

**METROPOLITAN WASHINGTON AIRPORTS AUTHORITY  
DULLES TOLL ROAD REVENUE BONDS**

**ANNUAL REPORT**

(as required per the CDA, August 2009, May 2010, May 2014)

The following updates certain information set forth in the most recent Official Statement, dated May 14, 2014 (the Official Statement), relating to the above-referenced bonds, under the following captions:

- “THE DULLES TOLL ROAD – Historical Traffic Transactions and Toll Road Revenues;”
- “THE AIRPORTS AUTHORITY – Financial Information for Dulles Corridor Enterprise Fund;”
- “THE DULLES CORRIDOR METRORAIL PROJECT;”
- “FINANCING PLAN FOR THE DULLES CORRIDOR;” and
- “LITIGATION.”

This Annual Report does not update the information in the Official Statement under the caption “THE DULLES TOLL ROAD – Collection of the Toll Road Revenues – Current Toll Rates” since there have been no changes to the toll rates since the date of the Official Statement.

The information set forth herein is not intended to be an update of all information set forth under these captions in the Official Statement, but solely the portions of such information that are set forth herein. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Official Statement, a copy of which has been filed with EMMA (as hereinafter defined) and can be found at [http://www.mwaa.com/sites/default/files/2016\\_cafr.pdf](http://www.mwaa.com/sites/default/files/2016_cafr.pdf)

## A. THE DULLES TOLL ROAD – Historical Traffic Transactions and Toll Road Revenues

The following chart sets forth the total Dulles Toll Road annual transactions for the years 2007 through 2016 by revenue transactions (*i.e.*, each recorded toll payment, whether mainline or ramp) and violations (*i.e.*, each transaction where the full toll amount was not collected at the time of the transaction, whether due to avoidance or electronic misreading or otherwise, and where the amount was subsequently collected). Non-revenue traffic beginning in 2010 includes the addition of certain non-revenue Fairfax County buses.

### Total Annual Transactions (in thousands)

<u>Year</u>	<u>Revenue Transactions</u>	<u>Violations*</u>	<u>Total Transactions</u>	<u>Increase/ (Decrease) (%)</u>
2007	109,838	1,448	111,286	(0.4)
2008	109,601	1,198	110,799	(0.4)
2009	107,457	1,261	108,718	(1.9)
2010	102,571	2,115	104,686	(3.7)
2011	99,376	2,159	101,535	(3.0)
2012	97,514	2,377	99,891	(1.6)
2013	95,939	2,737	98,676	(1.2)
2014	93,549	2,958	96,507	(2.2)
2015	94,890	3,351	98,241	1.8
2016	94,190	3,528	97,719	(0.5)

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\* Includes non-revenue transactions (*i.e.*, police, emergency vehicles, military vehicles, Fairfax County buses, etc.)

Source: CDM Smith, Inc. (using information obtained from VDOT for the period through October 2008, and since then, from records of the Airports Authority).

The following chart sets forth the total annual Toll Road Revenues for the years 2007 through 2016, by payment type – cash or E-ZPass. The totals shown in the chart are audited through 2016.

### Total Toll Road Revenues

<u>Year</u>	<u>Cash</u>	<u>E-ZPass</u>	<u>Total*</u>	<u>Increase/ (Decrease) (%)</u>
2007	\$21,401,305	\$44,225,461	\$65,626,766	0.7
2008	20,370,348	45,263,742	65,634,091	0.0
2009	19,137,161	45,567,986	64,705,148	(1.4)
2010**	23,715,371	63,606,906	88,038,168	35.7
2011**	22,905,593	70,634,124	94,659,538	7.5
2012**	21,892,705	78,613,469	101,596,089	7.3
2013**	22,735,433	102,478,080	127,059,841	25.1
2014**	22,818,644	123,537,397	148,652,741	17.0
2015	21,014,376	127,562,089	151,431,759	1.9
2016	22,877,301	128,853,732	151,731,033	0.2

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\* Total includes cash, E-ZPass, violations and other revenues.

\*\* Rate increase effective January 1, 2010, 2011, 2012, 2013 and 2014.

Source: CDM Smith, Inc. (using information obtained from VDOT for the period through October 2008, and since then, from records of the Airports Authority)

The following chart sets forth monthly variations in average daily total Dulles Toll Road transactions (including violations) since 2012. Each month's average is calculated by dividing the month's transactions by the number of days in that month. The annual daily average in the row labeled "12-Month Daily Average" is calculated by dividing the total transactions for the year by 365 or 366, as applicable.

<b>Month</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
January	258,888	255,454	243,027	239,397	219,413
February	272,060	264,621	246,332	248,192	271,329
March	280,227	257,397	252,050	260,241	275,683
April	272,721	286,557	278,879	284,383	279,230
May	281,195	283,030	279,904	278,403	273,746
June	290,888	279,608	282,502	292,132	292,049
July	271,576	272,193	271,788	278,158	263,104
August	280,648	275,834	260,461	269,297	274,283
September	270,450	276,440	272,513	277,218	271,786
October	271,887	281,092	279,683	279,357	276,907
November	272,053	264,808	250,141	260,219	262,977
December	253,038	247,402	254,657	262,008	253,640
12-Mo. Daily Average	<b>272,935</b>	<b>270,346</b>	<b>264,403</b>	<b>269,152</b>	<b>267,722</b>

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Source: Records of the Airports Authority.

The chart setting forth the total Dulles Toll Road transactions (including violations and non-revenue transactions) and total Toll Road Revenues on a monthly basis are set forth as Exhibit S-11 of the 2016 CAFR filed with EMMA as referenced below under "B. THE AIRPORTS AUTHORITY – Financial Information for Dulles Corridor Enterprise Fund".

## **B. THE AIRPORTS AUTHORITY – Financial Information for Dulles Corridor Enterprise Fund**

The Airports Authority's 2016 Comprehensive Annual Financial Report (CAFR) was filed by Digital Assurance Certification, L.L.C. (DAC), the Airports Authority's Disclosure Dissemination Agent, with the Municipal Securities Rulemaking Board and its Electronic Municipal Market Access system (EMMA) on April 19, 2017. The 2016 CAFR is available on DAC's website (dacbond.com), as well as, the Airports Authority's website (mwaa.com). Also posted on the Airports Authority's website are the 2017 Budget and the latest monthly unaudited financial statements.

## **C. THE DULLES CORRIDOR METRORAIL PROJECT**

### **Dulles Metrorail Project – Phase 2**

*Capital Cost Estimate of Dulles Metrorail Project – Phase 2.* The cost of Phase 2 is currently estimated by the Airports Authority at \$2.778 billion. The Dulles Metrorail Project – Phase 2 is currently expected to be funded with a combination of toll road revenue bonds secured by a pledge of Dulles Toll Road Revenues and contributions from local jurisdictions. The majority of the Airports Authority's contribution of 4.1% of total project cost is expected to be funded by Passenger Facility Charges (PFCs) revenues. The Airports Authority has issued approximately \$2.0 billion of Dulles Toll Road Revenue Bonds to finance Phases 1 and 2 and secured a \$1.28 billion TIFIA loan to finance Phase 2, and as of March 1, 2017, has a total of \$2.6 billion outstanding.

*Phase 2 Package A Contract.* In May 2013, the Airports Authority and Capital Rail Constructors, a joint venture of Clark Construction Group and Kiewit Infrastructure South, entered into the Phase 2 Package A Contract for construction of the rail line, stations and systems portion (the Package A Project) of Dulles Metrorail Project – Phase 2, consisting of four major components: Dulles International Station, East Guideway and Stations, West Guideway and Stations and the Aerial Guideway.

The Airports Authority has agreed to pay a total price of \$1.17 billion (the Contract Price) to Capital Rail Constructors for the satisfactory performance of the Package A Project. As of March 2017, there have been \$164.65 million of adjustments to the contract price and the current contract price is \$1.34 billion

As of March 2017, Capital Rail Constructors has agreed contractually to substantially complete the Package A Project by August 7, 2019 (the Substantial Completion Date). The Package A Project design and construction is approximately 100 percent and 50 percent complete, respectively, and 20 percent of total Phase 2 \$551 million contingency has been expended or committed for Package A.

*Phase 2 Package B Contract.* On July 29, 2014, the Airports Authority awarded the contract for Package B to Hensel Phelps Construction Company for \$252.99 million. As of March 2017, there have been \$7.02 million of adjustments to the contract price and the current contract price is \$260.01 million. Hensel Phelps has agreed contractually to substantially complete the Package B Project by August 17, 2018. As of March 2017, there have been no contractual changes to the Scheduled Substantial Completion Date. The Package B Project design and construction is approximately 96 percent and 39 percent complete, respectively, and three percent of total Phase 2 \$551 million contingency has been expended or committed for Package B.

## **D. FINANCING PLAN FOR THE DULLES CORRIDOR**

*General.* At this time, the Airports Authority has not made any changes to the Financing Plan set forth in the Official Statement. Key assumptions, including the project budget for Phase 2 and the expected funding contributions from other sources, will be updated prior to the issuance of additional Bonds, if any.

*Transportation Infrastructure Finance and Innovation Act (TIFIA) Loan.* On August 20, 2014, the Airports Authority and the United States Department of Transportation executed a TIFIA Loan Agreement which provides up to \$1.278 billion of financing for Phase 2 of the Dulles Metrorail

Project. The interest rate of the Loan is 3.21 percent. As of March 2016, \$586.4 million of the TIFIA Loan has been drawn.

#### Potential Improvements to the Dulles Toll Road and Other Roads

The chart below sets forth the 2017 Budget for the cost of Capital Improvements to the Dulles Toll Road and other roads, highways and facilities in the Dulles Corridor planned through 2021. It is expected that these Capital Improvements will be paid in part with Bond proceeds and in part with pay-go expenditures of Toll Road Revenues. See 2017 Budget, page 170.

<b>Description of Project</b>	<b>2017-2021</b>					
<i>(dollars in thousands)</i>	<b>Total</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Bridge and Structural Rehabilitation	\$ 4,767	\$ 1,310	\$ 676	\$ 1,092	\$ 727	\$ 962
Hydraulic Rehabilitation	1,483	237	244	304	321	377
Sound Wall Repair	1,767	600	618	270	279	-
Roadway and Pavement Rehabilitation	8,480	1,174	1,209	1,761	2,112	2,224
Roadside Rehabilitation and Maintenance	3,800	852	705	726	747	770
Signeing and Lighting	2,821	531	547	564	581	598
Technology	79	55	6	6	6	6
Toll Booths /Administration Building	858	202	208	145	149	154
Utilities	4,247	800	824	849	874	900
<b>Total</b>	<b>\$ 28,302</b>	<b>\$ 5,037</b>	<b>\$ 5,037</b>	<b>\$ 5,717</b>	<b>\$ 5,796</b>	<b>\$ 5,991</b>

## E. LITIGATION

As noted in Section 21 of the 2016 CAFR (page 119), in July 2016, six users of the Dulles Toll Road, individually and on behalf of all others similarly situated, filed a class action complaint against the Airports Authority, the United States Department of Transportation and the Secretary of Transportation in the federal district court for the District of Columbia.

In this lawsuit, plaintiffs asserted a number of claims, including without limitation (i) that the tolls the Airports Authority establishes for the Dulles Toll Road are invalid because they are set at levels designed to produce revenues to be used to subsidize construction of the Dulles Corridor Metrorail Project; (ii) that the 1985 interstate compact between the Commonwealth and the District of Columbia which created the Airports Authority is invalid; and (iii) that, in operating the Dulles Toll Road, using toll road revenues to pay for construction of the Dulles Corridor Metrorail Project, and constructing that project on Airport property, the Airports Authority is acting in violation of its lease with the federal government. Other claims in the complaint are similar to claims made in previous litigation challenging the tolls the Authority has set for the Dulles Toll Road, all of which have been concluded in favor of the Authority.

In September 2016, the federal district court in the District of Columbia transferred this case to the federal district court in Alexandria, Virginia. It is anticipated that the proceedings in the Alexandria court will conclude during the second or third quarter of 2017.