



**MAY 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**

- ***Information Report on Potential Dulles Toll Road Rate Adjustments.*** Under a separate agenda Item, a briefing will be provided to a Joint Finance and Dulles Corridor Committee Meeting providing an overview of the regulatory process to obtain public comment and a tentative time schedule for Board consideration of potential Dulles Toll Road toll rate adjustments.
- ***Dulles Toll Road Traffic and Revenue Study.*** The traffic and revenue consultant, CDM Smith, is preparing a draft of the Comprehensive Traffic and Revenue Study Update and the technical appendices.

**Relevant News Items**

- ***Maryland Electronic Toll Collection System Upgrade.*** The Maryland Transportation Authority (MDTA) has launched a system-wide initiative to upgrade the tolling technology and customer service operations for the eight toll facilities it operates and maintains across the state. A \$71.9 million contract was awarded to Kapsch TrafficCom USA, Inc. to replace and maintain all roadside tolling equipment under MDTA management. TransCore, LP was awarded a \$200.4 million customer service center services contract, which includes developing, designing, procuring, installing, operating and maintaining a fully functional customer-service center system. Each contract includes a development and installation phase, a transition period to the new system, six years of operations, two two-year renewals of operations and a one-year phase out.

The current tolling system in Maryland was implemented in 2008. The new system will facilitate a transition to all electronic, high-speed toll collection on all of the toll facilities. MDTA has not established a specific timetable or budget for phasing out cash collection. Toll collector positions (currently 218 full-time equivalent employees) will gradually be reduced through normal attrition or by reassigning employees to other jobs within state government.

- **Loudoun County I-66 Commuter Incentives.** Loudoun County Commuter Services is providing free bus rides from April 16, 2018, through June 2, 2018, on Loudoun County Transit buses that serve the Wiehle-Reston East (Silver Line) and the West Falls Church (Orange Line) Metro Stations.

Loudoun County is also offering financial rewards for new carpools and vanpools and for people who register for, or refer someone to, the Premium Commuter Bus program that provides morning and late afternoon rush hour service to Rosslyn, Crystal City, the Pentagon, and Washington, D.C.

Loudoun's "I Share 66" incentives are intended to reduce the number of single-occupancy vehicles on the road. The program, which is estimated to cost \$623,000, is funded through the Northern Virginia Transportation Commission's I-66 Commuter Choice program, which uses toll revenues to fund projects that benefit toll payers by improving travel in the I-66 corridor inside the Beltway.

**I SHARE 66**



**Loudoun County  
Commuter Services**

Travel Options > Information > Advice > Solutions

- **Dulles Greenway Operating Results.** On April 24, 2018, Macquarie Atlas Roads (MQA), the owner of the private toll concession for the Dulles Greenway, released toll revenue and traffic statistics for the quarter ending March 31, 2018.

Average daily toll revenue for the quarter was \$228,425, approximately 4.3 percent less than the same period last year. Average daily traffic decreased by approximately 7.2 percent to 47,363 transactions. MQA cites adverse weather conditions, a federal government shutdown, an earlier start to the spring break vacation period, improvements to competing routes and Metrorail construction activity as factors that impacted traffic.

The current toll rate for 2-axle vehicles using the Dulles Greenway is \$4.65 and the Congestion Management Toll (applicable only to weekday traffic in the peak period and direction) is \$5.65. Those toll rates do not include the Dulles Toll Road ramp toll (currently \$1.00 for a 2-axle vehicle) collected on behalf of the Airports Authority.

**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 May 1, 2018, was \$10,000,000. The Airports Authority can draw an additional \$290,000,000 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 2018.<sup>1</sup>

**2018 Variable Interest Rates (3-Month Rolling Average)**

Monthly	CP 1 (JPM)	SIFMA	Spread
April 2018	1.15%	1.34%	-0.19%
March 2018	1.07%	1.21%	-0.14%
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%

<sup>1</sup> 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 May 1, 2018, including accretion, is \$2,961,438,110.<sup>2</sup> 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 <sup>3</sup>	Dated Date	Originally Issued Par Amount	Outstanding as of 05/01/2018	Lien	Tax Status	Moody's Rating	S&P Rating	Credit Enhancement <sup>4</sup>
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	300,187,633	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	91,887,634	Second Senior	Tax-Exempt CABs	Baa1	BBB+	None
2010B	5/27/2010	137,801,650	228,796,948	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 <sup>5</sup>	8/20/2014	874,988,908	921,030,895	Junior	Federal Loan	Baa2	A-	None
		\$2,602,655,426	\$ 2,961,438,110					

<sup>2</sup> The amount outstanding includes approximately \$359 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.

<sup>3</sup> Series 2010C was authorized but not issued.

<sup>4</sup> Bonds insured by Assured Guaranty are rated "AA" (stable outlook) by S&P and "A2" (stable outlook) by Moody's.

<sup>5</sup> 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 05/01/2018	Lien	Tax Status and Structure	Principal Amortization	Yields <sup>6</sup>	Call Provisions <sup>7</sup>
2009A	\$ 198,000,000	First Senior	Tax-Exempt Current Interest Bonds	2030-2044	5.18% to 5.375%	October 1, 2019 at Par
2009B	300,187,633	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	91,887,634	Second Senior	Tax-Exempt CABs	2029-2037	6.625%	Non-Callable
2010B	228,796,948	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	921,030,895	Junior	Federal Loan	2023-2044	3.21%	Any Business Day at Par
	<u>\$ 2,961,438,110</u>					

<sup>6</sup> 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.

<sup>7</sup> 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.