



MARCH 2012
DULLES CORRIDOR ENTERPRISE
REPORT OF THE FINANCIAL ADVISORS

The Airports Authority established the Dulles Corridor Enterprise Fund to segregate the financial activity associated with the operation, maintenance and improvement of the Dulles Toll Road 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 Enterprise Fund.

Action Items

No Action Items to Report

Informational Items

- ***Request for Qualifications for Underwriting Services.*** The Airports Authority received 38 responses to its Request for Qualifications to provide investment banking services. Staff and Financial Advisors have reviewed the submissions and will assist the Board, as directed, with the selection of underwriters for two syndicates, one for the Airport System revenue bonds and another for the Dulles Toll Road revenue bonds. Further details are addressed in a separate Staff paper.
- ***Rating Agency Meetings.*** On March 12-13, Senior Management of the Airports Authority and its Financial Advisors met with rating analysts from Moody's, Standard & Poor's, and Fitch to provide an annual update for both the Aviation Enterprise and Dulles Corridor Enterprise. The Airports Authority will continue to meet with the rating agencies to provide more detailed discussions related to the Aviation (Dulles Corridor) Enterprise credit and make a formal request for ratings in advance of all proposed financing transactions.
- ***Dulles Toll Road Traffic and Revenue Study Update.*** The supporting documentation for the 2012 Update of the Comprehensive Traffic and Revenue Study has been completed. Over the next few weeks, CDM Smith, Finance Staff and the Financial Advisors will assist various stakeholders in reviewing the report. For example, a meeting with representatives of the Reston Citizens Association was held on March 9 to discuss the underlying demographic growth assumptions.

Relevant News Items

- ***Transportation Infrastructure Finance and Innovation Act (TIFIA) Program.*** On February 15, 2012, Secretary of U.S. Department of Transportation (USDOT) Ray LaHood announced that 26 TIFIA Letters of Interest (LOI) for FY 2012 funding had been received. Project sponsors requested over \$13 billion of TIFIA credit assistance for a variety of proposed transportation improvements. The Airports Authority, along with Fairfax and Loudoun

Counties, submitted a request for a total of up to \$1.95 billion of TIFIA credit assistance over the next few years. The five largest requests are shown in the table below.

FY 2012 TIFIA Letters of Interest Submitted

Amounts in Millions of Dollars

Potential Applicant	Project Name	Estimated Project Cost	TIFIA Request
Pod Train Superhighway LLC	Pod Train Superhighway (San Diego County, CA)	\$2,950	\$2,950
New York State Thruway Authority	Tappan Zee Bridge (New York, NY)	\$6,000	\$2,000
Metropolitan Washington Airports Authority with Fairfax and Loudon Counties	Dulles Metrorail (Northern Virginia)	\$5,894	\$1,950
Kentucky Transportation Cabinet, Indiana Department of Transportation and the Louisville and Southern Indiana Bridges Authority	Ohio River Bridges (Louisville, KY)	\$2,900	\$1,000
Washington State Department of Transportation (WSDOT)	Columbia River Corridor (Vancouver, WA)	\$3,245	\$1,000

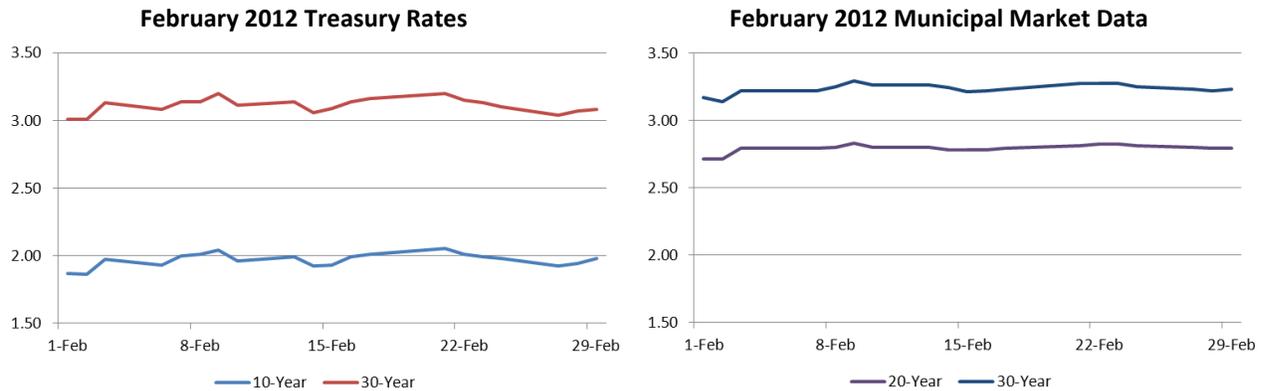
USDOT is expected to invite some of the 26 project sponsors to prepare a formal application package for FY 2012 credit assistance, but no timetable for that decision has been announced. In 2011, the LOI review process took approximately four months and USDOT invited eight out of 34 sponsors to submit applications, including the Airports Authority and Fairfax and Loudoun Counties. None of those project sponsors has executed TIFIA agreements yet.

- Downtown Tunnel/Midtown Tunnel/ MLK Extension Project.*** According to news reports, some state legislators from the Hampton Roads area are seeking ways to lower the tolls that are scheduled to be imposed on existing tunnels in Norfolk and Portsmouth in the fall of 2012. Toll revenue will be used to fund a \$1.9 billion project that is being developed under Virginia's Public-Private Transportation Act (PPTA) by Elizabeth River Crossings LLC (ERC), a joint venture of Skanska Infrastructure Development and Macquarie Group Limited. ERC will construct a new two-lane tunnel under the Elizabeth River parallel to the existing Midtown Tunnel, make improvements to the existing Downtown Tunnel, and extend the MLK Expressway to I-264.

In December 2011, Governor Robert F. McDonnell announced that Virginia was investing \$362 million in the project to lower peak hour toll rates for the tunnels to approximately \$1.84. Legislators are asking for an additional \$500 million and have estimated that would be sufficient to lower tolls another 50 cents.

Market Update

During the month of February, the municipal market maintained the near record lows in interest rates, largely because demand exceeded supply. As shown in the charts below, rates in the Treasury market also traded within a relatively narrow range.



There were no triple-B rated toll road issuers in the market since the last report. However, several higher rated credits (A1/A+ or higher) including the Maine, Kentucky and New Hampshire Turnpikes and the Virginia Commonwealth Transportation Board sold bonds in February. All issues were relatively short in duration (final maturities of 20 years or less) and sold at yields below 3 percent.