



**MAY 2016**  
**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**

- ***Northern Virginia Transportation Authority (NVTA) Grant.*** As a separate agenda item, Staff will request that the Dulles Corridor and Finance Committees recommend to the Board that it approve an amendment to a Project Agreement with Fairfax County to facilitate the processing of a second grant from NVTA for the Innovation Center Metrorail Station (Innovation Station).

The NVTA, a political subdivision of the Commonwealth of Virginia, works with local jurisdictions and transportation agencies to plan, prioritize and fund regional transportation projects. Fairfax County prepared and submitted the successful application to the NVTA that resulted in \$33 million being provided by NVTA to the Airports Authority, at the direction of the County, to pay or reimburse costs of the Innovation Station (to be constructed at Route 28 and the Dulles International Airport Access Highway).

As a result of further actions by the NVTA and Fairfax County, the amount of NVTA funding available to the Airports Authority has increased by approximately \$27 million. Pursuant to the Local Funding Agreement between the Airports Authority and Fairfax and Loudoun Counties, the funding allocations for each funding partner will be modified to reflect the \$60 million of NVTA grant funding (\$33 million plus \$27 million). The table on the next page shows the total funding commitments before and after the NVTA grants.

### Adjustment to Rail Project Funding Allocations for NVTA Grants

\$ Millions	Funding Allocation Prior to NVTA Grant	Allocation of NVTA Grant		Funding Allocation After NVTA Grant
Federal FFGA	900	-	-	900
Commonwealth of Virginia	575	-	-	575
NVTA	-	60	+ 100%	60
Fairfax County	927	(9.7)	- 16.1%	918
Loudoun County	276	(2.9)	- 4.8%	274
MWAA (Non-Dulles Toll Road)	236	(2.5)	- 4.1%	234
MWAA (Dulles Toll Road)	2,845	(45.0)	- 75.0%	2,800
Total Funding Commitments	\$ 5,760			\$ 5,760

#### Informational Items

- **Commercial Paper Program Extension.** The documentation associated with the extension of the existing \$300 million Dulles Toll Road Second Senior Lien Commercial Paper (CP) Program is expected to be executed by June 15, 2016. The CP program and the supporting bank facility with JP Morgan will be extended two years, to August 11, 2018, with no significant revisions to the terms and conditions.

#### Relevant News Items

- **Express Lanes Operating Results.** On April 18, 2016, Transurban, the private operator of the 495 Express Lanes and the 95 Express Lanes, released traffic and revenue data for the quarter ending March 31, 2016.



Average workday toll revenue on the 495 Express Lanes for the quarter increased to \$196,000, which is 38.7 percent higher than the average in the corresponding period in 2015. The average toll per trip on the 495 Express lanes for the quarter was \$4.03.

The 95 Express Lanes generated average workday toll revenue of \$246,000, an increase of 71.2 percent. The average toll per trip was \$5.97.

- Transform 66 Inside the Beltway Multimodal Components.*** The Northern Virginia Transportation Commission (NVTC) is seeking public input on potential transportation improvements to be funded from the anticipated toll revenue from the Transform 66 Inside the Beltway Project. The improvement projects must benefit users of the portion of Interstate 66 between the Capital Beltway and U.S. Route 29 in the Rosslyn area of Arlington County.

NVTC has received 19 applications from six jurisdictions and transit providers for the initial round of funding. The total requested funding exceeds \$42 million and the proposed projects include installation of real-time transportation information screens at locations along the corridor and creation of new commuter bus services. The NVTC held an open house and public hearing on May 5 and it has scheduled a second public hearing for May 18, 2016. Written comments on the projects that have been proposed for FY 2017 funding consideration will be accepted through May 23, 2016. The NVTC expects to present its recommendations to the Commonwealth Transportation Board for approval during summer 2016 so that projects can be operational by the first day of tolling in summer 2017.

The primary role of the NVTC is to collect a tax surcharge to fund Virginia's share of the Washington Metro system and to appoint four representatives to the Washington Metropolitan Area Transportation Authority (WMATA) board. Together with the Potomac and Rappahannock Transportation Commission, NVTC also operates the Virginia Railway Express commuter rail system.



**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 May 1, 2016, was \$281 million. The Airports Authority can draw an additional \$19 million under this program.

Program	Authorized Amount	Letter of Credit Provider	Cost	Dated Date	Expiration Date
<i>Commercial Paper Series One</i>	<i>Up to \$300 Million</i>	<i>JP Morgan</i>	<i>65 bps</i>	<i>August 11, 2011</i>	<i>August 11, 2016</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 2016.<sup>1</sup>

**2016 Variable Interest Rates (3-Month Rolling Average)**

Monthly	CP 1 JPM	SIFMA	Spread
April 2016	0.10%	0.18%	-0.08%
March 2016	0.07%	0.05%	0.02%
February 2016	0.06%	0.01%	0.05%
January 2016	0.06%	0.01%	0.05%

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

Calendar Year	CP 1 JPM	SIFMA	Spread
2015	0.07%	0.03%	0.04%
2014	0.10%	0.05%	0.05%
2013	0.15%	0.09%	0.06%
2012	0.20%	0.16%	0.04%

<sup>1</sup> 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. The total amount outstanding as of May 1, 2016, is \$100 million.

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 May 1, 2016, including accretion, is \$2,354,299,479.<sup>2</sup> The tables on the following pages provide detail on each series of bonds.

#### ***Refunding Opportunities***

The Series 2009A First Senior Lien Current Interest Bonds can be refunded in advance of the 2019 call date. Under current market conditions, a tax-exempt refinancing would not generate present value savings of at least three percent of the par amount refunded.

The potential savings from an advance refunding of the 2009A Bonds is limited by the significant negative arbitrage in the required refunding escrow. The Financial Advisors will continue to monitor relevant interest rates and the potential savings from a debt refinancing.

<sup>2</sup> The amount outstanding includes approximately \$255 million of net accreted value on outstanding capital appreciation bonds, convertible capital appreciation bonds and the Transportation Infrastructure Finance and Innovation Act (TIFIA) loan. 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 applicable maturity date, conversion date or payment commencement date, whereupon interest will be payable semi-annually.

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

Series <sup>3</sup>	Dated Date	Originally Issued Par Amount	Outstanding as of 5/1/2016	Lien	Tax Status	Moody's Rating	S&P Rating	Credit Enhancement <sup>4</sup>
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	279,440,163	Second Senior	Tax-Exempt CABs	Baa1/A2(Insured)	BBB+/AA(Insured)	\$188,266,435 Assured Guaranty
2009C	8/12/2009	158,234,960	243,222,569	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	80,671,855	Second Senior	Tax-Exempt CABs	Baa1	BBB+	None
2010B	5/27/2010	137,801,650	201,355,567	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 <sup>5</sup>	8/20/2014	371,841,779	379,849,324	Junior	Federal Loan	Baa2	BBB-	None
		<u>\$ 2,099,508,297</u>	<u>\$ 2,354,299,479</u>					

<sup>3</sup> Series 2010C was authorized but not issued.

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

<sup>5</sup> The Airports Authority can issue up to \$1,278 million of TIFIA Series 2014 Bonds (excluding capitalized interest) to finance eligible Phase 2 project costs.

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

Series	Outstanding as of 5/1/2016	Lien	Tax Status and Structure	Principal Amortization	Yields <sup>6</sup>	Call Provisions <sup>7</sup>
2009A	\$ 198,000,000	First Senior	Tax-Exempt Current Interest Bonds	2030-2044	5.18% to 5.375%	October 1, 2019 at Par
2009B	279,440,163	Second Senior	Tax-Exempt CABs	2012-2040	3.50% to 7.91%	Non-Callable
2009C	243,222,569	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	80,671,855	Second Senior	Tax-Exempt CABs	2029-2037	6.625%	Non-Callable
2010B	201,355,567	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	379,849,324	Junior	Federal Loan	2023-2044	3.21%	Any Business Day at Par
	<u>\$ 2,354,299,479</u>					

<sup>6</sup> 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.

<sup>7</sup> 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.