



**SEPTEMBER 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.

**Action Items**

No Action Items to Report

**Informational Items**

- ***FY2020 Sequestration Rate for Build America Bonds (BABs)***. On July 9, 2019, the Internal Revenue Service announced that a sequestration reduction rate of 5.9 percent will be applied to the federal subsidy payments claimed by issuers of BABs in federal fiscal year 2020 that begins October 1, 2019 and ends September 30, 2020. The current sequestration reduction rate for federal fiscal year 2019 is 6.2 percent.

The Airports Authority has issued \$550 million of taxable BABs to fund the Rail Project. Semi-annual interest payments on those bonds total \$20.924 million and are payable on April 1 and October 1 of each year. The federal subsidy for the April 2020 and October 2020 semi-annual interest payments will be reduced by \$432,080.60 (5.9 percent of the stated 35 percent subsidy of \$7,323,400).

The sequestration reduction will not have a material effect on the DTR credit. The effective annual subsidy payment from the federal government as a percentage of the scheduled debt service after application of the sequestration reduction will be 32.94 percent instead of 35 percent.

The Bipartisan Budget Act of 2019 enacted on August 2, 2019, extends the annual sequestration of federal subsidy payments on direct pay obligations such as BABs to September 30, 2029.

## Relevant News Items


- ***Dulles Greenway Operating Results.*** On August 30, 2019, Atlas Arteria, the owner of the private toll concession for the Dulles Greenway, released toll revenue and traffic statistics for the six months ended June 30, 2019. Total toll revenue for the first half of 2019 was \$44.2 million, approximately 0.4 percent less than the same period last year. Average daily traffic decreased by approximately 2.3 percent to 49,156 transactions. The performance reflects toll rate increases implemented on March 2, 2018 and April 4, 2019.


The financial statements released by Atlas Arteria include a goodwill impairment accounting charge of \$115 million on the value of the investment in the Dulles Greenway. The impairment is recorded as an expense but it is a non-cash item and is a point-in-time assessment as of June 30, 2019. The decision to reduce the value of the investment “takes into account the operating performance of Dulles Greenway, combined with a more conservative outlook for traffic growth.”

In a presentation to investors, Atlas Arteria described certain initiatives designed to reduce the cost to operate and maintain the Dulles Greenway and announced that Pierce Homer, who served as Virginia Secretary of Transportation from 2005 to 2010, had joined the board overseeing the Dulles Greenway in August 2019.

- ***Express Lanes Operating Results.*** On August 7, 2019, Transurban, the private operator of the 495 Express Lanes and the 95 Express Lanes, released traffic and revenue data for the quarter ending June 30, 2019.

The tables below show selected financial and operating statistics for each facility:

 495 EXPRESS LANES	June Quarter 2018	June Quarter 2019
Average Dynamic Toll Charged	\$5.40	\$5.61
Average Daily Trips (Thousands)	48	49
Total Toll Revenue for the Quarter	\$20 Million	\$22 Million

 95 EXPRESS LANES	June Quarter 2018	June Quarter 2019
Average Dynamic Toll Charged	\$8.45	\$9.08
Average Daily Trips (Thousands)	54	55
Total Toll Revenue for the Quarter	\$26 Million	\$31 Million

- ***I-66 Express Lanes Inside the Beltway Performance Report.*** On August 6, 2019, the Virginia Department of Transportation (VDOT) posted operating data for the high occupancy vehicle (HOV) lanes on Interstate 66 between the Capital Beltway and Route 29 (Lee Highway) in Rosslyn.

In December 2017, VDOT began tolling single-occupant vehicles (SOVs) traveling in the HOV lanes on weekdays between 5:30 a.m. to 9:30 a.m. eastbound and 3:00 p.m. to 7:00 p.m. westbound. The toll rates for SOVs vary based on traffic volumes and travel times. Vehicles with two or more people (HOV2+) and vanpools can travel for free if they have an E-ZPass Flex transponder switched to HOV-mode. The lanes remain open to all users during off-peak periods and weekends.

The summary tables below show that average daily trips during the first quarter of 2019 are higher than the average in the first quarter of 2018 and average toll prices have decreased. The full report is posted on [66expresslanes.org](http://66expresslanes.org).

EXPRESS LANES USE	2018				2019			
	JAN	FEB	MAR	Q1 AVG	JAN	FEB	MAR	Q1 AVG
Avg. Daily Trips Eastbound	12,961	13,958	13,656	13,511	13,739	15,266	16,060	15,014
Avg. Daily Trips Westbound	15,364	16,656	16,447	16,140	16,432	17,449	18,709	17,533
E-ZPass in HOV (Free) Mode	43.20%	44.39%	43.52%	43.66%	43.23%	44.69%	43.82%	43.91%
E-ZPass in SOV* (Toll) Mode	44.15%	43.71%	43.77%	43.88%	47.74%	46.57%	46.63%	46.28%
Vehicles Using E-ZPass	87.35%	88.10%	87.29%	87.54%	90.97%	91.27%	90.45%	90.18%

TOLL PRICES	2018				2019			
	JAN	FEB	MAR	Q1 AVG	JAN	FEB	MAR	Q1 AVG
Avg. Price Round Trip	\$12.37	\$13.22	\$12.65	\$12.74	\$9.33	\$10.92	\$11.28	\$10.54
Avg. Price Eastbound	\$8.07	\$8.71	\$8.19	\$8.31	\$5.65	\$6.88	\$6.51	\$6.35
Avg. Price Westbound	\$4.30	\$4.51	\$4.46	\$4.43	\$3.68	\$4.04	\$4.77	\$4.19
Trips Over \$40	461 (0.08%)	989 (0.17%)	674 (0.11%)	708 (0.12%)	42 (0.01%)	1413 (0.23%)	1760 (0.24%)	1072 (0.16%)
Avg. Price EB 5:30-6:30 AM**	\$2.98	\$2.37	\$2.32	\$2.55	\$1.66	\$1.61	\$1.63	\$1.63

## 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 September 1, 2019, was \$51,000,000. The Airports Authority can draw an additional \$249,000,000 under this program.

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

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.<sup>1</sup>

#### 2019 Variable Interest Rates (3-Month Rolling Average)

Monthly	CP 1 (JPM)	SIFMA	Spread
August 2019	1.42%	1.47%	(0.05%)
July 2019	1.51%	1.54%	(0.03%)
June 2019	1.61%	1.69%	(0.08%)
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%

<sup>1</sup> 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 September 1, 2019, including accretion, is \$ 3,225,982,789.<sup>2</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>3</sup>	Dated Date	Originally Issued Par Amount	Outstanding as of 09/01/2019	Lien	Tax Status	Moody's Rating	S&P Rating	Credit Enhancement <sup>4</sup>
2019A <sup>5</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	322,590,333	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	100,247,616	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 <sup>6</sup>	8/20/2014	1,122,139,746	1,183,499,840	Junior	Federal Loan	Baa2	A-	None
		\$2,814,916,264	\$ 3,225,982,789					

<sup>2</sup> The amount outstanding includes approximately \$411 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.

<sup>3</sup> Series 2010C was authorized but not issued.

<sup>4</sup> Bonds insured by Assured Guaranty are rated "AA" (stable outlook) by S&P and "A2" (stable outlook) by Moody's.

<sup>5</sup> Proceeds of the Series 2019A Bonds, along with other available funds, were placed in an irrevocable trust that will be used to refund all outstanding DTR First Senior Lien Revenue Series 2009A Bonds on October 1, 2019.

<sup>6</sup> 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 09/01/2019	Lien	Tax Status and Structure	Principal Amortization	Yields <sup>7</sup>	Call Provisions <sup>8</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	322,590,333	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	100,247,616	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	1,183,499,840	Junior	Federal Loan	2023-2044	3.21%	Any Business Day at Par
	<u>\$ 3,225,982,789</u>					

<sup>7</sup> The all-in interest cost for the individual series of bonds ranges between 3.21 percent for the TIFIA loan and 7.43 percent for the Series 2009B CABs. The overall average cost of capital is approximately 4.56 percent.

<sup>8</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.