



DECEMBER 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

- ***Dulles Toll Road Second Senior Lien Revenue and Refunding Bonds, Series 2022.*** As a separate agenda item, staff will request that the Finance Committee recommend to the Board of Directors a resolution authorizing the issuance of up to \$850 million of bonds. Proceeds will be used to refund outstanding debt, to fund applicable debt service reserves, and to pay capitalized interest and issuance costs.

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 virtually on November 18, 2021. The DCAC received updates on the construction and financing of the Rail Project and a report on DTR toll revenue and transactions.

The DCAC was created in 2007 to provide advice to the Airports Authority on changes to DTR toll rates required to fund the Rail Project and roadway improvements in the Dulles Corridor.

MONTHLY UPDATE: OUTSTANDING DCE DEBT

The total amount of outstanding DTR Revenue Bonds as of December 1, 2021, including accretion, is \$3,356,724,547.¹ 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 12/01/2021 | 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 | 354,246,403 | Second Senior | Tax-Exempt Capital Appreciation Bonds (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 | 116,045,821 | 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 (AGM) |
| | | <u>\$2,962,141,518</u> | <u>\$ 3,359,302,224</u> | | | | | |

¹ The amount outstanding includes approximately \$397 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 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.

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 12/01/2021 | 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 | 354,246,403 | 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 | 116,045,821 | 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>\$ 3,359,302,224</u> | | | | | |

⁶ 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.

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.