MERCATOR ADVISORS LLC FRASCA & ASSOCIATES, LLC

NOVEMBER 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

- ***Dulles Corridor Advisory Committee (DCAC) Meeting.*** The DCAC, which has eight members (two representatives each from the Airports Authority, Fairfax County, Loudoun County, and the Commonwealth of Virginia) met on October 29, 2020. The DCAC received updates on the construction and financing of the Rail Project and information about the impact of the pandemic on DTR transactions and toll revenue. Jeffrey McKay, Chairman of the Fairfax County Board of Supervisors, was elected to serve as Chair of the DCAC. Board Member Katherine K. Hanley has served in that role since 2016.

  The DCAC was created in 2007 to provide advice to the Airports Authority on issues related to the management, improvement and expansion of the Dulles Corridor, as well as potential adjustments to DTR toll rates to fund roadway improvements and the Rail Project.

Relevant News Items

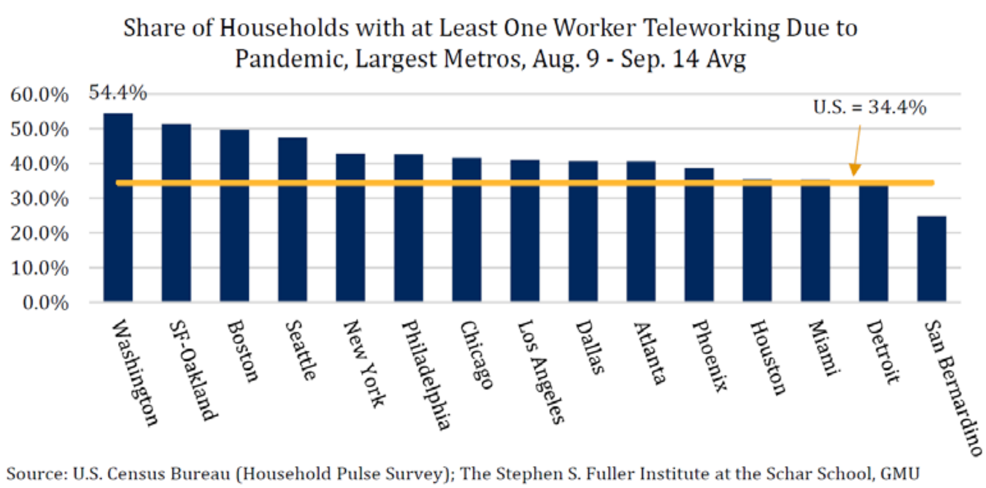
- ***Dulles Greenway Update.*** On October 13, 2020, the hearing examiner appointed by the Virginia State Corporation Commission (SCC) to review the application to increase Dulles Greenway toll rates, submitted a report that recommends the SCC approve a toll increase that is more limited in magnitude and duration than requested.

  Toll Road Investors Partnership II, L.P. (TRIP II), the owner and operator of the private toll concession for the Dulles Greenway, has proposed annual toll increases ranging between 5.0 and 6.8 percent over a five-year period. The hearing examiner recommends no toll increase during peak travel hours and annual increases of 25 to 30 cents over the next three years during off-peak hours. Responses to the hearing examiner's report will be filed this month. The SCC's final decision on the application may not be announced until early 2021.

On October 26, 2020, Fitch Ratings affirmed the BB- rating on approximately $1 billion of outstanding Dulles Greenway Project Revenue Bonds (Series 1999 and 2005). The Fitch rating outlook remains negative.

- ***Potential Sale of Transurban Equity Interest.*** On October 8, 2020, Transurban, the private operator of the 495 Express Lanes and the 95/395 Express Lanes, announced that it had initiated a process to sell a portion of its equity in the Northern Virginia toll facilities. The potential transaction would strengthen its balance sheet and generate cash to develop other projects. Goldman Sachs is reported to be working with Transurban to value the assets and to market the opportunity to infrastructure investors and sovereign wealth funds.

- ***Teleworking in the Washington, DC Region May Slow Recovery.*** According to an October 20, 2020 report from the Stephen S. Fuller Institute, a significant number of workers in the Washington, DC region are now working from home due to the pandemic.[1] More than one-half (54.4 percent) of all households in the Washington, DC region have at least one worker teleworking because of the pandemic, a rate that is larger than any other large metropolitan area. While this has likely helped preserve jobs and economic activity, the researchers believe the shift to teleworking may slow economic recovery in consumer spending and transportation services in the region.



[1] 2020 Recession and Near-Term Outlook, Stephen S. Fuller Institute for Research on the Washington, DC Region's Economic Future, Schar School of Policy and Government at George Mason University. sfullerinstitute.gmu.edu/

MONTHLY UPDATE: OUTSTANDING DCE DEBT

The total amount of outstanding DTR Revenue Bonds as of November 1, 2020, including accretion, is $3,332,760,434.[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 11/01/2020	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	335,601,705	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	108,148,730	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	$ 3,332,760,434					

[2] The amount outstanding includes approximately $371 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 11/01/2020	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	335,601,705	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	108,148,730	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
	$ 3,332,760,434					

[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.