MERCATOR ADVISORS LLC FRASCA & ASSOCIATES, LLC

DECEMBER 2019
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.

Informational Items

Dulles Toll Road Subordinate Lien Revenue and Refunding Bonds, Series 2019B. The Series 2019B Bonds were priced on December 4, 2019. Goldman Sachs & Co., LLC and BofA Securities served as Joint Book-running Senior Managers. Barclays, Jefferies, J.P. Morgan, RBC Capital Markets and Ramirez & Co., Inc., served as Co-Managers. The transaction is scheduled to close on December 19, 2019.

Proceeds of the Series 2019B Bonds, along with other available funds, will be 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 will be terminated and no Junior Lien Bonds will remain outstanding. The debt refinancing reduces the potential frequency and magnitude of future toll rate increases by reducing maximum annual debt service and achieving relatively level annual debt service requirements after the year 2033.

In association with the issuance of the Series 2019B Bonds, S&P upgraded its rating to A from A- for the first senior-lien and junior lien bonds. The S&P rating for the second senior lien and subordinate lien bonds was raised from BBB+ to A-. Further, Moody's affirmed its ratings on the outstanding DTR revenue bonds: A2 for the first senior, Baa1 for the second senior, and Baa2 for the subordinate lien. The outlook from both rating agencies is stable.

Finance staff will provide a detailed description of the Series 2019B transaction in a separate presentation.

Relevant News Items

- ***I-66 Express Lanes Inside the Beltway Performance Report.*** On November 18, 2019, the Virginia Department of Transportation (VDOT) posted operating data for the high occupancy vehicle (HOV) lanes on Interstate 66 between the Capital Beltway and Route 29 (Lee Highway) in Rosslyn.

  In December 2017, VDOT began tolling single-occupant vehicles (SOVs) traveling in the HOV lanes 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 average daily trips during the second quarter of 2019 are higher than the averages in the second quarter of 2018 and average toll prices have decreased despite an increase in the number of trips that cost more than $40. The full report is posted on 66expresslanes.org.

EXPRESS LANES	2018				2019			
	APRIL	MAY	JUNE	Q2 AVG	APRIL	MAY	JUNE	Q2 AVG
Avg. Daily Trips Eastbound	14,832	15,340	15,019	15,068	15,359	15,457	15,091	15,309
Avg. Daily Trips Westbound	17,398	18,130	18,086	17,876	18,254	18,925	18,408	18,533
E-ZPass in HOV (Free) Mode	44.35%	43.88%	42.26%	43.58%	43.28%	43.25%	42.68%	43.14%
E-ZPass in SOV* (Toll) Mode	44.04%	43.42%	43.60%	43.65%	46.10%	45.95%	45.81%	45.92%
Vehicles Using E-ZPass	88.39%	87.30%	85.86%	87.23%	89.38%	89.20%	88.49%	89.06%

TOLL PRICES	2018				2019			
	APR	MAY	JUNE	Q2 AVG	APRIL	MAY	JUNE	Q2 AVG
Avg. Price Round Trip	$14.11	$14.56	$12.97	$13.94	$11.75	$14.29	$13.27	$13.09
Avg. Price Eastbound	$9.27	$9.33	$7.78	$8.83	$7.16	$9.19	$8.36	$8.20
Avg. Price Westbound	$4.84	$5.23	$5.19	$5.11	$4.59	$5.10	$4.91	$4.89
Trips Over $40	1,971/0.29%	1,786/0.24%	635/0.09%	1,464/0.21%	2,973/0.40%	7,757/1.03%	1,478/0.22%	4,069/0.56%
Avg. Price EB 5:30-6:30 AM**	$2.44	$2.28	$2.25	$2.32	$1.75	$1.60	$1.61	$1.67

** Single Occupant Vehicle*

*** Period prior to former HOV hours*

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 December 1, 2019, was $26,000,000. The Airports Authority can draw an additional $274,000,000 under this program.

Program	Authorized Amount	Letter of Credit Provider	Cost	Dated Date	Expiration Date
Commercial Paper Series One	***Up to $300 Million***	***JP Morgan***	***58 bps***	***August 11, 2011***	***April 13, 2020***

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
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
2018	1.44%	1.41%	0.03%
2017	0.88%	0.84%	0.04%
2016	0.38%	0.41%	-0.03%

[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 December 1, 2019, including accretion, is $3,270,497,886.[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 12/01/2019	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	323,775,851	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	101,899,047	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
2010D	5/27/2010	150,000,000	150,000,000	Subordinate	Taxable Build America Bonds	Baa2	A-	None
2014A	5/14/2014	421,760,000	421,760,000	Second Senior	Tax-Exempt Current Interest Bonds	Baa1	A-	None
TIFIA Series 2014 [6]	8/20/2014	1,163,817,894	1,225,177,988	Junior	Federal Loan	Baa2	A	None
		$2,856,594,412	$ 3,270,497,886					

[2] The amount outstanding includes approximately $414 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] 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, will be used to repay the DTR TIFIA Loan in full on December 19, 2019. Following the repayment of the TIFIA Loan (and the redemption of the outstanding TIFIA Series 2014 Bonds), no Junior Lien Bonds will remain outstanding and the TIFIA Loan Agreement will be terminated.

Table 2: DTR Revenue Bonds
Interest Rates and Call Provisions

Series	Outstanding as of 12/01/2019	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	323,775,851	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	101,899,047	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
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%	04/01/2022 at Par
TIFIA Series 2014 [9]	1,225,177,988	Junior	Federal Loan	2023-2044	3.21%	Any Business Day at Par
	$ 3,270,497,886					

[7] After issuance of the Series 2019B Bonds and repayment of the DTR TIFIA Loan, the overall average cost of capital will be approximately 4.44 percent, 12 basis points lower than the average cost before the refinancing.

[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.

[9] Proceeds of the Series 2019B Bonds, along with other available funds, will be used to repay the DTR TIFIA Loan in full on December 19, 2019. Following the repayment of the TIFIA Loan (and the redemption of the outstanding TIFIA Series 2014 Bonds), no Junior Lien Bonds will remain outstanding and the TIFIA Loan Agreement will be terminated.