



JANUARY 2015
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 (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 to Report

Informational Items

- ***Transportation Infrastructure Finance and Innovation Act (TIFIA) Loans.*** On December 17, 2014, U.S. Transportation Secretary Anthony Foxx announced the closing of the \$403 million TIFIA loan for Fairfax County and the \$195 million TIFIA loan for Loudoun County. He noted that the \$1.87 billion of TIFIA loans for Phase 2 of the Rail Project, which includes the \$1.278 billion TIFIA loan to the Airports Authority that closed in August 2014, represents the largest amount of TIFIA credit assistance provided for a single project in the program's history.

Dulles Corridor Advisory Committee (DCAC) Meeting. The DCAC, which has eight members (two representatives each from the Airports Authority, Fairfax County, Loudoun County, and the Commonwealth of Virginia), met on December 15, 2014. The Committee received updates on the construction and financing of the Rail Project and a report on DTR toll revenue and transactions.

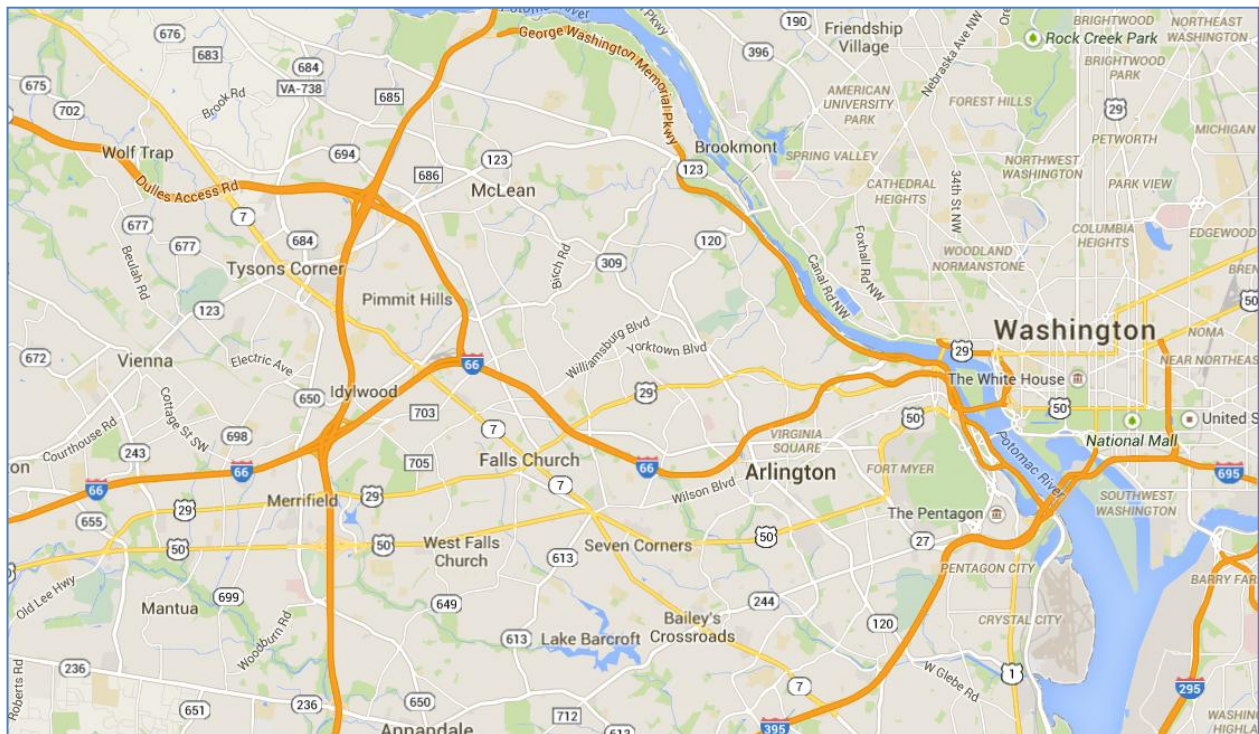
The DCAC was created in 2007 to provide advice to the Airports Authority on potential adjustments to DTR toll rates and on issues related to the management, improvement and expansion of the Dulles Corridor.

Relevant News Items

- ***Potential Toll Lanes on Interstate 66 (I-66).*** The Virginia Department of Transportation and the Department of Rail and Public Transportation are evaluating potential strategies to ease congestion on I-66 in Northern Virginia. Environmental studies are underway on a plan that includes adding two managed lanes, also referred

to as tolled express lanes, in each direction on a 25-mile portion of I-66 from the Capital Beltway west to U.S. Route 15.

In December 2014, the Virginia Secretary of Transportation announced that an environmental assessment will soon be initiated for potential multimodal improvements on I-66 inside the Capital Beltway, including conversion of the existing high-occupancy vehicle (HOV) lanes to high occupancy/toll lanes (HOT lanes) during peak travel periods. The eastern end of the Dulles Toll Road and the Dulles Airport Access Highway connect to I-66 via the Dulles Connector Road.



MONTHLY UPDATE: OUTSTANDING DULLES CORRIDOR ENTERPRISE DEBT**SHORT-TERM NOTES AND LOANS**

Commercial Paper Notes. The aggregate principal amount of Dulles Toll Road Second Senior Lien Commercial Paper Notes outstanding as of January 1, 2015, was \$164,455,000. The Airports Authority can draw an additional \$135,545,000 under this program.

Program	Authorized Amount	Letter of Credit Provider	Dated Date	Expiration Date
<i>Commercial Paper Series One</i>	<i>Up to \$300 Million</i>	<i>JP Morgan</i>	<i>August 1, 2011</i>	<i>August 11, 2015</i>

The following table shows the rolling three-month averages of the variable rates for the Commercial Paper Notes and the Securities Industry and Financial Markets Association (SIFMA) Index on a monthly basis for 2014.¹

2014 Variable Interest Rates (3-Month Rolling Average)

Monthly	CP 1 JPM	SIFMA	Spread
December 2014	0.08%	0.04%	0.04%
November 2014	0.09%	0.04%	0.05%
October 2014	0.08%	0.04%	0.04%
September 2014	0.09%	0.05%	0.04%
August 2014	0.09%	0.05%	0.04%
July 2014	0.09%	0.06%	0.03%
June 2014	0.09%	0.08%	0.01%
May 2014	0.09%	0.07%	0.02%
April 2014	0.10%	0.06%	0.04%
March 2014	0.12%	0.04%	0.08%
February 2014	0.13%	0.04%	0.09%
January 2014	0.13%	0.05%	0.08%

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.

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
<i>FFGA Notes, Series 2012</i>	<i>\$200 Million</i>	<i>2.16%</i>	<i>Bank of America</i>	<i>December 1, 2012</i>	<i>December 1, 2016</i>

DULLES TOLL ROAD REVENUE BONDS

The total amount of outstanding Dulles Toll Road Revenue Bonds as of January 1, 2015, including accretion, is \$1,921,508,284.² The tables on the following pages provide detail on each series of bonds.

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 will not generate sufficient debt service savings to pursue a transaction due to the significant negative arbitrage in the required refunding escrow.

² The amount outstanding includes approximately \$194 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.

Table 1: Dulles Toll Road Revenue Bonds
Amount Outstanding by Series and Credit Ratings

Series ³	Dated Date	Originally Issued Par Amount	Outstanding as of 1/1/2015	Lien	Tax Status	Moody's Rating	S&P Rating	Credit Enhancement ⁴
2009A	8/12/2009	\$ 198,000,000	\$ 198,000,000	First Senior	Tax-Exempt Current Interest Bonds	A2	A	None
2009B	8/12/2009	207,056,689	269,530,662	Second Senior	Tax-Exempt CABs	Baa1/ A2(Insured)	BBB+/ AA(Insured)	\$188,266,435 Assured Guaranty
2009C	8/12/2009	158,234,960	223,351,303	Second Senior	Tax-Exempt Convertible CABs	A2 (Insured)	AA (Insured)	\$158,234,960 Assured Guaranty
2009D	8/12/2009	400,000,000	400,000,000	Second Senior	Taxable Build America Bonds	Baa1	BBB+	None
2010A	5/27/2010	54,813,219	73,961,625	Second Senior	Tax-Exempt CABs	Baa1	BBB+	None
2010B	5/27/2010	137,801,650	184,904,695	Second Senior	Tax-Exempt Convertible CABs	Baa1	BBB+	None
2010D	5/27/2010	150,000,000	150,000,000	Subordinate	Taxable Build America Bonds	Baa2	BBB	None
2014A	5/14/2014	421,760,000	421,760,000	Second Senior	Tax-Exempt Current Interest Bonds	Baa1	BBB+	None
TIFIA Series 2014	8/20/2014	1,278,000,000	0	Junior	Taxable Loan	Baa2	BBB-	None
		<u>\$3,005,666,518</u>	<u>\$1,921,508,284</u>					

³ Series 2010C was authorized but not issued.

⁴ Bonds insured by Assured Guaranty are rated "AA" (stable outlook) by S&P and "A2" (stable outlook) by Moody's.

**Table 2: Dulles Toll Road Revenue Bonds
Interest Rates and Call Provisions**

Series	Outstanding as of 1/1/2015	Lien	Tax Status and Structure	Principal Amortization	Yields ⁵	Call Provisions ⁶
2009A	\$ 198,000,000	First Senior	Tax-Exempt Current Interest Bonds	2030-2044	5.18% to 5.375%	October 1, 2019 at Par
2009B	269,530,662	Second Senior	Tax-Exempt CABs	2012-2040	3.50% to 7.91%	Non-Callable
2009C	223,351,303	Second Senior	Tax-Exempt Convertible CABs	2038-2041	6.50%	October 1, 2026 at Accreted Value
2009D	400,000,000	Second Senior	Taxable Build America Bonds	2045-2046	7.462% (4.85% net of full subsidy)	Any Business Day at Make-Whole Redemption Price
2010A	73,961,625	Second Senior	Tax-Exempt CABs	2029-2037	6.625%	Non-Callable
2010B	184,904,695	Second Senior	Tax-Exempt Convertible CABs	2040-2044	6.50%	October 1, 2028 at Accreted Value
2010D	150,000,000	Subordinate	Taxable Build America Bonds	2042-2047	8.00% (5.20% net of full subsidy)	Any Business Day at Make-Whole Redemption Price
2014A	421,760,000	Second Senior	Tax-Exempt Current Interest Bonds	2051-2053	4.40%	April 1, 2022 at Par
TIFIA Series 2014	0	Junior	Taxable Loan	2023-2044	3.21%	Any Business Day at Par
	<u>\$1,921,508,284</u>					

⁵ The all-in interest cost for the Series 2009, 2010 and 2014A bond issues is 6.044 percent, 6.154 percent and 4.824 percent, respectively, which results in an overall average cost of capital of 5.843 percent. The potential cost of capital including TIFIA will vary depending on when funds are drawn and the timing of future TIFIA payments and prepayments.

⁶ 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.