MERCATOR ADVISORS LLC FRASCA & ASSOCIATES, LLC

JULY 2020
DULLES CORRIDOR ENTERPRISE
REPORT OF THE FINANCIAL ADVISORS

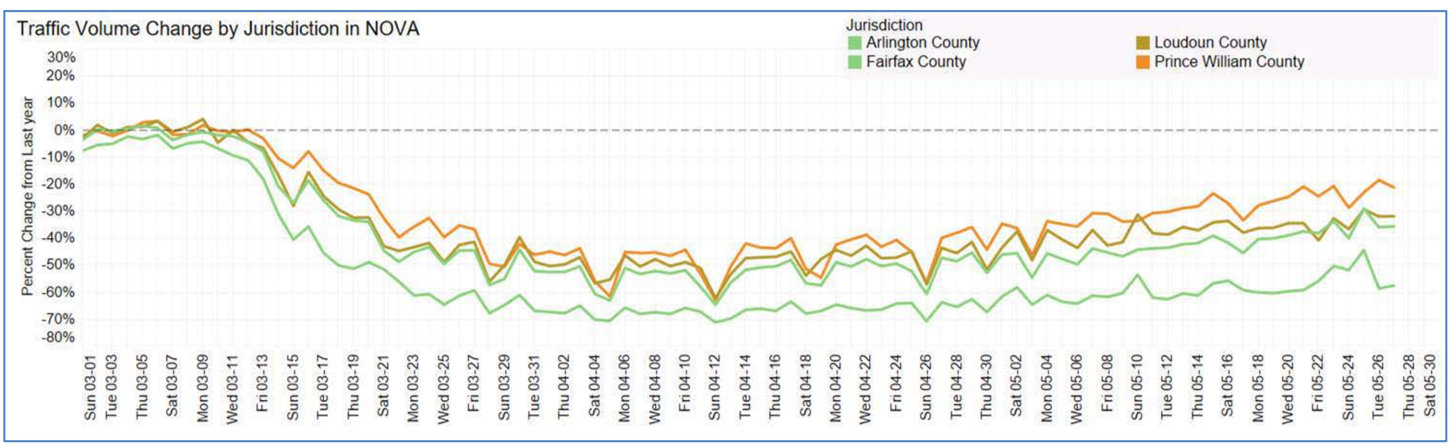
The Metropolitan Washington Airports Authority (Airports Authority) established the Dulles Corridor Enterprise (DCE) Fund to segregate the financial activity associated with the operation, maintenance and improvement of the Dulles Toll Road (DTR) and construction of the Dulles Corridor Metrorail Project (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

- ***Recent Traffic Trends in Virginia.*** On June 17, 2020, the Virginia Department of Transportation (VDOT) presented a report to the Commonwealth Transportation Board (CTB) on the statewide and regional impacts of COVID-19 on traffic volumes, travel speeds and traffic accidents. Using data from 512 continuous count stations on roadways throughout the Commonwealth, VDOT generated numerous graphics showing the impact of restrictions put in place to mitigate the spread of the coronavirus. The graphic below shows traffic volume changes by jurisdiction in Northern Virginia between March 1 and June 5, 2020.[1]



[1] http://www.ctb.virginia.gov/resources/2020/june/pres/1_covid_19_traffictrends.pdf

- ***Refinancing of Loudoun County TIFIA Loan.*** On May 28, 2020, the Economic Development Authority of Loudoun County, Virginia, sold $267.3 million of Public Facility Lease Revenue and Refunding Bonds. Proceeds will be used to finance various capital costs and to refinance the 2014 TIFIA Loan and other debt issued to fund Rail Project costs allocated to Loudoun County.

- ***Sale of Center for Innovative Technology (CIT) Building Complex.*** On May 14, 2020, Virginia Governor Ralph Northam announced the sale of the 149,000 square-foot CIT office building and the surrounding 26-acre campus site. The property is on the border of Fairfax and Loudoun counties near Washington Dulles International Airport and the Innovation Center Metrorail Station.

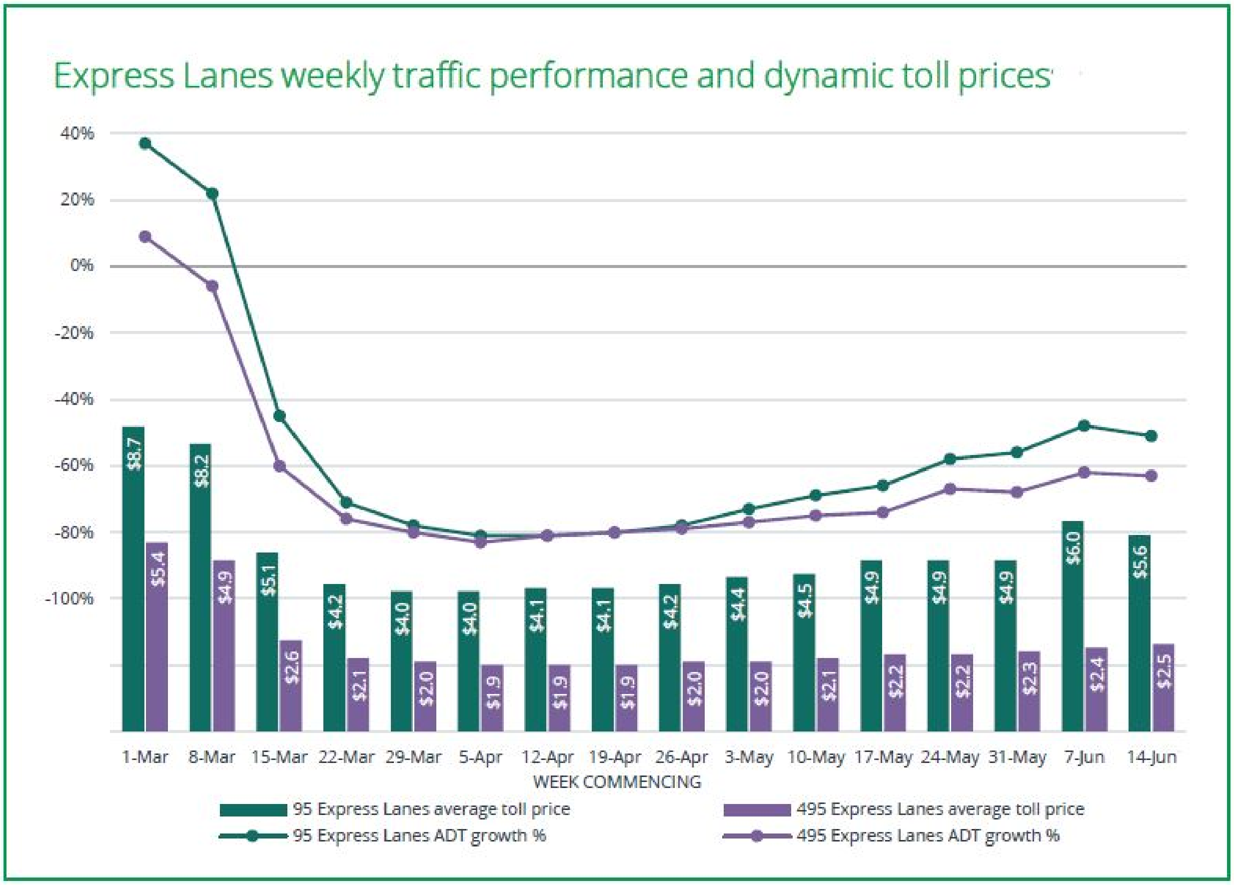
  The building was sold for $47.35 million to affiliates of Origami Capital Partners and Timberline Real Estate Partners. Origami is an investor in The Hub, a 5.5 million-square-foot mixed-use project located at the intersection of the DTR and Route 28 adjacent to the CIT.

- ***Spring Hill Station Development.*** On May 12, 2020, the Fairfax County Board of Supervisors approved rezoning applications for two major developments near the Spring Hill Metro station in Tysons. The private developers for the two mixed-use projects - called West Spring Hill Station and North Spring Hill Station- will contribute to various transportation funds established for roadway improvements in Tysons and will provide dedicated right-of-way for a potential new ramp to the DTR. The concept of constructing additional access to the DTR to accommodate future growth and improve mobility is in the long-term Comprehensive Plan for the Tysons Urban Center.

<u>Relevant News Items</u>

- ***Dulles Greenway Toll Reimbursement Program.*** On May 18, 2020, Atlas Arteria (ALX), the owner of the private toll concession for the Dulles Greenway, implemented a program to allow healthcare workers and first responders to be reimbursed for tolls incurred between April 1 to June 30, 2020. To participate in the program, eligible customers were required to submit information about their vehicle and proof of current employment. Toll reimbursements will be made directly to E-ZPass accounts. The reimbursement program does not apply to the $1.50 DTR ramp toll that is collected at the Dulles Greenway mainline plaza.

- ***Express Lanes Operating Data.*** On June 22, 2020, Transurban, the private operator of the 495 Express Lanes and the 95 Express Lanes, provided investors with an update on the performance of its toll facilities in Australia and North America. The chart below shows some improvement in traffic levels in May and early June, 2020.



MONTHLY UPDATE: OUTSTANDING DCE DEBT

The total amount of outstanding DTR Revenue Bonds as of July 1, 2020, including accretion, is $3,323,003,856.[2] Tables 1 and 2 provide detail on each series of bonds.

Table 1: DTR Revenue Bonds
Amount Outstanding by Series and Credit Ratings

Series [3]	Dated Date	Originally Issued Par Amount	Outstanding as of 07/01/2020	Lien	Tax Status	Moody's Rating	S&P Rating	Credit Enhancement [4]
2019A [5]	7/10/2019	$ 163,110,000	$ 163,110,000	First Senior	Tax-Exempt Current Interest Bonds	A2	A	None
2009B	8/12/2009	207,056,689	328,144,548	Second Senior	Tax-Exempt CABs	Baa1 A2(Insured)	A- 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	A-	None
2010A	5/27/2010	54,813,219	105,849,308	Second Senior	Tax-Exempt CABs	Baa1	A-	None
2010B	5/27/2010	137,801,650	235,000,000	Second Senior	Tax-Exempt Convertible CABs	Baa1	A-	None
2014A	5/14/2014	421,760,000	421,760,000	Second Senior	Tax-Exempt Current Interest Bonds	Baa1	A-	None
2010D	5/27/2010	150,000,000	150,000,000	Subordinate	Taxable Build America Bonds	Baa2	A-	None
2019B [6]	12/19/2019	1,269,365,000	1,269,365,000	Subordinate	Tax-Exempt Current Interest Bonds	Baa2 A2(Insured)	A- AA(Insured)	$300,000,000 Assured Guaranty
		$2,962,141,518	$ 3,323,003,856					

[2] The amount outstanding includes approximately $361 million of net 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 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] Proceeds of the Series 2019A Bonds, along with other available funds, were used to refund all outstanding DTR First Senior Lien Revenue Series 2009A Bonds on October 1, 2019.

[6] Proceeds of the Series 2019B Bonds, along with other available funds, were used to repay the DTR Transportation Infrastructure Finance and Innovation Act (TIFIA) Loan in full on December 19, 2019. The TIFIA Loan Agreement has been terminated and no Junior Lien Bonds remain outstanding.

Table 2: DTR Revenue Bonds
Interest Rates and Call Provisions

Series	Outstanding as of 07/01/2020	Lien	Tax Status and Structure	Principal Amortization	Yields [7]	Call Provisions [8]
2019A	$ 163,110,000	First Senior	Tax-Exempt Current Interest Bonds	2031-2044	2.11% to 2.63%	10/01/2028 at Par
2009B	328,144,548	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%	10/01/2026 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	105,849,308	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%	10/01/2028 at Accreted Value
2014A	421,760,000	Second Senior	Tax-Exempt Current Interest Bonds	2051-2053	4.40%	04/01/2022 at Par
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
2019B	1,269,365,000	Subordinate	Tax-Exempt Current Interest Bonds	2033-2053	2.26% to 3.17%	10/01/2029 at Par
	$ 3,323,003,856					

[7] The overall average cost of capital, after taking into account the refunding of the Series 2009A Bonds and the DTR TIFIA Loan, is approximately 4.44 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 12 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.