



OCTOBER 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 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

- ***Underwriter Syndicates for Upcoming Bond Transactions.*** The Technical Evaluation Committee (TEC) has evaluated proposals from members of the Primary Underwriting Pool to serve as underwriters for planned Dulles Toll Road and Airport System bond transactions. The TEC recommendation will be provided in a separate staff paper.

Informational Items

- ***FY2022 Sequestration Rate for Build America Bonds (BABs).*** The sequestration reduction rate for federal fiscal year 2022, which began on October 1, 2021, will remain at 5.7 percent. The sequestration reduction will continue to be applied through September 30, 2030, unless and until a law is enacted that cancels or otherwise affects the sequester.

The Airports Authority issued \$550 million of taxable BABs in 2009 and 2010 that are subject to sequestration. The 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 2022 and October 2022 semi-annual interest payments will be reduced by \$417,434 (5.7 percent of the stated 35 percent subsidy of \$7,323,400).

The 5.7 percent sequestration reduction for 2022 will not have a material effect on the DTR credit. The effective annual subsidy from the federal government as a percentage of the scheduled debt service after application of the sequestration reduction will be 33 percent instead of the anticipated 35 percent.

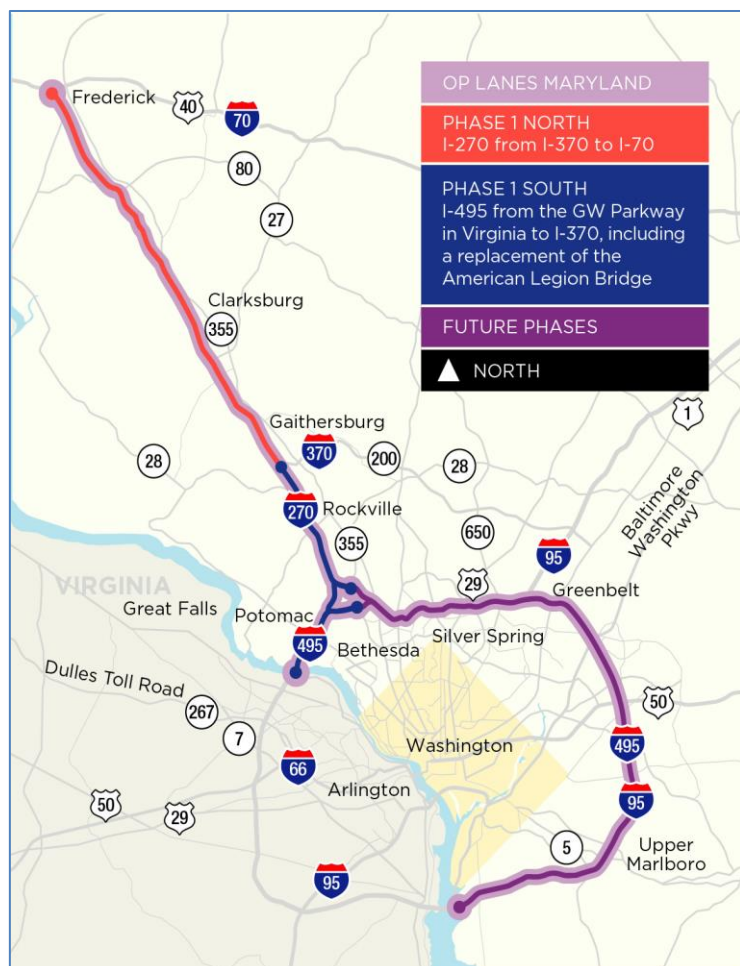
Relevant News Items

- **Second Public Comment Period for American Legion Bridge (ALB) I-270 to I-70 Toll Rates.** On September 30, 2021, the Maryland Transportation Authority (MDTA) established a second public comment period on potential toll rate ranges for the proposed high occupancy toll (HOT) lanes across the ALB to I-270, and north on I-270 to I-370 (Phase 1 South of Ops Lanes Maryland).

Based on comments received during the first public comment period that ended in August 2021, the recommended toll rate range has been revised to include a lower minimum per-mile toll rate of 17 cents per mile versus the 20 cents per mile proposed in May 2021. The lower minimum is consistent with the base off-peak minimum per-mile rate for the MDTA's Intercounty Connector (ICC) toll facility. No changes were made to the maximum per-mile toll rates or the "soft rate cap" of \$1.50 per mile than that can only be exceeded if certain throughput and speed performance targets are not achieved.¹

Buses, motorcycles and vehicles with three or more passengers (HOV3+) will be able to use the HOT lanes without paying a toll.

The MDTA will accept written and voicemail comments through October 28, 2021.

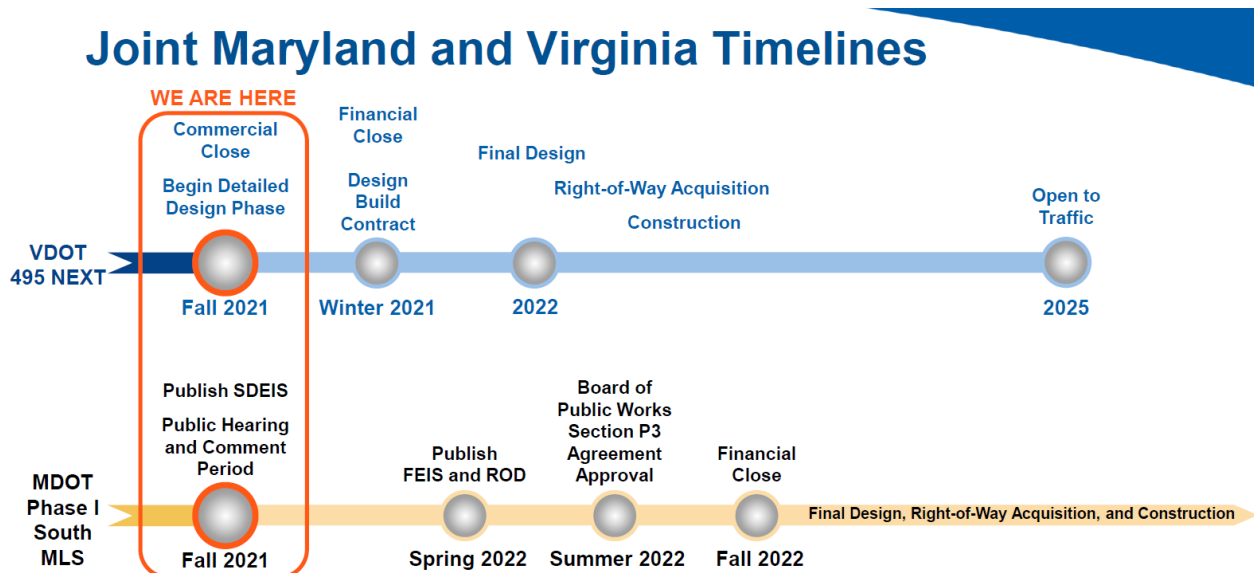


¹ The cost per mile estimates are in 2021 dollars. The minimum and maximum toll rates and the soft rate cap will escalate annually. Customers using PayBy-Plate (registered video accounts) and Video Tolling (unregistered video) will pay higher toll rates.

- 495 Express Lanes Northern Extension (495 NEXT) Public Information Meeting.**
 On September 29, 2021, the Virginia Department of Transportation (VDOT) held a virtual Public Information Meeting for the 495 NEXT Project which is advancing to the design and construction phase. The meeting included a presentation by the Maryland Department of Transportation State Highway Administration on the ALB I-270 to I-70 Traffic Relief Plan, which includes proposed project improvements in Virginia near the George Washington Memorial Parkway (GWMP) and across the ALB into Maryland.

The scope of the 495 NEXT project includes the design and construction of approximately two miles of new two-lane HOT (Express) Lanes in each direction (with full shoulders) from the existing northern terminus near Old Dominion Drive (Route 738) to the vicinity of the GWMP, and improvements to the DTR and GWMP interchanges and the northbound general purpose lanes. New Express Lanes access points include DTR eastbound to the 495 Express Lanes northbound and southbound and from the DTR westbound to the 495 Express Lanes northbound.

The 495 NEXT project is expected to open to traffic in 2025. Phase 1 South of Maryland’s ALB I-270 to I-370 program, which is still under environmental review, could potentially open in 2027 after an estimated five-year design and construction period.



Slide from VDOT September 29, 2021, Public Information Meeting

MONTHLY UPDATE: OUTSTANDING DCE DEBT

The total amount of outstanding DTR Revenue Bonds as of October 1, 2021, including accretion, is \$3,354,146,869.² 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 10/01/2021	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	350,318,188	Second Senior	Tax-Exempt CABs	Baa1 A3(Insured)	A- AA(Insured)	\$188,266,435 (AGC)
2009C	8/12/2009	158,234,960	249,775,000	Second Senior	Tax-Exempt Convertible CABs	A3 (Insured)	AA (Insured)	\$158,234,960 (AGC)
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	114,818,681	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 (AGM)
		<u>\$2,962,141,518</u>	<u>\$3,354,146,869</u>					

² The amount outstanding includes approximately \$392 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 Column shows original principal amount insured. Bonds insured by Assured Guaranty Corp. (AGC) are rated "AA" by S&P and "A3" by Moody's. Bonds insured by Assured Guaranty Municipal Corp. (AGM) are rated "AA" by S&P and "A2" 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 10/01/2021	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	350,318,188	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	114,818,681	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>\$3,354,146,869</u>					

⁷ The overall average cost of capital, after considering 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.