



MARCH 2018
DULLES CORRIDOR ENTERPRISE
REPORT OF THE FINANCIAL ADVISORS

The 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 Traffic and Revenue Study.*** The traffic and revenue consultant, CDM Smith, has completed key components of the work effort, including the calibration of the regional travel demand model, calculation of how travelers in the DTR corridor value potential time savings for different trip purposes, and the evaluation of independent socioeconomic forecasts for the region. Current activities include developing preliminary traffic and revenue estimates for the DTR and preparing sensitivity analyses for key assumptions and inputs.
- ***Commercial Paper Program Extension.*** The existing \$300 million Letter of Credit (LOC) with JP Morgan for the Dulles Toll Road Second Senior Lien Commercial Paper (CP) Program expires on August 10, 2018. Finance Staff and the Financial Advisors are working with JP Morgan to evaluate options for a possible extension of the CP program and the supporting LOC.


Relevant News Items

- ***Dulles Greenway Toll Increase for 2018.*** On March 1, 2018, the Virginia State Corporation Commission (SCC) issued a Final Order approving a toll increase for the Dulles Greenway toll facility effective March 2, 2018. The toll rate for 2-axle vehicles increased 10 cents, from \$4.55 to \$4.65, and the Congestion Management Toll (applicable only to weekday traffic in the peak period and direction) increased 15 cents from \$5.50 to \$5.65. The toll rates cited above do not include the Dulles Toll

Road ramp toll (currently \$1.00 for a 2-axle vehicle) collected on behalf of the Airports Authority.

- **Express Lanes Operating Results.** On February 13, 2018, Transurban, the private operator of the 495 Express Lanes and the 95 Express Lanes, released traffic and revenue data for the quarter ending December 31, 2017. The tables below show selected financial and operating statistics for each facility:

495 EXPRESS LANES 	4 th Quarter 2016	4 th Quarter 2017	Percentage Change
Average Dynamic Toll Charged	\$4.59	\$5.43	18.3%
Approximate Average Workday Toll Revenue	\$252,000	\$315,000	25.0%
Approximate Average Daily Trips	46,000	46,000	1.0%
Approximate Total Toll Revenue for the Quarter	\$17 Million	\$21 Million	24.4%

95 EXPRESS LANES 	4 th Quarter 2016	4 th Quarter 2017	Percentage Change
Average Dynamic Toll Charged	\$6.98	\$8.04	15.2%
Approximate Average Workday Toll Revenue	\$294,000	\$336,000	14.3%
Approximate Average Daily Trips	48,000	49,000	2.9%
Approximate Total Toll Revenue for the Quarter	\$20 Million	\$22 Million	14.2%

Fairfax County Route 7 Alternatives Analysis. On February 20, 2018, the Fairfax County Board of Supervisors approved a staff request to provide up to \$950,000 for a planning study to determine how best to implement a widening of Route 7 from six to eight lanes between Interstate 495 and Route 123. The study will be funded from developer contributions to the Tysons Road Fund.



The Route 7 Alternatives Analysis will also provide guidance on how to integrate bus rapid transit on Route 7 along the Fairfax County portion of the Northern Virginia Transportation Commission's Envision Route 7 Project, which will provide new transit options along a 13-mile corridor between Tysons and the City of Alexandria.

MONTHLY UPDATE: OUTSTANDING DULLES CORRIDOR ENTERPRISE DEBT**SHORT-TERM NOTES AND LOANS**

Commercial Paper Notes. The aggregate principal amount of Dulles Toll Road Second Senior Lien Commercial Paper Notes outstanding as of March 1, 2018, was \$35,000,000. The Airports Authority can draw an additional \$265,000,000 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>69 bps</i>	<i>August 11, 2011</i>	<i>August 10, 2018</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 2018.¹

2018 Variable Interest Rates (3-Month Rolling Average)

Monthly	CP 1 (JPM)	SIFMA	Spread
February 2018	1.03%	1.20%	-0.17%
January 2018	0.99%	1.16%	-0.17%

Previous Years Variable Interest Rates (12-Month Rolling Average)

Calendar Year	CP 1 (JPM)	SIFMA	Spread
2017	0.88%	0.84%	0.04%
2016	0.38%	0.41%	-0.03%
2015	0.07%	0.03%	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.

DULLES TOLL ROAD REVENUE BONDS

The total amount of outstanding Dulles Toll Road Revenue Bonds as of March 1, 2018, including accretion, is \$2,911,873,508.² Tables 1 and 2 provide detail on each series of bonds.

***Table 1: Dulles Toll Road Revenue Bonds
Amount Outstanding by Series and Credit Ratings***

Series ³	Dated Date	Originally Issued Par Amount	Outstanding as of 03/01/2018	Lien	Tax Status	Moody's Rating	S&P Rating	Credit Enhancement ⁴
2009A	8/12/2009	\$ 198,000,000	\$ 198,000,000	First Senior	Tax-Exempt Current Interest Bonds	A2	A-	None
2009B	8/12/2009	207,056,689	298,909,635	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	90,910,792	Second Senior	Tax-Exempt CABs	Baa1	BBB+	None
2010B	5/27/2010	137,801,650	226,408,863	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 ⁵	8/20/2014	843,229,187	876,109,218	Junior	Federal Loan	Baa2	A-	None
		\$2,570,895,705	\$ 2,911,873,508					

² The amount outstanding includes approximately \$341 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.

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 The Airports Authority can issue up to \$1,278 million of TIFIA Series 2014 Bonds (excluding capitalized interest) to finance eligible Phase 2 project costs.

**Table 2: Dulles Toll Road Revenue Bonds
Interest Rates and Call Provisions**

Series	Outstanding as of 03/01/2018	Lien	Tax Status and Structure	Principal Amortization	Yields ⁶	Call Provisions ⁷
2009A	\$ 198,000,000	First Senior	Tax-Exempt Current Interest Bonds	2030-2044	5.18% to 5.375%	October 1, 2019 at Par
2009B	298,909,635	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%	October 1, 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	90,910,792	Second Senior	Tax-Exempt CABs	2029-2037	6.625%	Non-Callable
2010B	226,408,863	Second Senior	Tax-Exempt Convertible CABs	2040-2044	6.50%	October 1, 2028 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%	April 1, 2022 at Par
TIFIA Series 2014	876,109,218	Junior	Federal Loan	2023-2044	3.21%	Any Business Day at Par
	<u>\$ 2,911,873,508</u>					

⁶ The all-in interest cost for the Series 2009, 2010 and 2014A bond issues is 6.044 percent, 6.154 percent and 4.824 percent, respectively, which results in an overall average cost of capital of 5.843 percent. The potential cost of capital, including, TIFIA will vary depending on when funds are drawn and the timing of future TIFIA payments and prepayments.

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 twelve 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.