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

NOVEMBER 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 (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) Loan.*** Fairfax County and Loudoun County continue to negotiate the final business terms for TIFIA loans in amounts not to exceed $403.3 million and $195.1 million, respectively. The Airports Authority is prepared to initiate the first draws on its TIFIA Loan soon after the Counties execute their loans.

Relevant News Items

- ***495 Express Lanes Toll Violation Policies.*** On October 27, 2014, Transurban, the private operator of the 495 Express Lanes, announced a new set of policies and procedures for drivers who inadvertently use the Express Lanes without paying the required tolls.

  Under its "First-Time Forgiveness" program, Transurban will waive all fees for first-time violators who receive a toll invoice because they have insufficient funds in their E-ZPass account, fail to link their license plate to their E-ZPass account or incorrectly mount their E-ZPass device. The E-ZPass customer must contact Transurban within 60 days of the first unpaid trip to be eligible for the waiver.

  If Transurban sends an E-ZPass customer an invoice and the letter is returned with an unknown address, it will still retain a debt collection agency. Once the customer is located, Transurban will waive all fees if the customer pays the applicable tolls and provides evidence all account issues with E-ZPass have been resolved.

Transurban has also agreed to a self-imposed cap of $2,200 in administrative fees and civil penalties, plus tolls and court fees, when it seeks to collect payment from toll violators through court action. The maximum amount currently permitted by Virginia law is $21,300. According to press reports, Transurban has filed 25,200 lawsuits against toll violators since the Express Lanes opened in 2012 with some drivers incurring fees and penalties totaling tens of thousands of dollars.

MONTHLY UPDATE: OUTSTANDING DULLES CORRIDOR ENTERPRISE DEBT

SHORT-TERM NOTES AND LOANS

Commercial Paper Notes. On October 24, 2014, the Airports Authority issued $50 million of Dulles Toll Road Second Senior Lien Commercial Paper Notes, Series One. The aggregate principal amount of Commercial Paper Notes outstanding as of November 1, 2014, 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
Commercial Paper Series One	***Up to $300 Million***	***JP Morgan***	***August 1, 2011***	***August 11, 2015***

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 2014. [1]

2014 Variable Interest Rates (3-Month Rolling Average)

Monthly	CP 1 JPM	SIFMA	Spread
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
FFGA Notes, Series 2012	***$200 Million***	***2.16%***	***Bank of America***	***December 1, 2012***	***December 1, 2016***

DTR Subordinate Lien Revenue Notes. On May 22, 2014, the Airports Authority refunded $150 million of Dulles Toll Road Subordinate Lien Revenue Notes, Series 2013, with proceeds of the Series 2014A Bonds. As of November 1, 2014, no Subordinate Notes are outstanding. $250 million of Subordinate Notes have 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 amount of outstanding Dulles Toll Road Revenue Bonds as of November 1, 2014, including accretion, is $1,915,192,073.[2] The tables below provide details on each series of bonds.

Amount Outstanding by Series and Credit Ratings

Series [3]	Dated Date	Originally Issued Par Amount	Outstanding as of 11/1/2014	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	268,370,096	Second Senior	Tax-Exempt CABs	Baa1	BBB+	$188,266,435 Assured Guaranty
2009C	8/12/2009	158,234,960	220,970,114	Second Senior	Tax-Exempt Convertible CABs	Baa1	BBB+	$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	73,158,271	Second Senior	Tax-Exempt CABs	Baa1	BBB+	None
2010B	5/27/2010	137,801,650	182,933,591	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
		$3,005,666,518	$1,915,192,073					

[2] The amount outstanding includes approximately $187 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.

[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.

Interest Rates and Call Provisions

Series	Outstanding as of 11/1/2014	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	268,370,096	Second Senior	Tax-Exempt CABs	2012-2040	3.50% to 7.91%	Non-Callable
2009C	220,970,114	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	73,158,271	Second Senior	Tax-Exempt CABs	2029-2037	6.625%	Non-Callable
2010B	182,933,591	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
	$1,915,192,073					

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.

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[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.