ, the PIM and the information in this document should be directed as set forth in the RFQ and/or via the Website (www.portofmiamitunnel.com).