



APRIL 2016
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

- ***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 11, 2016. Finance Staff is in the process of working with JP Morgan on an extension of the CP program and the supporting LOC.
- ***Financial Plan Annual Update.*** As required under the TIFIA Loan Agreement, the Airports Authority prepares an updated financial plan each year that provides reasonable assurance that there is sufficient funding available to complete the Rail Project. The annual update summarizes information that is generally provided to the Airports Authority Board of Directors and the Federal Transit Administration (FTA) on a monthly basis. The 2016 Financial Plan Annual Update, which covers the activities through December 31, 2015, was submitted to the TIFIA Joint Program Office and the FTA Regional Office on March 30, 2016.

Relevant News Items

- ***Settlement of Class Action Lawsuit for Express Lanes Violations.*** On March 28, 2016, a proposed settlement was announced for a class action lawsuit filed by seven users of the Express Lanes in Northern Virginia against Transurban and two firms that process toll violations and collect outstanding debts. If the settlement is approved by the District Court, Transurban will introduce new consumer initiatives to provide additional time to pay toll violations before the assessment of administrative fees and

civil penalties. In addition, customers who had an active E-ZPass account when the toll violations were recorded may be eligible for partial refunds.

- ***Northern Virginia Express Lanes Network.*** On March 31, 2016, Virginia Transportation Secretary Aubrey Lane and senior officials with the Virginia Department of Transportation (VDOT) briefed elected officials and the media on plans to expand the use of high-occupancy toll (HOT) lanes in Northern Virginia.

Construction of the 95 Express Lanes Southern Extension (approximately 2 miles) will begin in June 2016 and should be completed by the summer of 2018. The environmental assessment for the 395 Express Lanes Northern Extension (8 miles) is expected to be completed by the end of 2016. Construction of that project will begin in the spring of 2017 and be completed by the summer of 2019.

Key project milestones for the proposed express lanes in the I-66 Corridor include:

<i>October 2016</i>	Selection of Private Developer for the Outside the Beltway Project (approximately 22 miles)
<i>2017 to 2020</i>	Construction of Outside the Beltway Project
<i>Summer 2017</i>	Tolling begins on the Inside the Beltway Project during weekdays (peak hours in peak directions)
<i>2018 to 2020</i>	Widening of I-66 eastbound from two to three lanes from the Dulles Connector Road to Fairfax Drive (approximately 4 miles)

In addition to the planned highway improvements, the Virginia Department of Rail and Public Transportation will work with the local governments to identify and implement new transit services and transportation demand management program enhancements that will increase mobility and person throughput along I-95 and I-395. The projects will be funded from 395 Express Lane toll revenue.

Secretary Lane also announced the “Atlantic Gateway” initiative that will address congestion along the I-95 corridor in Virginia by increasing travel options and accelerating critical highway and rail freight movements, such as the rehabilitation or replacement of the Long Bridge, the only railroad crossing over the Potomac River between the Commonwealth of Virginia and the District of Columbia. VDOT plans to fund some projects in the Atlantic Gateway initiative with state and private resources and it will apply for federal grants under the Fostering Advancements in Shipping and Transportation for the Long-term Achievement of National Efficiencies (FASTLANE) and Transportation Investment Generating Economic Recovery (TIGER) programs.

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 April 1, 2016, was \$208.3 million. The Airports Authority can draw an additional \$91.7 million 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>65 bps</i>	<i>August 11, 2011</i>	<i>August 11, 2016</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 2016.¹

2016 Variable Interest Rates (3-Month Rolling Average)

Monthly	CP 1 JPM	SIFMA	Spread
March 2016	0.07%	0.05%	0.02%
February 2016	0.06%	0.01%	0.05%
January 2016	0.06%	0.01%	0.05%

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

Calendar Year	CP 1 JPM	SIFMA	Spread
2015	0.07%	0.03%	0.04%
2014	0.10%	0.05%	0.05%
2013	0.15%	0.09%	0.06%
2012	0.20%	0.16%	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.

FFGA Notes. On December 17, 2012, the Airports Authority issued \$200 million of fixed rate notes secured by the remaining federal funding anticipated to be received pursuant to a Full Funding Grant Agreement (FFGA) with the Federal Transit Administration for Phase 1 of the Rail Project. The total amount outstanding as of April 1, 2016, is \$100 million.

Program	Amount Issued	Rate	Lender	Dated Date	Scheduled Final Maturity
<i>FFGA Notes, Series 2012</i>	<i>\$200 Million</i>	<i>2.16%</i>	<i>Bank of America</i>	<i>December 1, 2012</i>	<i>December 1, 2016</i>

DULLES TOLL ROAD REVENUE BONDS

The total amount of outstanding Dulles Toll Road Revenue Bonds as of April 1, 2016, including accretion, is \$2,292,336,491.² The tables on the following pages provide detail on each series of bonds.

Refunding Opportunities

The Series 2009A First Senior Lien Current Interest Bonds can be refunded in advance of the 2019 call date. Under current market conditions, a tax-exempt refinancing would not generate present value savings of at least three percent of the par amount refunded.

The potential savings from an advance refunding of the 2009A Bonds is limited by the significant negative arbitrage in the required refunding escrow. The Financial Advisors will continue to monitor relevant interest rates and the potential savings from a debt refinancing.

² The amount outstanding includes approximately \$250 million of net accreted value on outstanding capital appreciation bonds, convertible capital appreciation bonds and the Transportation Infrastructure Finance and Innovation Act (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.

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 4/1/2016	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	277,883,155	Second Senior	Tax-Exempt CABs	Baa1/A2(Insured)	BBB+/AA(Insured)	\$188,266,435 Assured Guaranty
2009C	8/12/2009	158,234,960	241,912,083	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	80,228,925	Second Senior	Tax-Exempt CABs	Baa1	BBB+	None
2010B	5/27/2010	137,801,650	200,270,767	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	314,274,016	322,281,561	Junior	Federal Loan	Baa2	BBB-	None
		<u>\$ 2,041,940,534</u>	<u>\$ 2,292,336,491</u>					

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 4/1/2016	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	277,883,155	Second Senior	Tax-Exempt CABs	2012-2040	3.50% to 7.91%	Non-Callable
2009C	241,912,083	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	80,228,925	Second Senior	Tax-Exempt CABs	2029-2037	6.625%	Non-Callable
2010B	200,270,767	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	322,281,561	Junior	Federal Loan	2023-2044	3.21%	Any Business Day at Par
	<u>\$ 2,292,336,491</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.