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

APRIL 2014
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 Second Senior Lien Revenue Refunding Bonds, Series 2014A.*** As a separate agenda item, staff will request that the Finance Committee recommend to the Board a resolution authorizing the issuance of up to $450 million of bonds to refund outstanding Commercial Paper Notes and outstanding Series 2013 Notes. Proceeds will also be used to fund a debt service reserve fund deposits and issuance costs. If the resolution is approved, the transaction is expected to close in May 2014.

Informational Items

- ***Transportation Infrastructure Finance and Innovation Act (TIFIA) Program.*** On March 26, 2014, the Airports Authority submitted its TIFIA Application to the United States Department of Transportation (USDOT) for TIFIA credit assistance. On March 28, 2014, Fairfax County and Loudoun County submitted their applications. By statute, USDOT must inform each applicant whether its application is complete, or if not complete identify additional materials needed for completion, within 30 days of receiving the application. No later than 60 days after issuing a notice that an application is complete, USDOT will inform the applicant as to whether the application is approved or disapproved.

  The time required to close an approved TIFIA loan depends on many factors. In addition to negotiating the final terms of the TIFIA loan agreement, the Airports Authority will need to secure investment grade ratings for the TIFIA loan from at least two nationally recognized rating agencies and obtain confirmation from the Federal Transit Administration that the Airports Authority is in compliance with all applicable federal requirements.

Relevant News Items

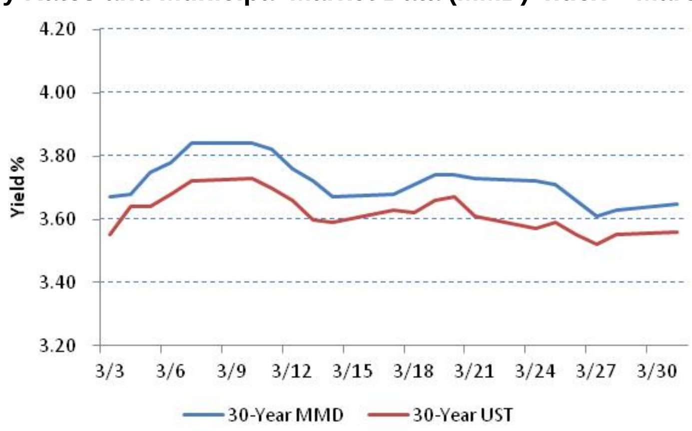
Elimination of Virginia E-ZPass Maintenance Fee. By unanimous vote, the Virginia General Assembly approved legislation that directs the Virginia Department of Transportation (VDOT) to develop a plan to eliminate the monthly account maintenance fees it charges drivers that open E-ZPass accounts. VDOT began collecting monthly account maintenance fees in September 2012 (50 cents for each standard transponder and one dollar for each Flex transponder) to cover the cost of enhancing back office operations and providing customer service support for the E-ZPass program. A new plan must be implemented by September 1, 2014. The legislation also directs the Secretary of Transportation to examine steps that can be taken to improve retail distribution of E-ZPass transponders. E-ZPass "On-the-Go" transponder kits can currently be obtained at Wegmans Food Markets, Giant Food Stores and Pit Stop Convenience Stores.

Market Update

After rising at the start of the month in response to better than expected economic data, interest rates generally followed a downward trend for the rest of March. The crisis in the Crimea and concerns about an economic slowdown in China contributed to improved prices on long term Treasuries. Aside from a week of heavy volume in the municipal markets that included $3.5 billion of Puerto Rico bonds, supply of new issues was generally light.

A $236.1 million Pennsylvania Turnpike (A1/A+) transaction sold on March 26 with a 2044 final maturity with a yield of 4.46 percent. A $69.7 million Osceola County Florida Expressway System financing for Poinciana Parkway Project (BBB-) sold on March 27. The transaction included current interest bonds (2047 final maturity with a yield of 5.46 percent) capital appreciation bonds (2024 final maturity with a yield of 4.88 percent) and convertible capital appreciation bonds (2042 final maturity with a yield of 6.25 percent).

Treasury Rates and Municipal Market Data (MMD) Index – March 2014



On April 1, 2014, the interest rate for a 35-year TIFIA loan was 3.59 percent.

MONTHLY UPDATE: OUTSTANDING DULLES CORRIDOR ENTERPRISE DEBT

SHORT-TERM NOTES AND LOANS

Commercial Paper Notes. As of April 1, 2014, 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 tables show 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 2014 and the rolling 12-month averages for previous years. [1]

2014 Variable Interest Rates (3-Month Rolling Average)

Monthly	CP 1 JPM	SIFMA	Spread
March 2014	0.12%	0.04%	0.08%
February 2014	0.13%	0.04%	0.09%
January 2014	0.13%	0.05%	0.08%

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

Calendar Year	CP 1 JPM	SIFMA	Spread
2013	0.15%	0.09%	0.06%
2012	0.20%	0.16%	0.04%
2011 [2]	0.18%	0.15%	0.03%

[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.

[2] 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***

DTR Subordinate Lien Revenue Notes. On November 22, 2013, the Airports Authority sold $150 million of Dulles Toll Road Subordinate Lien Revenue Notes, Series 2013. The Notes bear interest at a fluctuating rate per annum equal to the SIFMA Rate plus 0.24 percent. An additional $150 million has been authorized but not issued.

Program	Authorized Amount	Purchaser	Dated Date	Scheduled Final Maturity
DTR Subordinate Lien Revenue Notes, Series 2013	***Up to $400 Million***	***JP Morgan Chase Bank***	***November 22, 2013***	***November 19, 2014***

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 April 1, 2014 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 04/01/2014	**$198,000,000**	**$259,267,630**	**$212,860,753**	**$400,000,000**	**$70,423,805**	**$176.220,861**	**$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

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[3] The par amount does not include approximately $161 million of net 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) by S&P and “A2” (stable) 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.

[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.