



**MARCH 2021**  
**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**

- ***Update on Rating Agency Outlooks for Toll Revenue Bonds.*** For the Finance Committee's information only, separate slides are provided on Rating Agency Outlooks for Toll Road Credits.

**Relevant News Items**

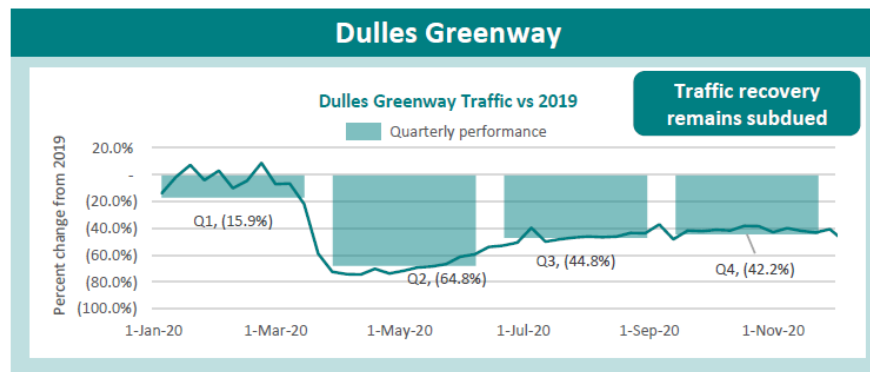
- ***Dulles Greenway Oversight Bill.*** The Virginia General Assembly has approved legislation that amends the Virginia Highway Corporation Act of 1988, the state law that authorized the private financing and construction of the Dulles Greenway. If the bill is signed by Governor Ralph Northam, any future application to increase Dulles Greenway toll rates must include a "forward-looking analysis that demonstrates that the proposed toll rates will be reasonable to the user in relation to the benefit obtained, not likely to materially discourage use of the roadway, and provide the operator no more than a reasonable return. Such forward-looking analysis shall include reasonable projections of anticipated traffic levels, including the impact of social and economic conditions anticipated during the time period that the proposed toll rates would be in effect."

The term "materially discourage use" is defined as "to cause a decrease in traffic of three or more percentage points based on either a change in potential toll road users or a change in traffic attributable to the toll rate charged as validated by (i) an investment-grade travel demand model that takes population growth into consideration or (ii) in the

case of an investigation into current toll rates, an actual traffic study that takes population growth into consideration.”

The bill requires the Virginia Department of Transportation (VDOT) to review the analysis and submit comments to the State Corporation Commission (SCC). The legislation prohibits the SCC from approving more than one year of toll rate increases and it establishes certain criteria that must be met to obtain SCC approval for a refinancing of the existing debt secured by Dulles Greenway toll revenue.

- ***Dulles Greenway Operating Results.*** On February 25, 2021, Atlas Arteria (ALX), the owner of the private toll concession for the Dulles Greenway, released toll revenue and traffic statistics for the year ending December 31, 2020. Average daily traffic for the year was 27,876, approximately 42.8 percent less than 2019. Total revenue decreased 42.1 percent, from \$89.7 million in 2019 to \$52.0 million in 2020.



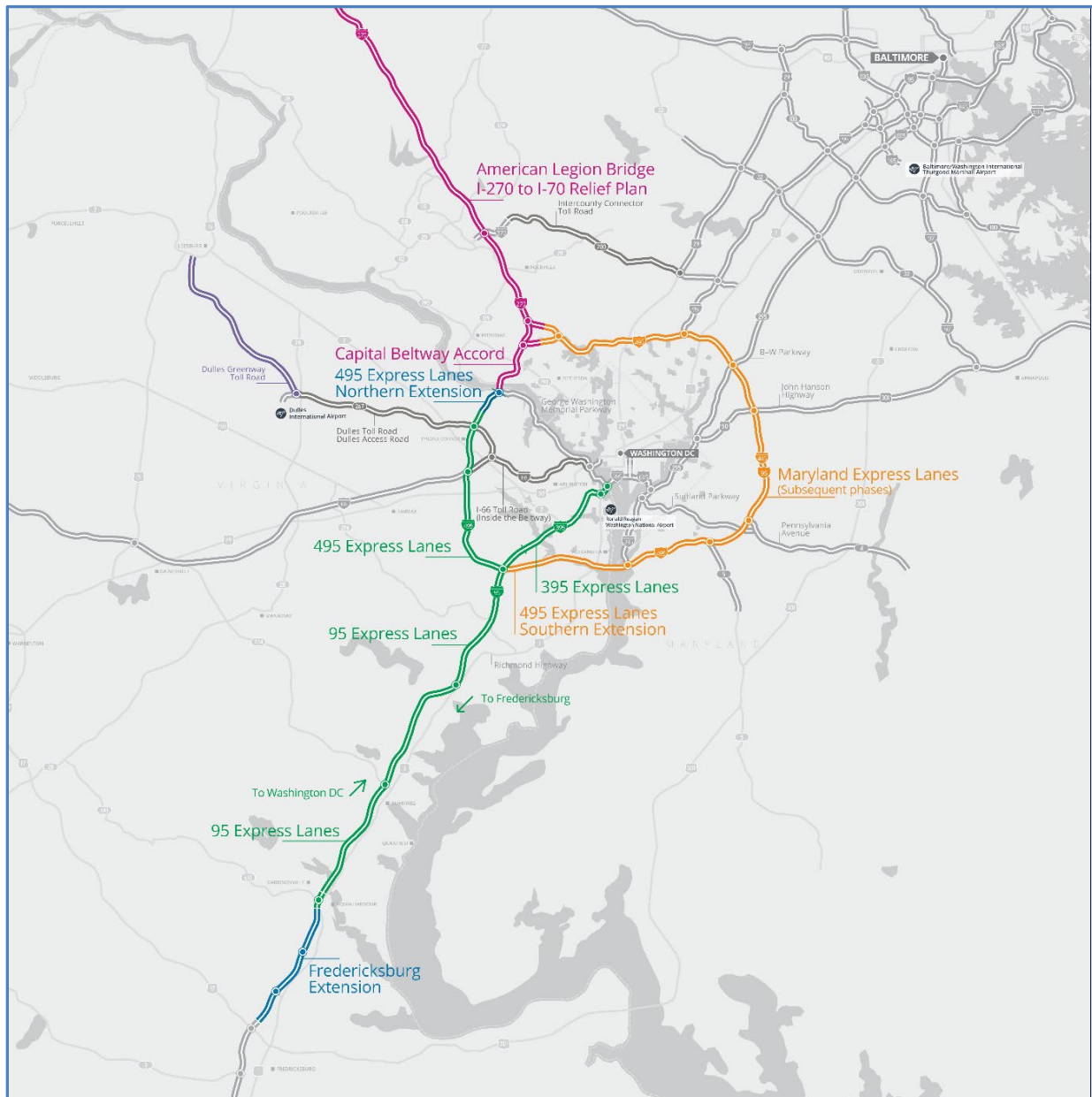
*Atlas Arteria Results Presentation for the year ended 31 December 2020*

- ***Maryland I-495 & I-270 Public-Private Partnership (P3) Program.*** On February 25, 2021, the Board of the Maryland Transportation Authority (MDTA) received updates on the American Legion Bridge (ALB) I-270 to I-70 Relief Plan.

Accelerate Maryland Partners LLC (AM Partners), a private consortium led by Transurban (60 percent) and Macquarie (40 percent), has been selected to oversee the predevelopment work for the first phase of the program which is estimated to cost \$3 to \$4 billion.<sup>1</sup> The selection of a private partner, which is subject to approval by the MDTA Board and the Maryland Board of Public Works (BPW), is the culmination of a year-long competitive procurement process. Three of the four short-listed teams submitted technical and financial proposals. The AM Partners financial proposal, which was the highest ranked, includes payment of an estimated \$145 million development rights fee to the Maryland Department of Transportation (MDOT) and

<sup>1</sup> The members of the AM Partners are Transurban (USA) Operations, Inc., and Macquarie Infrastructure Developments LLC.

commitments for transit improvements in Montgomery County, a community grant program, Vision Zero investments, a no-interest loan program for local fleet conversions and water quality enhancements.



The preferred alternative for the ALB I-270 to I-70 Relief Plan includes two high occupancy toll (HOT) lanes across the ALB to I-270, and north on I-270 to I-370 (approximately 12 miles). Under the proposed P3 Agreement, the private developer will be responsible for setting the toll rates within a toll rate range approved by the MDTA Board. A preliminary analysis prepared by MDTA staff shows a minimum toll rate of \$0.20 per mile for passenger vehicles (two axles) with E-ZPass. Toll rates would be subject to a soft rate cap of \$1.50 per mile ~~than~~ that can only be exceeded if certain

throughput and speed performance targets are not achieved. The maximum toll rate that can be charged under any circumstance is \$3.76 per mile.<sup>2</sup> The average trip length is expected to be 7 miles and the average weekday toll is estimated to be \$5.02 for northbound trips and \$3.99 for southbound trips.

The MDTA's toll-setting process, which includes public hearings and several public comment periods, is expected to be completed by October 2021. Negotiation of the final toll concession agreement and financial close is expected in late 2022.

- ***Express Lanes Operating Data.*** On February 11, 2021, Transurban, the private operator of the 495 Express Lanes and the 95 Express Lanes, released traffic data for the quarter ending December 31, 2020.



The average dynamic toll price on the 495 Express Lanes decreased by 47.3 percent to \$2.98, and the average number of daily trips decreased by 46.8 percent to approximately 25,000 trips. Total toll revenue for the quarter was \$7 million, 67.4 percent less than generated in 2019.



The average dynamic toll price for the quarter decreased by 30.5 percent to \$6.48 on the 95 Express Lanes compared to the same quarter in the prior year. The average number of daily trips decreased by 36.0 percent to approximately 36,000 trips. Total toll revenue for the quarter was \$13 million, 55.7 percent less than generated in 2019.

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<sup>2</sup> The cost per mile estimates are in 2021 dollars. The minimum and maximum toll rates and the soft rate cap would escalate annually.

## MONTHLY UPDATE: OUTSTANDING DCE DEBT

The total amount of outstanding DTR Revenue Bonds as of March 1, 2021, including accretion, is \$3,337,287,552.<sup>3</sup> Tables 1 and 2 provide detail on each series of Bonds.

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

Series <sup>4</sup>	Dated Date	Originally Issued Par Amount	Outstanding as of 03/01/2021	Lien	Tax Status	Moody's Rating	S&P Rating	Credit Enhancement <sup>5</sup>
2019A <sup>6</sup>	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	337,734,190	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	110,543,362	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 <sup>7</sup>	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	\$ 3,337,287,552					

<sup>3</sup> The amount outstanding includes approximately \$375 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.

<sup>4</sup> Series 2010C was authorized but not issued.

<sup>5</sup> Bonds insured by Assured Guaranty are rated "AA" (stable outlook) by S&P and "A2" (stable outlook) by Moody's.

<sup>6</sup> 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.

<sup>7</sup> 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 03/01/2021	Lien	Tax Status and Structure	Principal Amortization	Yields <sup>8</sup>	Call Provisions <sup>9</sup>
2019A	\$ 163,110,000	First Senior	Tax-Exempt Current Interest Bonds	2031-2044	2.11% to 2.63%	10/01/2028 at Par
2009B	337,734,190	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	110,543,362	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
	<u>\$ 3,337,287,552</u>					

<sup>8</sup> 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.

<sup>9</sup> 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.