



DECEMBER 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 to Report

Informational Items

- ***2014 Plan of Finance.*** The Board authorization to issue up to \$400 million of Dulles Toll Road Subordinate Lien Revenue Notes provides the Airports Authority with sufficient resources to fund projected Rail Project capital expenditures for several months.

The DCE Finance Team, which includes Finance Staff, the Financial Advisors, the Co-Senior Managing Underwriters, and Bond Counsel, can now focus on preparing for the issuance of long-term DTR revenue bonds in the first quarter of 2014. The size of the Series 2014 bond issue and the timing of the bond sale will depend in large part on the terms and conditions negotiated for the anticipated TIFIA loan.

The TIFIA loan negotiations will also impact the potential issuance and structure of any TIFIA anticipation notes, therefore discussions with the three investment banking firms selected by the Board to negotiate a potential TIFIA anticipation note transaction will be deferred until sufficient detail is available to enable potential options to be identified and evaluated.

The Airports Authority's toll road traffic and revenue consultant, CDM Smith, has already been tasked with updating the Comprehensive Traffic and Revenue Study for the DTR to reflect the toll road's operating performance since January 2013 and changes to other key inputs, such as regional transportation improvement plans.

CDM Smith is also working with the Finance Team to develop materials for rating agency and investor presentations.

- ***Transportation Infrastructure Finance and Innovation Act (TIFIA) Program.*** The United States Department of Transportation (USDOT) and its advisors are still reviewing the credit information submitted by the Airports Authority, Fairfax County, and Loudoun County.

The next step in the process, assuming the credit review is positive, is an invitation from USDOT to submit a formal TIFIA application. Given the substantial amount of analysis done during the credit review, USDOT estimates that an application can be approved within 90 days after receipt. If the TIFIA application is approved, credit and business terms for the financing are negotiated and the loan agreement is drafted. The estimated timeframe for execution of a credit agreement, on terms acceptable to the Secretary of Transportation, is approximately 60 days from approval of the application.

Relevant News Items

- ***USDOT Update on TIFIA Requests.*** Since August 2012, USDOT has received 38 Letters of Interest (LOIs) from project sponsors seeking TIFIA credit assistance. The table below summarizes the status of those requests as of November 20, 2013. (The Rail Project is in the Creditworthiness Review Stage.)

Status of TIFIA Review	Number of Projects as of 11/20/13
TIFIA Credit Agreement Executed	4
TIFIA Application Review Completed	4
TIFIA Application Under Review	1
Creditworthiness Review Stage	11
On hold pending completion of certain requirements	8
Initial Eligibility Review Stage	6
Determined Ineligible	2
Withdrawn from the LOI Process by Sponsor	2
Total Submissions	38

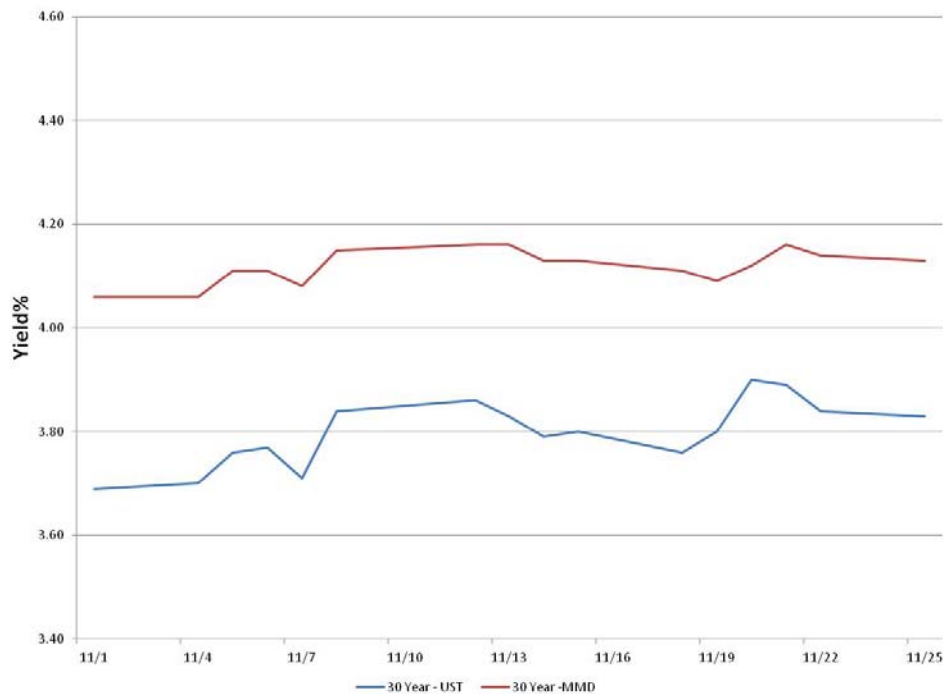
- ***Dulles Greenway Toll Rate Investigation.*** In January 2013, the Virginia State Corporation Commission (SCC) appointed a Hearing Examiner to investigate various complaints made by Virginia Delegate David Ramadan regarding the toll rates charged by the private operator of the Dulles Greenway toll facility. An evidentiary hearing was convened on November 12, 2013 and continued on November 13-15.

The Hearing Examiner then recessed the hearing until December 19, 2013, to provide time for the parties to review new technical evidence submitted by Delegate Ramadan.

Market Update

Interest rates on long-dated Treasury bonds increased at the beginning of November in response to a stronger than expected October labor report. Treasuries were volatile for the rest of the month in reaction to mixed economic data. Municipal interest rates followed Treasuries higher at the beginning of the month, but stayed relatively stable for the remainder of the month. In November, three AA-rated toll road transactions were brought to market, the largest of which was \$61.6 million by Hidalgo County, Texas.

Treasury Rates and Municipal Market Data (MMD) Index – November 2013



On December 2, 2013, the interest rate for a 35-year TIFIA loan was 3.84 percent.

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

Commercial Paper Notes. As of December 1, 2013, the Airports Authority has issued the entire \$300 million of Dulles Toll Road Second Senior Lien Commercial Paper Notes, Series One. There is no additional capacity available to draw under the 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, 2014</i>

The following tables show 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
November 2013	0.13%	0.07%	0.06%
October 2013	0.13%	0.07%	0.06%
September 2013	0.13%	0.06%	0.07%
August 2013	0.15%	0.06%	0.09%
July 2013	0.17%	0.10%	0.07%
June 2013	0.17%	0.14%	0.03%
May 2013	0.16%	0.15%	0.01%
April 2013	0.16%	0.13%	0.03%
March 2013	0.17%	0.10%	0.07%
February 2013	0.18%	0.11%	0.07%
January 2013	0.20%	0.14%	0.06%

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.

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

Calendar Year	CP 1 JPM	SIFMA	Spread
2012	0.20%	0.16%	0.04%
2011 ²	0.18%	0.15%	0.03%

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>

DTR Subordinate Lien Revenue Notes. On November 22, 2013, the Airports Authority sold \$150 million of Dulles Toll Road Subordinate Lien Revenue Notes, Series 2013. The Notes bear interest at a fluctuating rate per annum equal to the SIFMA Rate plus 0.24 percent.

Program	Authorized Amount	Purchaser	Dated Date	Scheduled Final Maturity
<i>DTR Subordinate Lien Revenue Notes, Series 2013</i>	<i>Up to \$400 Million</i>	<i>JP Morgan Chase Bank</i>	<i>November 22, 2013</i>	<i>November 19, 2014</i>

² 08/11/11 through the end of the calendar year

MONTHLY UPDATE: OUTSTANDING DULLES CORRIDOR ENTERPRISE DEBT**DULLES TOLL ROAD REVENUE BONDS**

The total par amount of outstanding Dulles Toll Road Revenue Bonds as of December 1, 2013 is \$1,305,906,518.³ The tables below provide details on each series of bonds.

Structure and Credit Ratings

SERIES ⁴	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
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
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 10/1/2013	\$198,000,000	\$264,311,967	\$208,324,839	\$400,000,000	\$68,894,344	\$172,464,725	\$150,000,000
MOODY'S RATING	A2	Baa1	Baa1	Baa1	Baa1	Baa1	Baa2
S&P RATING	A	BBB+	BBB+	BBB+	BBB+	BBB+	BBB
CREDIT ENHANCEMENT ⁵	None	\$188,266,435 Assured Guaranty	\$158,234,960 Assured Guaranty	None	None	None	None

³ The par amount does not include approximately \$156 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.

⁴ Series 2010C was authorized but not issued.

⁵ 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 ⁶	2009A	2009B	2009C	2009D	2010A	2010B	2010D
AMT OUTSTANDING as of 6/1/2013	\$198,000,000	\$254,772,314	\$200,754,159	\$400,000,000	\$66,344,484	\$166,197,038	\$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 ⁷	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 ⁸	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

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 transaction would not generate any debt service savings due to significant negative arbitrage in the required refunding escrow.

⁶ Series 2010C was authorized but not issued.

⁷ 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.

⁸ 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.