



APRIL 2019
DULLES CORRIDOR ENTERPRISE
REPORT OF THE FINANCIAL ADVISORS

The Metropolitan Washington Airports Authority (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

- ***Series 2019 Dulles Toll Road First Senior Lien Revenue Refunding Bonds.*** Subject to market conditions, the proposed refunding bonds will be issued in June 2019 to current refund the \$198 million of outstanding Series 2009A First Senior Lien Current Interest Bonds.
- ***Financial Plan Annual Update.*** As required under the Transportation Infrastructure Finance and Innovation Act (TIFIA) Loan Agreement, the Airports Authority prepares an updated financial plan each year that provides reasonable assurance that there is sufficient funding available to complete the Rail Project. The annual update summarizes information that is generally provided to the Airports Authority Board of Directors and the Federal Transit Administration (FTA) on a monthly basis. The 2019 Financial Plan Annual Update, which covers the activities through December 31, 2018, was submitted to the U.S. Department of Transportation's Build America Bureau Credit Programs Office and FTA Regional Office on March 29, 2019.

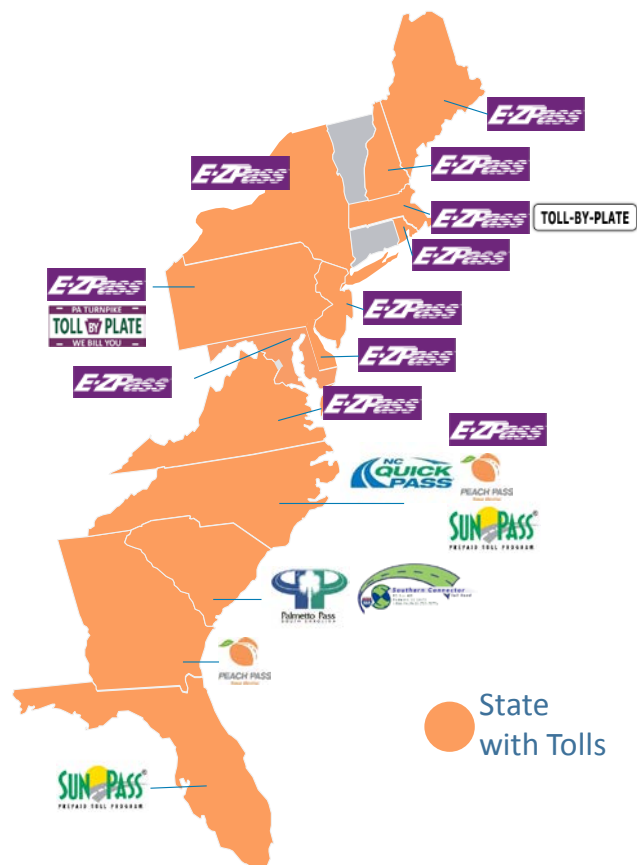
Relevant News Items

- ***Pocahontas Parkway Toll Rate Increase.*** On April 1, 2019, toll rates for two-axle vehicles using the privately-operated Pocahontas Parkway increased by 20 cents to \$4.50 at the main toll plaza and by 15 cents to \$2.60 at the ramp toll collection points. Vehicles with multiple axles pay a surcharge of approximately \$1.00 for each additional axle.

The Pocahontas Parkway, also known as Route 895, is an 8.8 mile long, four-lane, limited access toll road with a major bridge crossing over the James River near Richmond, Virginia. Annual toll rate increases are permitted under a 2006 agreement with the Virginia Department of Transportation that establishes maximum toll levels based on a percentage that is equal to the greater of the increase in the consumer price index, real gross domestic product growth, or 2.80 percent.

- Mileage Based User Fee Study.*** On March 3, 2019, the I-95 Corridor Coalition and the Delaware Department of Transportation announced receipt of a \$3 million federal grant to support an ongoing study of the feasibility of replacing fuel taxes with mileage-based user fees. The initial phases of the study focused on challenges associated with assessing fees for travel across multiple state lines and accommodating existing restrictions and reporting requirements imposed on commercial motor carriers.

The first two phases of the study included pilot programs with volunteers who recorded their mileage using different technology options. The third phase of the study includes analysis of various issues associated with implementing mileage-based fees in states with existing toll facilities. Transurban, the private operator of the 495 Express Lanes and the 95 Express Lanes, will work with the I-95 Corridor Coalition to develop a pilot program with approximately 400 volunteers to test technology that records user fees and tolls and to assess driver choices and attitudes when user fees vary based on the time of day or the amount of traffic.



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 April 1, 2019, was \$37,000,000. The Airports Authority can draw an additional \$263,000,000 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>58 bps</i>	<i>August 11, 2011</i>	<i>April 13, 2020</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 2019.¹

2019 Variable Interest Rates (3-Month Rolling Average)

Monthly	CP 1 (JPM)	SIFMA	Spread
March 2019	1.68%	1.55%	0.13%
February 2019	1.70%	1.57%	0.13%
January 2019	1.74%	1.58%	0.16%

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

Calendar Year	CP 1 (JPM)	SIFMA	Spread
2018	1.44%	1.41%	0.03%
2017	0.88%	0.84%	0.04%
2016	0.38%	0.41%	-0.03%

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.

DULLES TOLL ROAD REVENUE BONDS

The total amount of outstanding Dulles Toll Road Revenue Bonds as of April 1, 2019, including accretion, is \$3,198,438,993.² Tables 1 and 2 provide detail on each series of bonds.

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

Series ³	Dated Date	Originally Issued Par Amount	Outstanding as of 04/01/2019	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	313,602,319	Second Senior	Tax-Exempt CABs	Baa1/A2(Insured)	BBB+/AA(Insured)	\$188,266,435 Assured Guaranty
2009C	8/12/2009	158,234,960	249,775,000	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	97,554,700	Second Senior	Tax-Exempt CABs	Baa1	BBB+	None
2010B	5/27/2010	137,801,650	235,000,000	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 ⁵	8/20/2014	1,071,386,881	1,132,746,975	Junior	Federal Loan	Baa2	A-	None
		<u>\$2,799,053,399</u>	<u>\$ 3,198,438,993</u>					

² The amount outstanding includes approximately \$399 million of net accreted value on outstanding capital appreciation bonds, convertible capital appreciation bonds and the 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.

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.

⁵ 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 04/01/2019	Lien	Tax Status and Structure	Principal Amortization	Yields ⁶	Call Provisions ⁷
2009A	\$ 198,000,000	First Senior	Tax-Exempt Current Interest Bonds	2030-2044	5.18% to 5.375%	October 1, 2019 at Par
2009B	313,602,319	Second Senior	Tax-Exempt CABs	2012-2040	3.50% to 7.91%	Non-Callable
2009C	249,775,000	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	97,554,700	Second Senior	Tax-Exempt CABs	2029-2037	6.625%	Non-Callable
2010B	235,000,000	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	1,132,746,975	Junior	Federal Loan	2023-2044	3.21%	Any Business Day at Par
	<u>\$ 3,198,438,993</u>					

⁶ 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.

⁷ 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.

Refunding Candidates

The \$198 million of Series 2009A First Senior Lien Current Interest Bonds are callable on October 1, 2019 at par. Current refunding bonds can be issued as early as July 3, 2019. Under current market conditions, a hypothetical tax-exempt refinancing of the Series 2009A Bonds might generate approximately \$38.2 million of net present value savings.

Series	Callable Par/ Maturities	Coupon Range	Call Date	Call Premium	Net PV Savings
2009A	\$198,000,000 ('30-'44)	5.00% - 5.25%	10/01/19	0% (at par)	\$38.2 million 19.3% of refunded par

The estimated reduction in annual debt service each year from 2020 to 2029 is approximately \$1.7 million increasing to \$3.0 million in the years 2030 to 2044. The potential annual savings are relatively small and are not sufficient to materially increase projected debt service coverage ratios or to reduce the anticipated DTR toll rates in future years.