FRASCA & ASSOCIATES, L.L.C. MERCATOR ADVISORS LLC

JULY 2013

DULLES CORRIDOR ENTERPRISE

REPORT OF THE FINANCIAL ADVISORS

The Airports Authority established the Dulles Corridor Enterprise (DCE) Fund to segregate the financial activity associated with the operation, maintenance and improvement of the Dulles Toll Road (DTR) and construction of the Dulles Corridor Metrorail Project (the Rail Project) from the financial operations of the Airports. This report provides an update on the status of capital financing activities and other issues related to the DCE Fund.

Action Items

No Action Items.

Informational Items

- ***Transportation Infrastructure Finance and Innovation Act (TIFIA) Program.*** Staff and advisors for the Airports Authority, Fairfax County, and Loudoun County are working closely with the United States Department of Transportation (USDOT) and its advisors to complete the due diligence phase of the TIFIA Letter of Interest (LOI) review process. USDOT has stated that the creditworthiness review can be expected to take 45-90 days once it has received all requested materials. The next stages in the process, assuming the credit review is positive, are submission of a TIFIA application (by invitation only) and negotiation of the terms and conditions for the proposed TIFIA loans. USDOT is estimating that the timeframe for approval of an application is no more than 90 days after receipt of the application. The estimated timeframe for execution of a credit agreement is approximately 60 days from approval of the application.

  USDOT has received TIFIA LOIs for 31 projects seeking credit assistance in FY 2013-14. As of June 14, 2013, only one of those projects has reached financial close – a $99 million transaction for improvements to the Chicago Riverwalk pedestrian way. The City of Chicago has been invited to apply for a second TIFIA loan for $292 million that will help complete the financing of an $884 million intermodal facility and an extension of the Airport Transit System at O'Hare International Airport. The first draft of a loan agreement was provided to the City by USDOT on June 29.

  Fourteen of the remaining TIFIA LOIs, including the one submitted for the Rail Project, are in the creditworthiness review stage. Twelve projects are still in the initial eligibility review stage and three projects have been withdrawn or declared ineligible.

- ***DTR Underwriter Request for Proposals (RFP).*** The Airports Authority is issuing an RFP to members of the DTR Underwriter pool in order to select a management team for upcoming transactions. Staff and Financial Advisors will brief pool members on the Plan of Finance following the July 17 Board meeting.

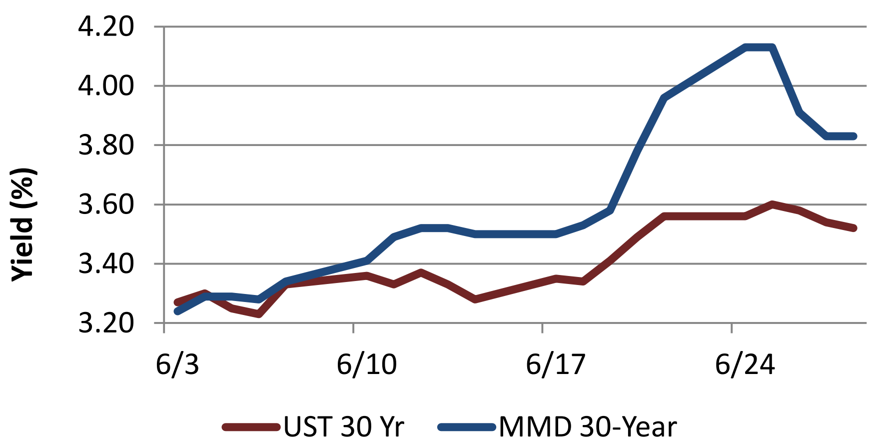
Relevant News Items

- ***495 Express Lanes Speed Limit Increase.*** On June 24, 2013, the private operator of the 495 Express Lanes increased the speed limit for vehicles using the express lanes to 65 miles per hour (mph). The speed limit on the mainline Beltway lanes will remain 55 mph. The change, which had been planned, took effect after the Virginia Department of Transportation released a study confirming that raising the speed limit would not pose a safety problem.

  The speed limit on the DTR is 55 mph, but vehicles using the E-ZPass Only lanes near the main line toll plaza must slow to 35 mph.

Market Update

What started out as a quiet month in both markets ended quite differently as Treasuries and Municipals were roiled by improving economic indicators and the market's interpretation of Chairman Bernanke's comments about a mid-2014 easing of Treasury purchases by the Federal Government. A few unlucky issuers got caught in the riptide of spiraling rates while others, including the Airports Authority, escaped the worse of the panic. The municipal calendar had been building strongly, but the run-up in interest rates may eliminate refunding transactions planned for July and August by many issuers.



On June 25, the Riverside County Transportation Commission issued $176.7 million of Toll Revenue Senior Lien Bonds which were structured as current interest and capital appreciation bonds. The transaction was rated BBB- (Stable) by both Standard & Poor's (S&P) and Fitch. This is the same rating as has been indicated by S & P for the Airports Authority's Junior Lien, where we propose to issue the TIFIA loan. The Riverside County bonds were priced as follows:

	Maturity	Coupon	Yield
Series A: Current Interest	2044	5.75%	5.85%
	2048	5.75%	5.90%
Series B: CABs	2022-2043	NA	5.30% - 7.15%

On July 1, the interest rate for a 35-year TIFIA loan was 3.53 percent.

MONTHLY UPDATE: OUTSTANDING DULLES CORRIDOR ENTERPRISE DEBT

Short-Term Notes and Loans

Commercial Paper Notes. As of July 1, 2013, the Airports Authority has issued $149,550,000 of Dulles Toll Road Second Senior Lien Commercial Paper Notes, Series One. There is $150,450,000 of additional liquidity available to draw.

Program	Authorized Amount	Letter of Credit Provider	Dated Date	Expiration Date
Commercial Paper Series One	*Up to $300 Million*	*JP Morgan*	*August 1, 2011*	*August 11, 2014*

The following table shows the rolling three-month averages of the Commercial Paper Notes and the Securities Industry and Financial Markets Association (SIFMA) Index on a monthly basis for 2013 and the rolling 12-month averages for previous years. [1]

2013 Variable Interest Rates (3-Month Rolling Average)

Monthly	CP 1 JPM	SIFMA	Spread
June 2013	0.17%	0.14%	0.03%
May 2013	0.16%	0.15%	0.01%
April 2013	0.16%	0.13%	0.03%
March 2013	0.17%	0.10%	0.07%
February 2013	0.18%	0.11%	0.07%
January 2013	0.20%	0.14%	0.06%

Previous Years Variable Interest Rates (12-Month Rolling Average)

Calendar Year	CP 1 JPM	SIFMA	Spread
2012	0.20%	0.16%	0.03%
2011*	0.18%	0.15%	0.03%

* 08/11/11 through the end of the calendar year

FFGA Notes. On December 17, 2012, the Airports Authority issued $200 million of fixed rate notes secured by the remaining Federal funding anticipated to be received pursuant to a Full Funding Grant Agreement (FFGA) with the Federal Transit Administration for Phase 1 of the Rail Project.

Program	Amount Issued	Rate	Lender	Dated Date	Scheduled Final Maturity
FFGA Notes, Series 2012	*$200 Million*	*2.16%*	*Bank of America*	*December 1, 2012*	*December 1, 2016*

[1] The SIFMA index is a national rate based on a composite of approximately 250 issuers of high-grade, seven-day tax-exempt variable rate demand obligation issues of $10 million or more.

MONTHLY UPDATE: OUTSTANDING DULLES CORRIDOR ENTERPRISE DEBT

Dulles Toll Road Revenue Bonds

The total par amount of outstanding Dulles Toll Road Revenue Bonds as of July 1, 2013 is $1,305,906,518.[2] The tables below provide details on each series of bonds.

Structure and Credit Ratings

SERIES [3]	2009A	2009B	2009C	2009D	2010A	2010B	2010D
DATED DATE	8/12/2009	8/12/2009	8/12/2009	8/12/2009	5/27/2010	5/27/2010	5/27/2010
LIEN	First Senior	Second Senior	Second Senior	Second Senior	Second Senior	Second Senior	Subordinate
STRUCTURE	Tax-Exempt Current Interest Bonds	Tax-Exempt CABs	Tax-Exempt Convertible CABs	Taxable Build America Bonds	Tax-Exempt CABs	Tax-Exempt Convertible CABs	Taxable Build America Bonds
ORIGINALLY ISSUED PAR AMOUNT	$198,000,000	$207,056,689	$158,234,960	$400,000,000	$54,813,219	$137,801,650	$150,000,000
AMT OUTSTANDING as of 6/1/2013	**$198,000,000**	**$257,543,356**	**$202,953,261**	**$400,000,000**	**$67,085,158**	**$168,017,652**	**$150,000,000**
MOODY'S RATING	A2	Baa1	Baa1	Baa1	Baa1	Baa1	Baa2
S&P RATING	A	BBB+	BBB+	BBB+	BBB+	BBB+	BBB
CREDIT ENHANCEMENT [4]	None	$188,266,435 Assured Guaranty	$158,234,960 Assured Guaranty	None	None	None	None

[2] The par amount does not include approximately $138 million of accreted value on outstanding capital appreciation bonds and convertible capital appreciation bonds. Interest on those securities is not paid currently. It accretes from the date of issuance and is compounded semi-annually on each April 1 and October 1 until the maturity date, or if applicable, the conversion date, whereupon interest will be payable semi-annually.

[3] Series 2010C was authorized but not issued.

[4] Bonds insured by Assured Guaranty are rated "AA-" (stable outlook) by S&P and "Aa3" (review for possible downgrade) by Moody's.

MONTHLY UPDATE: OUTSTANDING DULLES CORRIDOR ENTERPRISE DEBT

Dulles Toll Road Revenue Bonds

Interest Rates and Call Provisions

SERIES [5]	2009A	2009B	2009C	2009D	2010A	2010B	2010D
AMT OUTSTANDING as of 6/1/2013	$198,000,000	$254,772,314	$200,754,159	$400,000,000	$66,344,484	$166,197,038	$150,000,000
LIEN	First Senior	Second Senior	Second Senior	Second Senior	Second Senior	Second Senior	Subordinate
STRUCTURE	Tax-Exempt Current Interest Bonds	Tax-Exempt CABs	Tax-Exempt Convertible CABs	Taxable Build America Bonds	Tax-Exempt CABs	Tax-Exempt Convertible CABs	Taxable Build America Bonds
PRINCIPAL AMORTIZATION	2030-2044	2012-2040	2038-2041	2045-2046	2029-2037	2040-2044	2042-2047
YIELDS [6]	5.18% to 5.375%	3.50% to 7.91%	6.50%	7.462% (4.85% net of subsidy)	6.625%	6.500%	8.00% (5.20% net of subsidy)
CALL PROVISIONS [7]	October 1, 2019 at Par	Non-Callable	October 1, 2026 at Accreted Value	Any Business Day at Make-Whole Redemption Price	Non-Callable	October 1, 2028 at Accreted Value	Any Business Day at Make-Whole Redemption Price

Refunding Opportunities

There are no currently callable Dulles Toll Road revenue bonds outstanding. The Series 2009A First Senior Current Interest Bonds may be refunded in advance of the 2019 call date. Under current market conditions, a refunding transaction would not generate any debt service savings due to significant negative arbitrage in the required refunding escrow.

---

5 Series 2010C was authorized but not issued.

6 The all-in interest cost for the Series 2009 and 2010 bond issues is 6.044 percent and 6.154 percent, respectively, which results in an overall average cost of capital to date of 6.073 percent.

7 The Make-Whole Redemption Price is the greater of (i) 100 percent of the principal amount of the Bonds to be redeemed and (ii) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Bonds to be redeemed discounted to the date on which the Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the adjusted Treasury Rate plus 50 basis points, plus accrued and unpaid interest on the Bonds to be redeemed on the redemption date.