



MAY 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

- ***Moody's Outlook and Report on U.S. Toll Roads.*** On March 20, 2020, Moody's Investors Service revised its outlook on toll roads in the United States to "negative" from "stable." On April 24, 2020, the firm issued a more detailed report on the impact of the pandemic and subsequent statewide shelter-in-place orders on toll facilities. The analysis focused on the ability of toll revenue bond issuers in the United States to absorb material short-term declines in traffic and revenue.

Moody's developed a base case stress scenario that assumes significant declines in toll transactions through mid-2020 with a slow recovery to a level that is 10 percent below 2019 traffic levels by year end 2020. Those assumptions result in a 30 percent reduction in annual toll revenue in 2020 and a 10 percent decline in 2021.

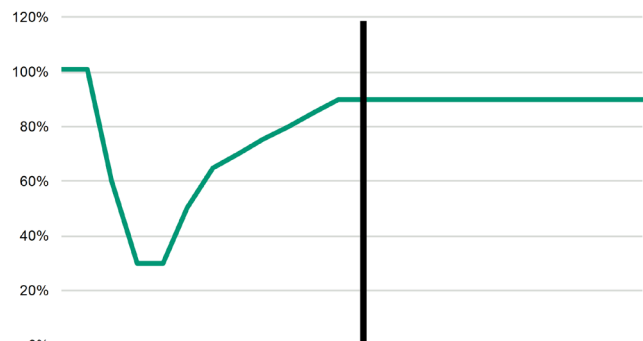


Figure 1 - Moody's base case stress scenario. Line represents the percentage of 2019 traffic and revenue.

Moody's used the base case stress scenario to calculate a "liquidity duration run rate" for the 54 tolled roadways, bridges and turnpike systems with public ratings. The run rate is the number of months the issuer can operate with lower toll revenues before exhausting balance sheet liquidity and drawing on a debt service reserve fund.

As shown in the exhibit below, Moody's estimates that the Airports Authority could continue to meet its financial obligations on the DTR for approximately 159 months without using debt service reserve funds.

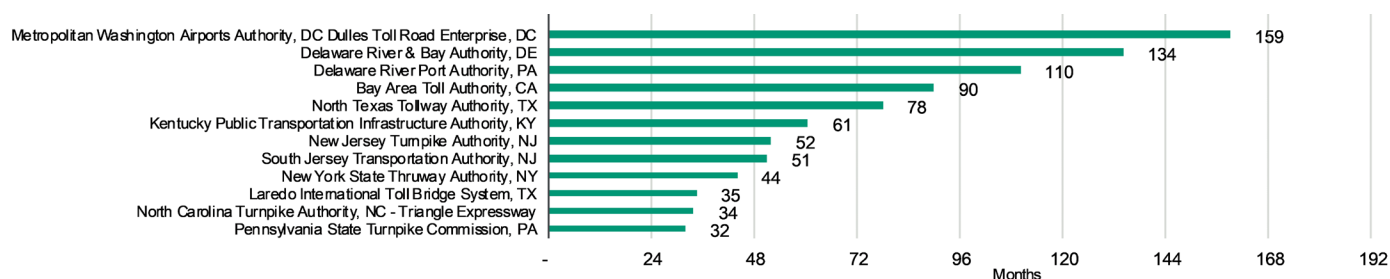


Figure 2 – Exhibit from Moody's Investors Service report dated April 24, 2020. Data sourced from issuers' recent audited financial statements.

- S&P Global Rating Outlook.** On March 26, 2020, S&P Global Ratings revised the rating outlook on nearly all long-term debt ratings in the U.S. transportation infrastructure sector to “negative” due to the severe and ongoing impacts associated with the COVID-19 pandemic. The rating action applied to approximately 187 issuers and 252 ratings. S&P is reviewing all ratings with respect to an issuer's specific exposure to, and ability to mitigate against, the financial and operational challenges in the near-to-intermediate term and may revise the outlook on specific ratings on a case-by-case basis.

DTR Lien	S&P Rating	Current Outlook	Previous Outlook
First Senior Lien Bonds	A	Negative	Stable
Second Senior Lien Bonds	A-	Negative	Stable
Subordinate Lien Bonds	A-	Negative	Stable

- Suspension of Cash Toll Collection in Virginia.** There are 16 toll facilities in operation in Northern Virginia, Richmond and Hampton Roads. Only eight of the facilities accept cash payments. In response to the COVID-19 outbreak, the Virginia Department of Transportation (VDOT) temporarily suspended cash toll collection on the George P. Coleman Memorial Bridge and the Powhite Parkway Extension on April 1, 2020. Drivers on the Powhite Parkway Extension can still deposit exact change in coin baskets. VDOT also temporarily reduced the minimum opening balance for Virginia E-ZPass accounts from \$35.00 to \$25.00 and suspended certain administrative fees associated with unpaid tolls. The Richmond Metropolitan Transportation Authority switched to exact change and E-ZPass only on April 3 and the Airports Authority implemented the change on April 6.

The City of Chesapeake temporarily stopped accepting cash and credit cards at the Chesapeake Expressway on March 27. The owners of the Dulles Greenway reduced cash toll collection hours on March 26 and then stopped cash toll collection entirely on April 2.

Cash is still accepted on the Chesapeake Bay Bridge and Tunnel and the Pocahontas Parkway. Globalvia, the private operator of the Pocahontas Parkway, postponed indefinitely a toll rate increase scheduled for April 1, 2020 (20 cents at the main toll plaza and 10 cents at the tolled ramps).

- ***Suspension of Cash Toll Collection in Maryland.*** The Maryland Transportation Authority (MDTA) initiated statewide all-electronic (cashless) tolling on March 17, 2020. Only four of the nine toll facilities operated by the MDTA offer a cash payment option.

Drivers without an E-ZPass will receive a Notice of Toll Due (NOTD) for the applicable cash toll rate. The NOTDs will be mailed to the registered owner of the vehicle 30 days after Maryland's COVID-19 state of emergency is lifted. The assessment of civil penalties on unpaid NOTDs and referrals of unpaid tolling accounts to the Maryland Department of Transportation Motor Vehicle Administration for registration flagging are also on hold until 30 days after the state of emergency is lifted.

- ***Commercial Paper Program Termination.*** The letter of credit from JP Morgan that supported the Dulles Toll Road Second Senior Lien Commercial Paper (CP) Program was terminated on February 10, 2020. Given the strong liquidity position of the DCE Fund, the DTR CP Program is no longer needed to provide interim financing for the Rail Project.

Relevant News Items

- ***Dulles Greenway Toll Increase Application, First Quarter Operating Results and Rating Affirmation.*** On April 9, 2020, the hearing examiner appointed by the Virginia State Corporation Commission (SCC) to conduct hearings on the proposed Dulles Greenway toll rate increase, cancelled the local public hearings scheduled for May 11 and 12 and extended the period for filing written public comments to August 24, 2020. A request from the Loudoun County Board of Supervisors to defer the proceedings and hold local hearings in October 2020 was denied.

On April 21, 2020, Atlas Arteria (ALX), the owner of the private toll concession for the Dulles Greenway, released toll revenue and traffic statistics for the quarter ending March 31, 2020. Average daily toll revenue for the quarter was \$195,830,

approximately 13.9 percent less than the same period last year. Average daily traffic decreased by approximately 16.8 percent to 38,641 transactions.

On April 29, 2020, Moody’s Investors Service affirmed the “Ba1” credit rating with a stable outlook on approximately \$1.1 billion of outstanding Dulles Greenway Project Revenue Bonds. The rating is based in part on an assumption that the SCC will approve toll rate increases for the multi-year period from 2021 to 2025 that are comparable to the 2.9 percent average annual rate increase in recent years. The owners of the Dulles Greenway have requested that the SCC approve annual increases ranging between 6.0 percent in 2021 to 6.8 percent in 2025.

- **Express Lanes Operating Results and 495NEXT Construction Update.** On April 16, 2020, Transurban, the private operator of the 495 Express Lanes and the 95 Express Lanes, released traffic data for the quarter ending March 31, 2020.

The average dynamic toll price for the quarter decreased by 5.2 percent to \$8.26 on the 95 Express Lanes compared to the same quarter last year. The average number of daily trips increased by 19.1 percent to approximately 55,000 trips due to the opening of the 395 Express Lanes in November 2019.

The average dynamic toll price on the 495 Express Lanes decreased by 3.9 percent to \$5.23, and the average number of daily trips decreased by 8.5 percent to approximately 39,000 trips.

On May 4, 2020, Transurban posted an investor presentation that includes recent traffic data for the 18 toll facilities it operates in Australia and North America. As shown below, the assets in North America have experienced a significant decrease in traffic. Transurban’s assets in North America are the express lanes in Northern Virginia and a small toll road and bridge in Montreal, Québec, Canada.

Recent traffic data (ADT % change) ¹									
Week commencing	1 Mar	8 Mar	15 Mar	22 Mar	29 Mar	5 Apr	12 Apr	19 Apr	26 Apr ²
Sydney (NSW)	(1%)	(2%)	(10%)	(29%)	(42%)	(51%)	(51%)	(18%)	(36%)
Melbourne (VIC)	(2%)	(2%)	(21%)	(43%)	(54%)	(62%)	(65%)	(42%)	(53%)
Brisbane (QLD)	4%	(1%)	(9%)	(27%)	(39%)	(49%)	(51%)	(11%)	(35%)
North America ³	17%	6%	(46%)	(64%)	(67%)	(70%)	(68%)	(62%)	(61%)
Transurban Group	1%	(2%)	(17%)	(36%)	(48%)	(56%)	(57%)	(30%)	(44%)

Figure 3 - Exhibit from Transurban Investor Briefing dated May 4, 2020

On April 27, 2020, Transurban, in coordination with VDOT, shortlisted contractor teams who responded to a request for qualifications to design and build the 495 Express Lanes Northern Extension (NEXT) project. Due to the COVID-19 pandemic, the Request for Proposals (RFP) process has been temporarily put on hold.

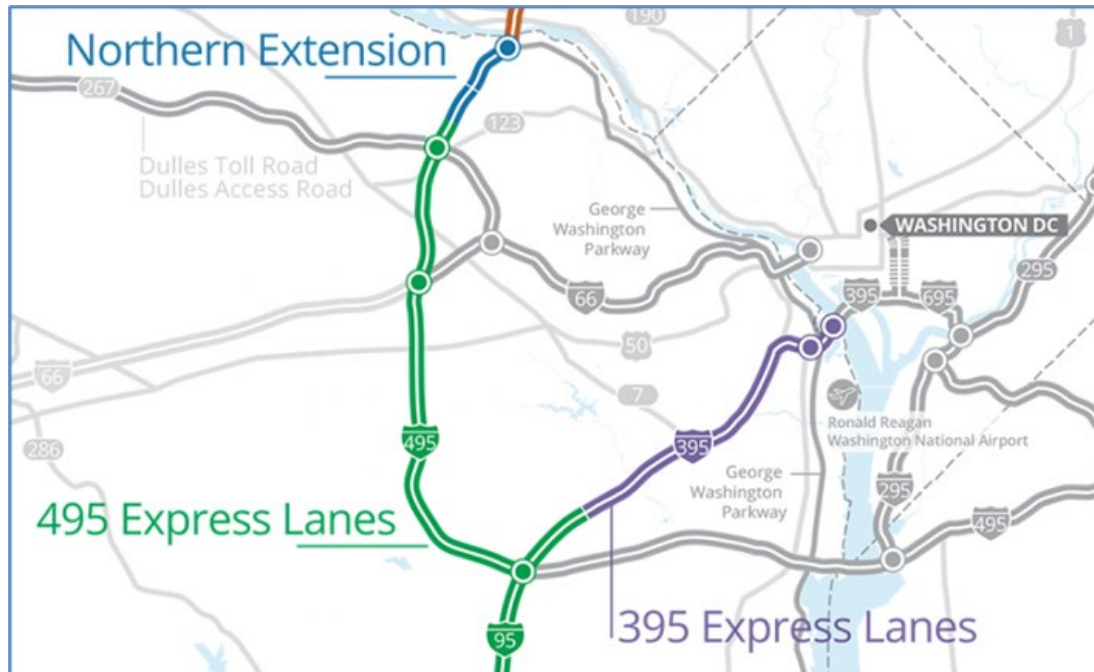


Figure 4 - Transurban Express Lanes network

MONTHLY UPDATE: OUTSTANDING DCE DEBT

The total amount of outstanding DTR Revenue Bonds as of May 1, 2020, including accretion, is \$3,318,125,567.¹ Tables 1 and 2 provide detail on each series of bonds.

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

Series ²	Dated Date	Originally Issued Par Amount	Outstanding as of 05/01/2020	Lien	Tax Status	Moody's Rating	S&P Rating	Credit Enhancement ³
2019A ⁴	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	324,415,969	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	104,699,598	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 ⁵	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	\$ 3,318,125,567					

¹ The amount outstanding includes approximately \$356 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.

² Series 2010C was authorized but not issued.

³ Bonds insured by Assured Guaranty are rated "AA" (stable outlook) by S&P and "A2" (stable outlook) by Moody's.

⁴ 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.

⁵ 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 05/01/2020	Lien	Tax Status and Structure	Principal Amortization	Yields ⁶	Call Provisions ⁷
2019A	\$ 163,110,000	First Senior	Tax-Exempt Current Interest Bonds	2031-2044	2.11% to 2.63%	10/01/2028 at Par
2009B	324,415,969	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	104,699,598	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>\$ 3,318,125,567</u>					

⁶ 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.

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.