

SUMMARY MINUTES  
FINANCE COMMITTEE  
MEETING OF JANUARY 15, 2014

Mr. Curto called the January 15 Finance Committee Meeting to order at 10:30 a.m. A quorum was present during the meeting: Ms. Merrick, Co-Chair, Mr. Adams, Mr. Chapman, Mr. Session, Ms. Wells and Mr. Conner, *ex officio*. Mr. Carter, Mr. Gates, Mr. Griffin, Ms. Hall, Ms. Lang, Mr. McDermott and Mr. Williams were also present.

Financial Advisors' Report – Aviation Enterprise. Ken Gibbs of Jefferies presented the routine monthly report. Financial Advisors had met with Finance Staff to discuss the Airports Authority's 2014 Plan of Finance and had determined new money needs of approximately \$130 million to meet Capital Construction Program (CCP) and capitalized interest requirements through June 2015. Mr. Gibbs reported that the Airports Authority has the potential for refunding savings with approximately \$500 million callable bonds in October 2014. Pursuant to the tax law, Mr. Gibbs reported that the Authority could close a financing on July 3, ninety days before the call date of the refunding. As reflected in the monthly report, \$280 million in bonds could be sold, which meets a six percent threshold savings of \$20 million. Mr. Gibbs noted that preparations to access the market for refunding savings and to obtain the new money for the coming year are being made. Consistent with the procurement process, a Request for Proposals (RFP) for structuring a syndicate for the upcoming financing needs would be presented to the Committee for its concurrence at its February meeting.

Recommendation Paper to Approve the Proposed Resolution Authorizing the Substitution of Liquidity Provider for the Aviation Enterprise's Commercial Paper Two Program. Andy Rountree, Vice President for Finance and Chief Financial Officer, presented a brief summary of the current status of the Commercial Paper (CP) program. He stated that the CP program was supported by a \$250 million Letter of Credit (LoC) provided by JP Morgan Chase Bank (JPM) scheduled to expire in March 2014, and a \$21 million LoC provided by Landesbank Baden-Wuerttemberg (LBBW) expiring in December 2015. As a result of the RFP issued in October 2013 to replace the expiring JPM facility and to potentially replace the LBBW facility, negotiations with Sumitomo Mitsui Banking Corporation (SMBC) established a three-year LoC to support CP Two Notes at \$200 million enabling the suspension of the CP One Program and substituting the LBBW LoC with the SMBC LoC. Benefits to the Authority include

lower LoC fees; extension of the CP program to March 2017; and retention of the non-Alternative Minimum Tax status of the \$21 million currently outstanding CP Two Notes. The Committee approved the staff recommendation, as presented.

Financial Advisors' Report – Dulles Corridor Enterprise. Jim Taylor of Mercator Advisors LLC reported that progress continued regarding the negotiations of the terms and conditions for the anticipated Transportation Infrastructure Finance and Innovation Act (TIFIA) loan. Mr. Taylor stated that the U.S. Department of Transportation (DOT) has not presented the Authority with a formal invitation to submit an application.

Doreen Frasca of Frasca and Associates, L.L.C. presented a market update with respect to TIFIA on two transportation transactions that both had lower credit ratings than the Authority.

November 2013 Financial Report – Aviation Enterprise. Mr. Rountree reported that year-to-date revenue was \$630.5 million, an increase of 7.2 percent from the same period in 2012. Year-to-date expenses were \$517.8 million, which are basically flat compared to the prior year.

Mr. Rountree reported that operating income through November 2013 was \$112.7 million, compared to a prior year operating income of \$72.3 million. The debt service coverage estimate was 1.41x, which is stronger than expected.

Mr. Rountree noted that staff would provide preliminary unaudited year-end results at the February or March Committee Meetings for both enterprises.

November 2013 Financial Report – Dulles Corridor Enterprise. Mark Adams, Deputy Chief Financial Officer, reported that year-to-date Toll Road revenues had been \$117.3 million, reflecting an increase of 25.2 percent above the prior year to date. Year-to-date Toll Road transactions had been 91.0 million. Although these transactions had been 1 percent lower than the prior year, Mr. Adams reported that the transactions are 3.1 percent higher than the 2013 year-to-date forecast. Electronic toll collections had increased 4.2 percent for a total of 80.6 percent. Mr. Adams reported that the Toll Road expenditures were at \$23.4 million year to date, which is 6.1 percent higher than the prior year. He also noted that the Toll Road toll rates had increased on January 1. Because recent

weather incidents had decreased the activity on the Road, staff did not provide information regarding the impact of the increased tolls.

The Meeting was thereupon adjourned at 10:52 a.m.