

SUMMARY MINUTES  
FINANCE COMMITTEE  
MEETING OF JANUARY 21, 2015

Mr. Session chaired the January 21 Finance Committee Meeting, calling it to order at 9:04 a.m. A quorum was present during the Meeting: Mr. Adams, Mr. Chapman, Mr. Kennedy, Ms. Merrick, Ms. Wells and Mr. Conner, *ex officio*. Mr. Gates, Ms. Hanley, Ms. Lang, Mr. McDermott, Mr. Mims and Mr. Williams were also present.

Recommendation to Approve the Proposed Resolution Authorizing the Call Option Extension of the Airport System Revenue Bonds, Series 2006A and 2006B. Andy Rountree, Vice President and Chief Financial Officer, reported that the proposed resolution would authorize a call option extension through 2024 of \$182.4 million of the Airport System Revenue Bonds, Series 2006A-B currently held by Citi; issue Airport System Revenue Refunding Bonds, Series 2015A; and approve the substantially complete transaction documents. He explained that Finance Staff and Financial Advisors had reviewed Citi's proposal to retain a portion of Series 2005A and Series 2006A-B Bonds within its portfolio so it could avoid certain hedging and accounting costs. At the December 2014 Finance Committee Meeting, staff had recommended that the Authority not proceed with the Series 2005A Bonds. Mr. Rountree reported that ultimately it is in the Authority's best interest to proceed with the call option extension for only the Series 2006A-B Bonds. Ken Gibbs of Jefferies reported that the Authority's potential savings would be almost \$22 million if the transaction could be executed within the next couple of days. Additionally, Mr. Rountree stated that the Authority would also mitigate interest rate risk and noted that the call option extension for the Series 2006A-B Bonds would not prevent future restructuring opportunities for the Authority. He explained that while the closing is targeted for January 29, providing that the Committee and Board approved the day's recommendation, staff would discuss with the Board's designees options for locking in the rates before January 29.

The Committee approved the recommendation. Mr. Curto reported that he would offer the resolution later that day at the Board Meeting.

Financial Advisors' Report – Aviation Enterprise. Mr. Gibbs reported that Finance Staff and the Financial Advisors are always looking forward to future opportunities to benefit the Authority. He reviewed the outline of the remaining steps of the 2015 Plan of Finance.

Guy Nagahama of Jefferies referenced the prior night's State of the Union address and noted that the President's comments had included a tax provision to allow airports with debt subject to the Alternative Minimum Tax to issue that debt without it being subject to the tax. Mr. Nagahama stated that if the provision was finalized that the Authority could potentially save about 40 basis points on most of its new money financings.

November 2014 Financial Report – Aviation Enterprise. Mr. Rountree was joined by Chris Wedding, Controller. He reported that the year-to-date revenue was \$628 million, which was 1.4 percent lower than the prior year-to-date. Year-to-date expenses were \$528.8 million, an increase of 1.3 percent compared to the prior year-to-date. The operating income was \$97.3 million, compared to the prior year operating income of \$112.7 million. The debt service coverage estimate was 1.44x at the end of November, which was slightly better than the end-of-the-year forecast. Mr. Rountree reported that staff would present the preliminary year-end information at the February 2015 Committee Meeting.

Financial Advisors' Report – Dulles Corridor Enterprise. Marvin Sun of Frasca & Associates, L.L.C. reported that Fairfax and Loudoun Counties had both closed on their respective Transportation Infrastructure Finance and Innovation Act (TIFIA) loans for \$403 million and \$195 million, respectively.

Jim Taylor of Mercator Advisors reported that the Commonwealth Transportation Board for Virginia had recently received a briefing on express tollings on I-66. Governor McAuliffe and the Virginia Secretary of Transportation are also exploring tolling I-66 within the beltway and discussions are underway with officials from Arlington and Fairfax Counties about the permitting process. Mr. Taylor noted that the I-66 tolling update is relevant to the Authority as it would affect mobility in the regional area. He reported that the regulatory process to increase toll rates on the Dulles Greenway is underway and that an update would be provided at the February Board Meeting.

With respect to I-66, Mr. Potter assured the Board that the Authority is in constant communication with the Commonwealth. He stated that he had personally spoken to Aubrey Lane, Virginia Secretary of Transportation, and Charlie Kilpatrick, Commissioner of the Virginia Department of Transportation, who had assured him that every consideration will be made to the Authority and its Airport users inside the beltway on I-66 so that they would not be impacted.

Following their remarks, Mr. Rountree formally introduced Mr. Sun and Mr. Taylor, especially for the newer Directors who had not met them previously, explaining that both of whom are external financial advisors for the Dulles Corridor Enterprise.

Mr. Rountree reported that the Authority had completed its first draw of \$115 million under the TIFIA loan. Mr. Potter stated that the recent draw had been a reflection of hard work by Mr. Rountree and his team. Mr. Session asked Mr. Rountree to review the payment process associated with the TIFIA draw. Mr. Rountree stated that once the Authority incurred the expense and paid the invoices, it provided complete supporting documentation of all the details of the line items of the invoice in a summarized form and detailed form to the TIFIA office, 30 days in advance of the first of any given month. The TIFIA office would respond after its 30-day review to inform the Authority whether all the expenditures had been approved under the requirements of TIFIA. If the expenditures had been approved, the Authority would submit its draw request to the TIFIA office by the first of the month. Mr. Rountree noted that the agreement states that once the Authority had followed the process correctly, the TIFIA office will pay the Authority on the 15<sup>th</sup> of the month. He noted that the process described was for the Authority's loan portion only and did not take into account a few additional steps that the Authority must follow for billing Fairfax and Loudon Counties and allowing them to draw under their TIFIA loans.

November 2014 Financial Report – Dulles Corridor Enterprise. Mr. Rountree was joined by Mr. Wedding and Mark Adams, Deputy Chief Financial Officer. Mr. Adams reported that year-to-date Toll Road revenue was \$136.6 million, 16.5 percent higher than the prior year-to-date. Toll Road transactions totaled 88.6 million year-to-date, 2.6 percent lower than prior year-to-date and 1.1 percent higher than forecasted year-to-date. Electronic toll collections were up 3 percent at 83 percent. Toll Road expenditures were \$24 million year-to-date, 5.1 percent higher than prior year-to-date, which Mr. Adams explained was attributed to weather-related events in early 2014.

Ms. Hanley inquired whether the upcoming construction in the center of the DTR would affect the number of people who use it, particularly as it relates to transactions for 2016. Mr. Potter responded that the Authority did not expect any impact on the DTR usage. He noted that the only major disruption would occur in the median strip of the Dulles International Airport Access Highway.

The Meeting was thereupon adjourned at 9:30 a.m.