



**FINANCIAL ADVISORS' REPORT
DULLES CORRIDOR ENTERPRISE
JULY 2022**

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

- ***Pre-Solicitation Terms for a DCE Revolving Loan Program.*** Under a separate agenda item, Finance staff will present a request to approve pre-solicitation terms for a DCE Revolving Loan Program of up to \$150 million. Upon obtaining concurrence of the Committee on the pre-solicitation terms, the Airports Authority plans to issue a Request for Proposals (RFP) to the investment banking firms in the Airports Authority's primary Underwriting Pool.

The proposed interim financing facility will be similar to the Revolving Loan Program established for the Aviation Enterprise in March 2022. Pursuant to a supplemental indenture and a revolving credit agreement with a qualified commercial bank, the Airports Authority will be able to borrow up to \$150 million in short-term funding to support the Dulles Corridor Capital Improvement Program and the closeout of contracts related to the Dulles Corridor Metrorail Project.

The proposed program would provide a flexible source of funding for DCE needs. Interest is paid on the outstanding principal balance. Additionally, fees are paid for the unutilized portion of the program. The principal portion of the loan may be repaid, in whole or in part, from time to time on interest reset dates without penalty.

Informational Items

- ***Proposed Amendments to Regulations for DTR Toll Rates and Administrative Fees for Toll Collection.*** The Airports Authority conducted two public hearings - a virtual meeting on July 12 and an in-person meeting on July 18 to inform the public and solicit comments about proposed amendments to regulations that would, effective January 1, 2023, (i) increase the toll rates for use of the DTR and (ii) authorize collection of administrative fees to recover costs incurred by the Airports Authority to invoice toll road customers who use the pay-by-plate (license plate imaging) toll payment option.

The public comment period for the proposed amendments ends August 10, 2022. A report on the public hearings and input received from the public will be provided to the Dulles Corridor and Finance Committees at the September Board meeting.

- ***I-66 Express Lanes Inside the Beltway Performance Report.*** On June 8, 2022, the Virginia Department of Transportation (VDOT) posted operating data for calendar year 2021 for the high occupancy vehicle (HOV) lanes on Interstate 66 between the Capital Beltway and Route 29 (Lee Highway) in Rosslyn.

VDOT began tolling single-occupant vehicles (SOVs) traveling in the I-66 Express Lanes Inside the Beltway in December 2017. Tolls are charged 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 traffic volumes and average toll prices increased in 2021 but remained below 2019 levels. The full report is posted on www.66expresslanes.org.

EXPRESS LANES	2019	2020	2021			
	YEAR	YEAR	Q1	Q2	Q3	Q4
Avg. Daily Trips Eastbound	14,416	9,109	8,551	10,430	11,471	12,131
Avg. Daily Trips Westbound	17,416	11,611	11,343	13,821	14,804	16,146
E-ZPass in HOV (Free) Mode	43.73%	29.56%	26.07%	25.96%	25.89%	27.08%
E-ZPass in SOV* (Toll) Mode	45.61%	55.13%	59.08%	58.59%	58.87%	58.57%
Vehicles Using E-ZPass	89.34%	84.69%	85.09%	84.55%	84.76%	85.65%

TOLL PRICES	2019	2020	2021			
	YEAR	YEAR	Q1	Q2	Q3	Q4
Avg. Price Round Trip	\$11.88	\$5.04	\$3.41	\$4.37	\$5.23	\$6.04
Avg. Price Eastbound	\$7.34	\$2.82	\$1.65	\$2.04	\$2.45	\$2.84
Avg. Price Westbound	\$4.54	\$2.22	\$1.76	\$2.33	\$2.77	\$3.20
Trips Over \$40	24,730	2,993	0	0	0	0
Avg Price EB 5:30-6:30 AM**	\$1.70	\$1.55	\$1.44	\$1.42	\$1.42	\$1.43

*Single Occupant Vehicle **Period prior to former HOV hours

Performance Report for 2021

Source: VDOT I-66 Express Lanes Inside the Beltway Performance Report for 2021

MONTHLY UPDATE: OUTSTANDING DCE DEBT

The total amount of outstanding DTR Revenue Bonds as of July 1, 2022, including accretion, is \$3,454,407,089.¹ Tables 1 and 2 provide details 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 07/01/2022	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	361,515,362	Second Senior	Tax-Exempt Capital Appreciation Bonds (CABs)	Baa1 A2(Insured)	A- AA(Insured)	\$188,266,435 (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	120,586,727	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
2022A ⁵	2/16/2022	424,725,000	424,725,000	Second Senior	Tax-Exempt Current Interest Bonds	A1 (Insured)	AA (Insured)	\$424,725,000 (AGM)
2022B ⁵	2/16/2022	330,105,000	330,105,000	Second Senior	Taxable Current Interest Bonds	A1 (Insured)	AA (Insured)	\$330,105,000 (AGM)
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 A1(Insured)	A- AA(Insured)	\$300,000,000 (AGM)
		<u>\$3,136,976,558</u>	<u>\$3,454,407,089</u>					

¹ The amount outstanding includes approximately \$317 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 AGC are rated "AA" by S&P and "A2" by Moody's. Bonds insured by AGM are rated "AA" by S&P and "A1" 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 2022 Bonds, along with other available funds, will be used to refund all outstanding DTR Senior Lien Revenue Series 2014A Bonds on April 1, 2022, and the Series 2009C Bonds on October 1, 2026.

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 07/01/2022	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	361,515,362	Second Senior	Tax-Exempt CABs	2012-2040	3.50% to 7.91%	Non-Callable
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	120,586,727	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
2022A	424,725,000	Second Senior	Tax-Exempt Current Interest Bonds	2051-2053	2.47% to 3.00%	10/01/2031 at Par
2022B	330,105,000	Second Senior	Taxable Current Interest Bonds	2025-2041	1.737% to 3.562%	10/01/2031 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>\$3,454,407,089</u>					

⁷ The overall average cost of capital, after considering the refunding of the Series 2009A Bonds, the Series 2009C Bonds, the Series 2014A Bonds and the DTR TIFIA Loan, is approximately 4.19 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.