



FEBRUARY 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 Toll Road Subordinate Lien Revenue and Refunding Bonds, Series 2019B.*** The Airports Authority successfully closed the \$1,269,365,000 transaction on December 19, 2019. Proceeds of the tax-exempt Series 2019B Bonds, along with other available funds, were used to repay the DTR Transportation Infrastructure Finance and Innovation Act (TIFIA) Loan in full and to redeem the outstanding Junior Lien Bonds securing the TIFIA Loan. The TIFIA Loan Agreement has been terminated and no Junior Lien Bonds remain outstanding.
- ***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 December 5, 2019. The Advisory Committee received updates on the construction and financing of the Rail Project and a briefing on the refinancing of the DTR TIFIA Loan.
- ***Commercial Paper Program Termination.*** The letter of credit from JP Morgan that supports the DTR Second Senior Lien Commercial Paper (CP) Program has a stated expiration date of April 13, 2020. Given the strong liquidity position of the DCE Fund, the Airports Authority has decided not to extend the DTR CP Program. The outstanding CP notes will be repaid in February 2020 and the credit facility will be terminated early.

- ***Dulles Greenway Application to Increase Toll Rates.*** On December 20, 2019, the owners of the Dulles Greenway toll facility filed an application with the Virginia State Corporation Commission (SCC) for authorization to increase toll rates over a five-year period. The requested increases in the maximum rate for two-axle vehicles would be implemented in increments as shown in the table below.

Dulles Greenway – Proposed Maximum Toll Rate Schedule

	January 1, 2021	January 1, 2022	January 1, 2023	January 1, 2024	January 1, 2025
Maximum two-axle toll rate in off-peak hours	\$5.00	\$5.25	\$5.55	\$5.85	\$6.15
<i>Effective annual increase</i>	5.3%	5.0%	5.7%	5.4%	5.1%
Maximum two-axle toll rate in peak hours*	\$6.15	\$6.55	\$6.95	\$7.40	\$7.90
<i>Effective annual increase</i>	6.0%	6.5%	6.1%	6.5%	6.8%

*Applicable only to weekday traffic in the peak period and direction.

Customers who use the Dulles Greenway during off-peak hours, weekends, and holidays currently pay a toll of \$4.75 and the Congestion Management Toll (applicable only to weekday traffic in the peak period and direction) is \$5.80. Those toll rates do not include the DTR ramp toll (currently \$1.50 for a two-axle vehicle) collected on behalf of the Airports Authority.

Pursuant to § 56-542 of the Code of Virginia, the SCC has the authority to approve or revise toll prices for the Dulles Greenway upon application and after investigation that: (i) are reasonable to the user in relation to the benefit obtained; (ii) will not materially discourage use of the roadway by the public; and (iii) will provide the owner no more than a reasonable return as determined by the SCC.

Relevant News Items

- ***Maryland I-495 & I-270 Public-Private Partnership (P3) Program.*** On January 8, 2020, the Maryland Board of Public Works approved several amendments to the I-495 & I-270 Public-Private Partnership (P3) Program. The scope for the first phase of the P3 Program, which involves engaging the private sector to design, build, finance, operate, and maintain express toll lanes and other improvements on I-270, will now include the replacement of the American Legion Bridge (Bridge). The four existing lanes in each direction across the Potomac River will be replaced and two new

express toll lanes will be added in each direction for approximately three miles between the George Washington Memorial Parkway (Parkway) in Virginia to the vicinity of River Road in Maryland. New bicycle and pedestrian access will connect trails on both sides of the Potomac River.

Pursuant to the bi-state Capital Beltway Accord announced by the State of Maryland and the Commonwealth of Virginia in November 2019, Maryland will cover 79 percent of the cost of the general purpose lanes on the new Bridge, 50 percent of the cost of the express toll lanes on the Bridge and 100 percent of the cost for southbound express toll lanes and general purpose lanes from MD-190/River Road to the Parkway. Virginia will cover 21 percent of the cost of the general purpose lanes, 50 percent of the cost of the express toll lanes on the new Bridge and 100 percent of the cost for the northbound express toll lanes and general purpose lanes from the Parkway to MD-190/River Road.

A request for qualifications from private development teams is expected to be issued this month. The preliminary procurement schedule for the Phase 1 work shows the issuance of a final Request for Proposals in December 2020. Proposals would be due in February 2021 and the P3 Agreement could be executed a few months later. Construction could begin in 2022 and would likely take five or six years.



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 February 1, 2020, was \$1,000,000. The Airports Authority can draw an additional \$299,000,000 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 2019.¹

2019 Variable Interest Rates (3-Month Rolling Average)

Monthly	CP 1 (JPM)	SIFMA	Spread
January 2020	1.33%	1.07%	0.26%
December 2019	1.35%	1.23%	0.12%
November 2019	1.34%	1.28%	0.06%
October 2019	1.33%	1.36%	(0.03%)
September 2019	1.36%	1.38%	(0.02%)
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
2019	1.55%	1.46%	0.09%
2018	1.44%	1.41%	0.03%
2017	0.88%	0.84%	0.04%

¹ 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 February 1, 2020, including accretion, is \$3,315,185,660.² 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 02/01/2020	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	323,163,766	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	103,011,895	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	\$ 3,315,185,660					

² The amount outstanding includes approximately \$353 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 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 02/01/2020	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	323,163,766	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	103,011,895	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>\$ 3,315,185,660</u>					

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.