

SUMMARY MINUTES
FINANCE COMMITTEE
MEETING OF MARCH 18, 2015

Mr. Curto chaired the March 18 Finance Committee Meeting, calling it to order at 11:56 a.m. A quorum was present during the Meeting: Mr. Session, Co-Chair, Mr. Caputo, Mr. Chapman, Mr. Kennedy, Ms. Wells and Mr. Conner, *ex officio*. Ms. Lang, Mr. Mims and Mr. Williams were also present. Mr. Griffin joined the Meeting by phone.

Financial Advisors' Report – Aviation Enterprise. Andy Rountree, Vice President for Finance and Chief Financial Officer, reported that Frasca & Associates, L.L.C. (Frasca) had recently been selected to provide financial advisory services for the Aviation Enterprise. He then reintroduced Michael Wheet and introduced Ken Cushine, who is a principal with Frasca. Mr. Cushine stated that Frasca had provided services related to the Dulles Corridor Enterprise for the past several years and is pleased to have the opportunity to now provide services for both Enterprises. He reported that the upcoming Series 2015B-C-D financing is expected to include a refunding of approximately \$275 million of the Series 2005 Bonds and approximately \$200 million in new money bonds. Presently, (in today's market) the anticipated refunding could potentially generate approximately \$28.6 million of net present value savings. Mr. Cushine reported that the financial advisors had been monitoring the markets closely and would continue to do so. He noted that they would be tuned in later that day when the Federal Reserve would report the results of the Federal Open Market Committee meeting. Mr. Cushine reviewed the schedule to prepare for the financing, including the selection of an underwriting team for the Series 2015B-C-D refunding and new money transaction that will be considered by the Finance Committee and Board of Directors in April. Staff would likely present the bond documents for the refunding and new money transaction to the Finance Committee and Board of Directors in June.

Mr. Cushine reported that staff and the Financial Advisors are very focused on ensuring that CDM Smith updates the airport consulting report as a result of the 2015 Use and Lease Agreement and other changes that had occurred over the past year so that the information could be used in presentations to the rating agencies and as part of the investor outreach and marketing efforts.

Mr. Wheat reported that the Financial Advisors would continue to monitor the Commercial Paper Program and advise staff, when appropriate, whether it should be extended, renegotiated or replaced.

Financial Advisors' Report – Dulles Corridor Enterprise. Bryan Grote of Mercator Advisors LLC joined Mr. Cushine and Mr. Wheat. Mr. Wheat reported that they would also be looking for opportunities to save money and keep liquidity in the Dulles Corridor Enterprise and noted that although refunding opportunities were limited because of the structure of the debt, the Financial Advisors would continue to review the amount of Commercial Paper necessary and identify potential refunding opportunities.

Mr. Grote reported that the Federal Transit Administration had allocated and appropriated approximately \$102 million for the Dulles Corridor Metrorail Project, which is the outstanding amount under the \$900 million Full Funding Grant Agreement for Phase 1. He stated that the Authority had submitted its first requisition for Transportation Infrastructure Finance and Innovation Act (TIFIA) Loans in January and had received its payment. Mr. Grote noted that Fairfax and Loudoun Counties had also submitted their first requisitions and had recently received their first TIFIA payments.

January and February 2015 Financial Reports – Aviation Enterprise. Mr. Rountree reported that Committee materials included both months reports, but he would report out information for February 2015, year-to-date. He noted that he was joined by Chris Wedding, Controller. Despite strong performance in February 2015, severe weather had impacted the financial results, which had been similar to February 2014. Mr. Rountree reported that based on a summary of government closures in the D.C. region since 1998, from the Office of Personnel Management, it was found that 2015 was the second worst winter, in terms of number of work-days affected, when compared to the months of January and February combined for the last 18 years. A total of nine workdays were affected in the months of January and February 2015. Prior to 2015, the year 2010 had a total of ten workdays affected. . He stated that the impact would be even more noticeable during the presentation for the Financial Reports for the Dulles Corridor Enterprise. Mr. Rountree reported that the year-to-date revenue was \$118 million, which was 7.1 percent higher than the prior year-to-date. As Jerome L. Davis, Executive Vice President and Chief Revenue Officer, had reported at the day's earlier Board Meeting, Mr. Rountree affirmed that non-airline

revenues had performed strongly during this period. Year-to-date expenses were \$103.1 million, an increase of 3 percent compared to the prior year. The operating income was \$14.9 million, compared to the prior year operating income of \$112.7 million. The debt service coverage estimate was 1.34x for the two months ended February 28, which was slightly better than last year for the same two months. The end-of-the-year forecast for debt service coverage remains at 1.54x.

January and February 2015 Financial Reports – Dulles Corridor Enterprise. Mr. Rountree was joined by Mark Adams, Deputy Chief Financial Officer. Mr. Adams reported that staff had distributed a toll revenue and transaction analysis from CDM Smith to Directors the prior day that analyzed the impact of the weather related closings in January and February 2015. Additionally, the analysis had indicated that it is too soon to learn how the inclement weather-related closures would impact actual results for the entire year. Mr. Adams stated that staff would continue to monitor the impact and keep the Committee updated. He reported that although materials for January 2015 were also included in Board materials, he would report out on information for February 2015 year-to-date. The year-to-date Toll Road revenue was \$22 million, approximately 1 percent lower than the prior year-to-date. Toll Road transactions totaled 14.6 million year-to-date, .4 percent lower than the prior year-to-date. Electronic toll collections were up 1.9 percent at 85.1 percent. Toll Road expenditures were \$4.7 million year-to-date, 6 percent lower than the prior year-to-date.

The Meeting was thereupon adjourned at 12:10 p.m.