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

APRIL 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

No Action Items.

Informational Items

- ***Transportation Infrastructure Finance and Innovation Act (TIFIA) Program.*** The Rail Project has advanced to the next stage of the TIFIA Letter of Interest (LOI) review process. The U.S. Department of Transportation (USDOT) has completed its initial assessment and is now undertaking a detailed credit analysis. The Funding Partners (the Airports Authority, Fairfax County, and Loudoun County) are in the process of securing indicative rating letters for the proposed TIFIA loans. In addition, each Funding Partner has been asked to submit a $100,000 nonrefundable credit processing deposit to cover the anticipated costs for USDOT's financial and legal advisors. Staff and financial advisors for each of the Funding Partners are working together to provide the requested information as quickly as possible.

- ***Virginia Transportation Funding Legislation.*** On March 26, Governor McDonnell proposed several technical and administrative amendments to the transportation funding legislation (H.B. 2313) passed by the General Assembly in late February. $300 million of additional state funding for the Rail Project continues to be included in the final language.

Relevant News Items

- ***Dulles Greenway Toll Rate Hearings and State Acquisition Study.*** The Virginia State Corporation Commission (SCC) will host public hearings on the Dulles Greenway toll rates on April 9 at Loudoun Valley High School and on June 6 at Park View High School in Sterling. An evidentiary hearing will be held in Richmond on July 18. The SCC hearings are in response to complaints from Virginia State Delegate David Ramadan.

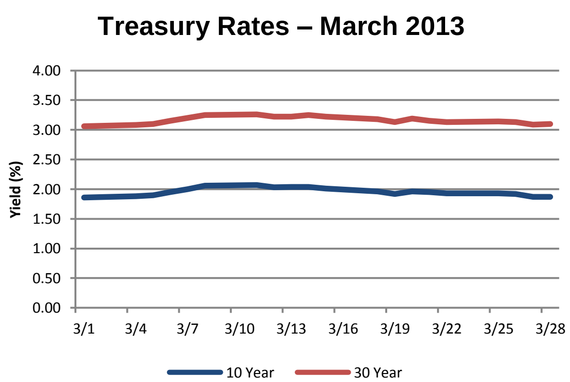
  In an unrelated action, Virginia Secretary of Transportation, Sean Connaughton, has been directed, pursuant to language in the 2012-2014 Appropriations Act (H.B.1500), to evaluate whether it would be in the best interest of the Commonwealth to enter into an agreement to purchase the Dulles Greenway and any commuter vehicle parking facility used primarily by Dulles Greenway commuters or Dulles Toll Road commuters. The stated intent of such a potential purchase would be to ensure that toll rates remain at reasonable levels and to encourage the implementation of distance tolling.

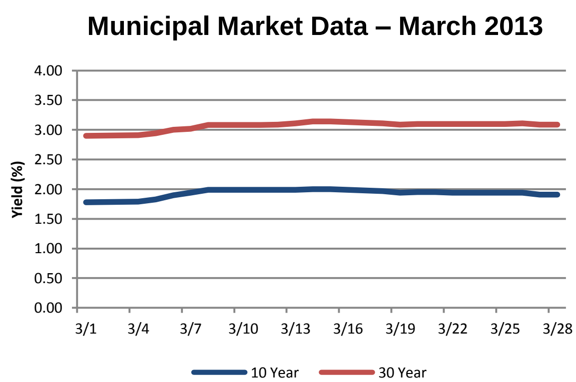
The Secretary will submit the findings of his assessment to the Chairmen of the House Appropriations and Senate Finance Committees by October 1, 2013. If the recommendation is to proceed with the purchase of the Greenway, the Governor must certify that the proposed purchase price can be supported by 9(c) revenue bonds of the Commonwealth secured by Dulles Greenway revenues.

Market Update

The municipal new issuance calendar remained fairly light and rates in the municipal bond markets held steady throughout the month, with 30-year Municipal Market Data (MMD) hovering around the 3 percent level, approximately 60 basis points higher than its historic lows. The New Jersey Turnpike Authority (A3/A+/A) sold $1.4 billion of transportation revenue bonds on March 20, with maturities in 2026 and 2043 carrying insurance by Assured Guaranty. The 30 year maturity offered investors the choice of 5 percent coupons to yield 3.87 percent, 4 percent coupons at par (insured) and 4 percent coupons to yield 4.10 percent.

On April 1, the interest rate for a 35-year TIFIA loan was 3.13 percent.





MONTHLY UPDATE: OUTSTANDING DULLES CORRIDOR ENTERPRISE DEBT

Short-Term Notes and Loans

As of April 1, the Airports Authority has issued $149,550,000 of Dulles Toll Road Second Senior Lien Commercial Paper Notes, Series One, leaving up to $150,450,000 of additional liquidity available.

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
March 2013	0.17%	0.10%	0.07%
February 2013	0.18%	0.11%	0.07%
January 2013	0.20%	0.14%	0.06%

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

Calendar Year	CP 1 JPM	SIFMA	Spread
2012	0.20%	0.16%	0.03%
2011*	0.18%	0.15%	0.03%

* 08/11/11 through the end of the calendar year

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*

[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.

Dulles Toll Road Revenue Bonds

The total par amount of outstanding Dulles Toll Road Revenue Bonds as of April 1, 2013 is $1,305,906,518.[2] The table on the following page provides details on each bond issue.

Refunding Opportunities

None of the outstanding Dulles Toll Road revenue bonds are subject to optional redemption within the next twelve months. 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.

[2] The par amount does not include approximately $126 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.

TABLE 2: Summary of Outstanding Dulles Toll Road Revenue Bonds

SERIES [3]	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
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 2/1/2013	**$198,000,000**	**$253,426,273**	**$199,742,486**	**$400,000,000**	**$66,003,724**	**$165,359,467**	**$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 [4]	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 [5]	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
MOODY'S RATING	A2	Baa1	Baa1	Baa1	Baa1	Baa1	Baa2
S&P RATING	A	BBB+	BBB+	BBB+	BBB+	BBB+	BBB
CREDIT ENHANCEMENT [6]	None	$188,266,435 Assured Guaranty	$158,234,960 Assured Guaranty	None	None	None	None

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

[4] 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.

[5] 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.

[6] Bonds insured by Assured Guaranty are rated “AA-” (stable outlook) by S&P and “Aa3” (review for possible downgrade) by Moody’s.