MERCATOR ADVISORS LLC FRASCA & ASSOCIATES, LLC

JUNE 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.

Informational Items

- ***DTR First Senior Lien Revenue Refunding Bonds, Series 2019A.*** The Series 2019A Bonds were priced on June 6, 2019. Samuel A. Ramirez & Co. served as Book-Running Senior Manager and Loop Capital Markets, RBC Capital Markets and Wells Fargo Securities were the Co-Managers. The transaction is scheduled to close on July 10, 2019.

  Proceeds of the Series 2019A Bonds, along with other available funds, will be used to refund all of the outstanding DTR First Senior Lien Revenue Series 2009A Bonds and to pay issuance costs. The tax-exempt refinancing of the Series 2009A Bonds generated total gross savings of $76.5 million and $47.9 million on a net present value basis, which equates to 24.2 percent of the refunded par amount. The all-in True Interest Cost for the Series 2019A Bonds is 3.58 percent.

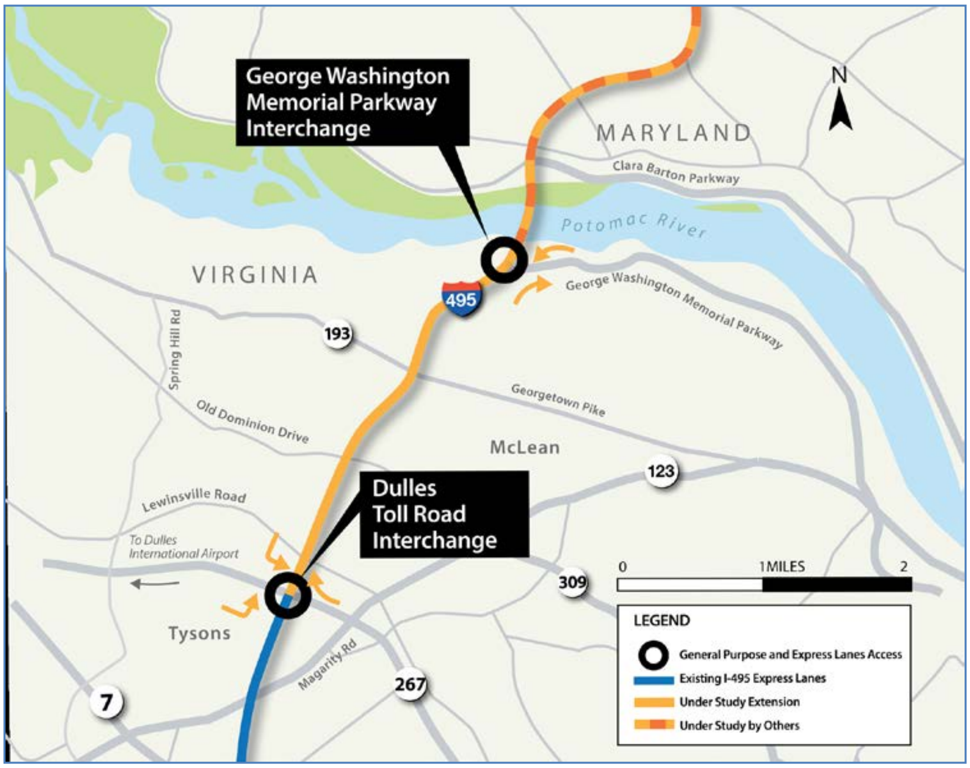
  The estimated reduction in annual debt service each year from 2020 to 2029 is approximately $2.0 million increasing to $3.6 million in the years 2030 to 2044. The potential annual savings are relatively small and are not sufficient to materially increase projected debt service coverage ratios or to reduce the anticipated DTR toll rates in future years.

  In association with the issuance of the Series 2019A Bonds, Moody’s affirmed its ratings on the outstanding DTR revenue bonds: A2 for the first senior, Baa1 for the second senior, Baa2 for the subordinate lien, and Baa2 for the junior lien TIFIA Loan. S&P affirmed its rating of A- for the first senior-lien bonds and junior lien TIFIA Loan and BBB+ for the second senior lien and subordinate lien. The outlook from both rating agencies is stable.

Finance staff will provide a detailed description of the Series 2019A transaction in a separate presentation.

Relevant News Items

- ***I-495 Express Lanes Northern Extension Study.*** On May 20, 2019, the Virginia Department of Transportation (VDOT) held a public information meeting in McLean regarding plans to extend the I-495 Express Lanes by approximately three miles from the DTR interchange to the vicinity of the American Legion Bridge.



VDOT is evaluating one build alternative with design options and a no-build alternative. The study includes environmental analysis and documentation, traffic studies, preliminary design concepts to extend the Express Lanes including concepts for pedestrian and bicycle improvements along the corridor, and project delivery and implementation plans.

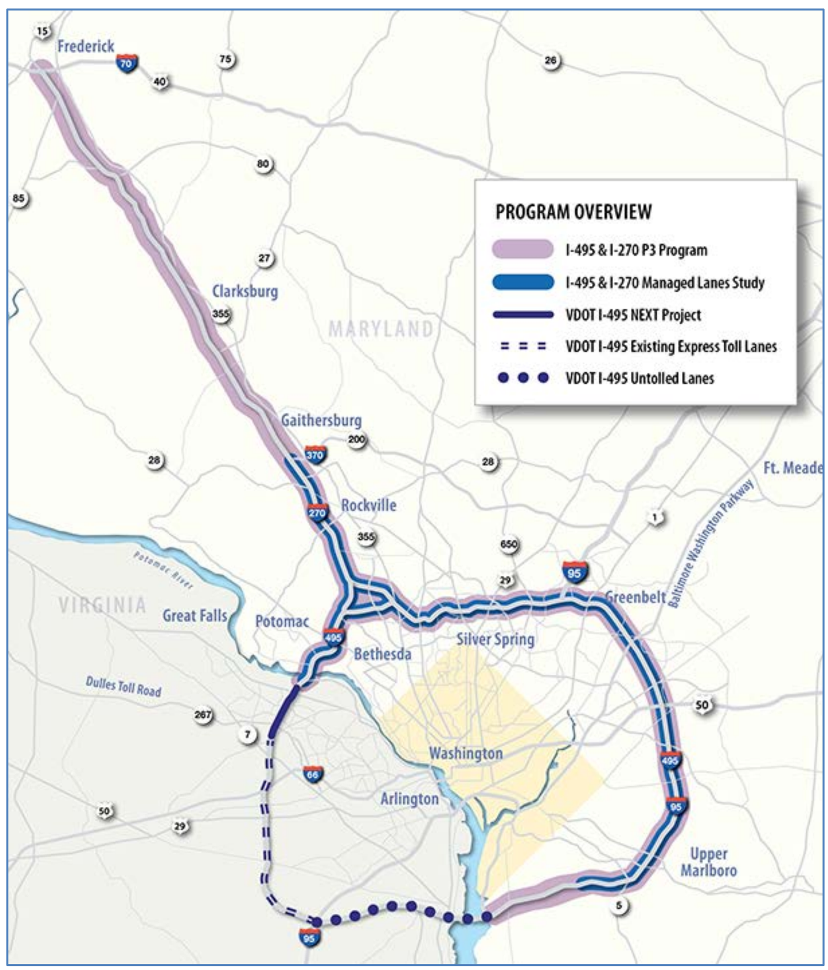
A public hearing on the environmental assessment is expected to be held in fall 2019 with a final National Environmental Policy Act decision in late 2019. According to VDOT, construction could begin in late 2020.

- ***Maryland I-495 & I-270 Public-Private Partnership (P3) Program.*** On June 5, 2019, the Maryland Board of Public Works (Maryland BPW) approved the competitive procurement process proposed by the Maryland Department of Transportation State Highway Administration and the Maryland Transportation Authority to select private developers for each phase of the I-495 & I-270 P3 Program.

  The Maryland BPW has three members: Governor Larry Hogan, Treasurer Nancy Kopp and Comptroller Peter Franchot. Governor Hogan and Comptroller Franchot voted in favor of public-private partnership solicitation with the following conditions:

  - improvements to I-270 will be advanced before the expansion of I-495 in Montgomery County and Prince George's County to provide additional time for input from key stakeholders,
  - no property acquisitions will occur before final approval of the P3 agreements by the Maryland BPW,
  - potential private developers must allow "mass transit bus access" to the managed toll lanes without tolls,
  - 10 percent of the state's share of any toll revenue will be used for regional transit services, and
  - a study will be conducted to evaluate the feasibility of adding monorail from the Shady Grove Metro to Frederick.

  Treasurer Kopp voted against the motion. According to the news reports, she opposed the plan because many of her questions regarding financing and potential environmental impacts had not been answered.



MONTHLY UPDATE: OUTSTANDING DCE DEBT

SHORT-TERM NOTES AND LOANS

Commercial Paper Notes. The aggregate principal amount of DTR Second Senior Lien Commercial Paper Notes outstanding as of June 1, 2019, was $25,000,000. The Airports Authority can draw an additional $275,000,000 under this program.

Program	Authorized Amount	Letter of Credit Provider	Cost	Dated Date	Expiration Date
Commercial Paper Series One	***Up to $300 Million***	***JP Morgan***	***58 bps***	***August 11, 2011***	***April 13, 2020***

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
May 2019	1.68%	1.67%	0.01%
April 2019	1.66%	1.68%	(0.02%)
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.

DTR REVENUE BONDS

The total amount of outstanding DTR Revenue Bonds as of June 1, 2019, including accretion, is $ $3,218,441,581.[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 06/01/2019	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	317,197,525	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	98,631,867	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	1,086,717,096	1,148,077,190	Junior	Federal Loan	Baa2	A-	None
		$2,814,383,614	$ 3,218,441,581					

[2] The amount outstanding includes approximately $404 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 Rail Project costs.

Table 2: DTR Revenue Bonds
Interest Rates and Call Provisions

Series	Outstanding as of 06/01/2019	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%	10/01/2019 at Par
2009B	317,197,525	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	98,631,867	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%	10/01/2026 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%	04/01/2022 at Par
TIFIA Series 2014	1,148,077,190	Junior	Federal Loan	2023-2044	3.21%	Any Business Day at Par
	$ 3,218,441,581					

[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 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.