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

NOVEMBER 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

- ***Dulles Toll Road Subordinate Lien Notes, Series 2013.*** As a separate agenda item, staff will request that the Finance Committee recommend to the Board a resolution authorizing the issuance of up to $400 million of subordinate lien notes to pay costs of the Dulles Corridor Metrorail Project. If the resolution is approved, the transaction is expected to close on November 20, 2013.

- ***Dulles Toll Road Revenue Bonds Series 2014 and Potential TIFIA Anticipation Notes.*** As a separate agenda item, staff will request that the Finance Committee recommend to the Board a resolution defining roles for the syndicate members.

Informational Items

- ***Transportation Infrastructure Finance and Innovation Act (TIFIA) Program.*** Staff and advisors for the Airports Authority, Fairfax County, and Loudoun County continue to make progress in responding to follow-up questions and other due diligence information requests from the United States Department of Transportation (USDOT) and its advisors. USDOT has retained another financial advisor to undertake the second independent financial analysis that is required when a project sponsor requests more than $1 billion in TIFIA credit assistance.

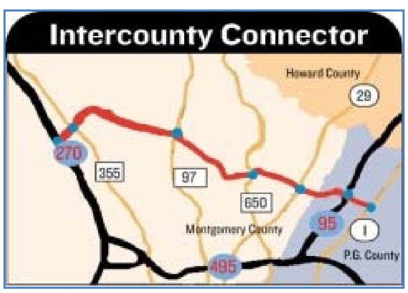
Relevant News Items

- ***495 Express Lanes Project.*** The high occupancy toll (HOT) lanes on the I-495/Capital Beltway opened to traffic on November 17, 2012. During the first six weeks of operation, traffic averaged 15,201 trips each day.

Transurban, the private operator of the toll facility, reported 30,518 average daily trips on the 495 Express Lanes for the quarter ending September 30, 2013. Traffic and revenue remain below expectations (average daily trips in the first full year of operation were forecast to exceed 66,000). The average toll per trip has increased from $1.07 to $1.86 and the maximum peak hour toll to travel the full length (approximately 14 miles) is now $8.90 (versus $3.70 during the initial weeks of operation).

On average, 9 percent of all travel in the last quarter involved “non-toll” trips including HOV 3+ and exempt emergency and law enforcement vehicles.

- ***Maryland Intercounty Connector.*** On October 10, 2013, the Maryland Transportation Authority (MDTA) issued a press release highlighting operating statistics for the $2.56 billion Intercounty Connector (ICC) toll road project that opened to traffic in November 2011. More than 17.2 million trips were made on the ICC in the fiscal year ending June 30, 2013, and total revenue was $39.59 million.



MDTA raised the ICC speed limit from 55 mph to 60 mph in late March 2013 and reports that average weekday traffic on the ICC approached 40,000 vehicles in September 2013.

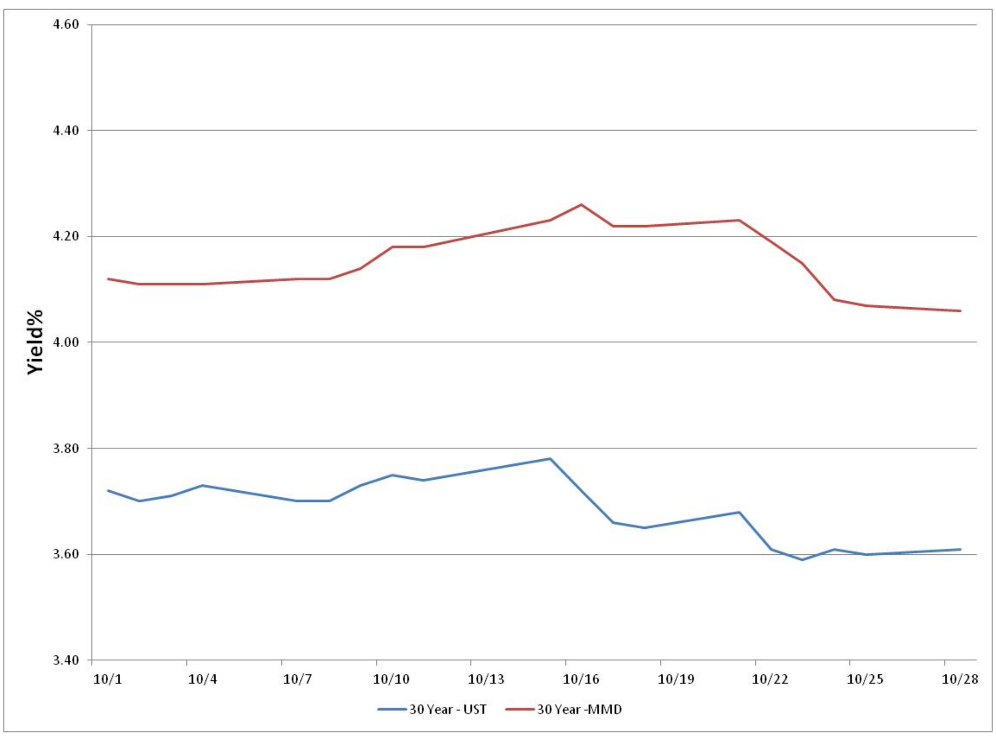
Tolls on the ICC vary depending on the time of day. An E-ZPass customer in a two-axle vehicle travelling from I-270/I-370 in Montgomery County to Interstate 95 in Prince George’s County (approximately 18 miles) currently pays $4.00 at peak hours, $3.20 during off-peak and $1.60 during overnight hours. Notices are sent to the registered owners of the vehicles that do not have valid transponders. Video toll rates are 150 percent of the base toll rates.

The final segment of the ICC, which will extend the facility from its current terminus at I-95 to US 1, is scheduled to open to traffic in spring 2014.

Market Update

Amidst market anxiety over the federal government shutdown, heated debates over the debt ceiling and U.S. default concerns, the long-term Treasury market remained relatively stable. A disappointing September labor report released towards the end of October, pushed Treasury rates lower as investors speculated that Fed tapering of its asset purchase program would not occur until well into next year. Municipal bond funds continued to experience significant outflows, putting upward pressure on municipal interest rates. However, like Treasuries, tax exempt rates ultimately improved as the month drew to a close. On October 23, Pennsylvania Turnpike sold $108.7 million of subordinate turnpike revenue bonds (A3/A-/A-) which included convertible capital appreciation bonds.

Treasury Rates and Municipal Market Data (MMD) Index – October 2013



On October 29, 2013, the interest rate for a 35-year TIFIA loan was 3.62 percent.

MONTHLY UPDATE: OUTSTANDING DULLES CORRIDOR ENTERPRISE DEBT

SHORT-TERM NOTES AND LOANS

Commercial Paper Notes. As of November 1, 2013, the Airports Authority has issued the entire $300 million of Dulles Toll Road Second Senior Lien Commercial Paper Notes, Series One. There is no additional capacity available to draw under the program.

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
October 2013	0.13%	0.07%	0.06%
September 2013	0.13%	0.06%	0.07%
August 2013	0.15%	0.06%	0.09%
July 2013	0.17%	0.10%	0.07%
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%

[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.

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

Calendar Year	CP 1 JPM	SIFMA	Spread
2012	0.20%	0.16%	0.04%
2011 [2]	0.18%	0.15%	0.03%

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***

[2] 08/11/11 through the end of the calendar year

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 November 1, 2013 is $1,305,906,518.[3] The tables below provide details on each series of bonds.

Structure and Credit Ratings

SERIES [4]	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 10/1/2013	**$198,000,000**	**$262,949,160**	**$207,243,313**	**$400,000,000**	**$68,530,079**	**$171,569,342**	**$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 [5]	None	$188,266,435 Assured Guaranty	$158,234,960 Assured Guaranty	None	None	None	None

[3] The par amount does not include approximately $152 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.

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

[5] Bonds insured by Assured Guaranty are rated “AA-” (stable outlook) by S&P and “A2” (stable outlook) by Moody’s.

Interest Rates and Call Provisions

SERIES [6]	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 [7]	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 [8]	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

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.

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

[7] 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.

[8] 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.