

Washington Metropolitan Area Transit Authority

\$545,000,000*

Dedicated Revenue Bonds, Series 2020A

**Preliminary, subject to change.*

May 22, 2020



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Agenda

1. Transaction Summary
2. Overview of WMATA
3. Dedicated Revenue Bonds
4. Plan of Finance

Transaction Summary

Transaction Summary

Issue	<ul style="list-style-type: none">▪ Dedicated Revenue Bonds, Series 2020A (the “Series 2020A Bonds”)
Ratings	<ul style="list-style-type: none">▪ S&P: AA (Stable); Fitch: Applied For; Kroll: AA+ (Stable)
Principal Amount*	<ul style="list-style-type: none">▪ \$545,000,000
Security	<ul style="list-style-type: none">▪ Payable solely from and secured solely by Dedicated Capital Funding Revenues, which are derived from statutorily defined payments from the District of Columbia (the “District”), the State of Maryland (“Maryland”), and the Commonwealth of Virginia (the “Commonwealth” or “Virginia” and, together with the District and Maryland, the “States”), and other funds of the Trust Estate▪ Dedicated Capital Funding Revenues are subject to appropriation by the States and are deposited directly with a third-party Clearing Account Agent for payment of debt service to the Bond Trustee▪ Advance retention of debt service equal to six months of Accrued Debt Service deposited with Bond Trustee until the balance equals Accrued Debt Service due on next payment date▪ 4.0x Additional Bonds Test▪ Pledge of Dedicated Capital Funding Revenues is subordinate in all respects to the pledge created by the 2003 Bond Resolution to the Series 2017A & B Bonds (the “Pre-2018 Bonds”)
Use of Bond Proceeds	<ul style="list-style-type: none">▪ Finance capital costs▪ Pay capitalized interest▪ Pay costs associated with the issuance of the Series 2020A Bonds
Tax Status	<ul style="list-style-type: none">▪ Federally tax-exempt▪ District of Columbia, Maryland, and Virginia tax-exempt
Structure*	<ul style="list-style-type: none">▪ Fixed rate bonds due July 15, 2023 through 2045
Optional Redemption*	<ul style="list-style-type: none">▪ TBD at Pricing
Senior Underwriter	<ul style="list-style-type: none">▪ Barclays

* Preliminary, subject to change.

Overview of WMATA

Overview of WMATA

WMATA is an essential transportation service provider to the nation's capital

- WMATA operates a multi-modal transit system serving the Washington, D.C. metropolitan area with a population of 6.2 million
 - Metrorail is the third-largest heavy rail transit system in the country with ridership of 175.3 million in FY 2019
 - Metrobus is the sixth-largest bus network in the country and provides services to areas not served by Metrorail with ridership of 124.9 million in FY 2019
 - MetroAccess provides ADA paratransit service for the Washington, D.C. metropolitan area with ridership of 2.4 million in FY 2019
- WMATA provided approximately 982,000 rides on an average weekday in February of 2020
- Due to the COVID-19 pandemic, ridership began decreasing in March 2020 and has decreased significantly since that time. As part of the Authority's response to the COVID-19 pandemic, the Authority has decreased the services it offers in order to reduce the movement of people through the Transit System, thereby reducing the spread of the disease. The Authority cannot predict the extent to which, or the duration of time that, the COVID-19 pandemic will impact ridership or revenue long-term. See "THE AUTHORITY – Response to the COVID-19 Pandemic" in the Preliminary Official Statement for more information

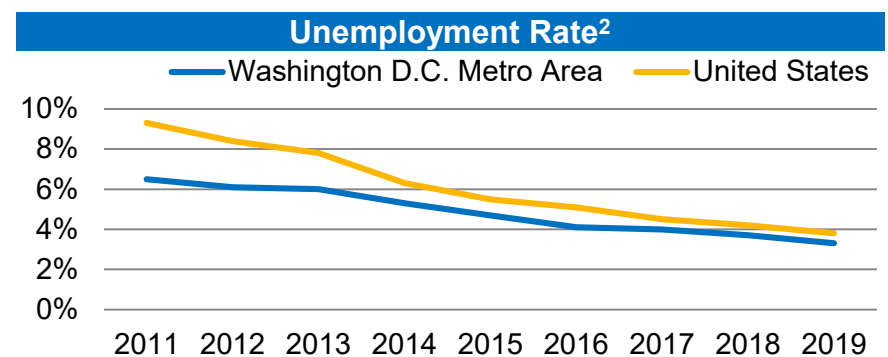
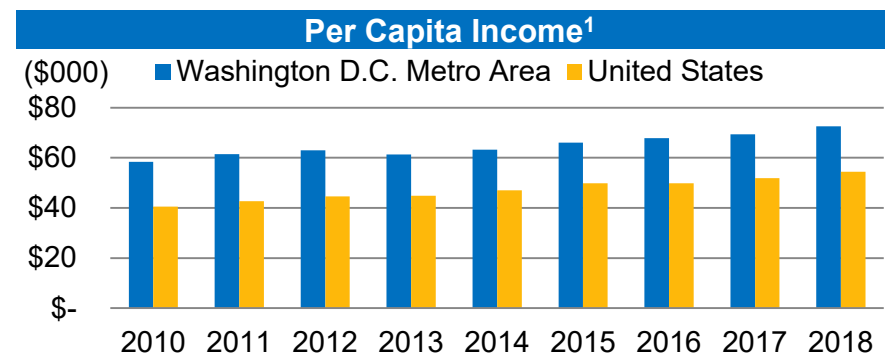


The Jurisdictions in WMATA's Service Area are Highly Rated

WMATA's service area enjoys a tax base with high personal income and anchors a large, growing, and diverse regional economy

- The metropolitan area is one of the wealthiest in the nation with per capita income consistently above national levels (per capita income for region was \$72,483 versus \$54,446 nationally in 2018)¹
- Unemployment rates have been consistently below the national rate; 3.4% vs. 3.8% nationally with employment growth of 1.5% during the 12-month period ending June 30, 2019²
- The Authority is aware of certain negative impacts to WMATA's service area economy but is uncertain of the extent to which the COVID-19 pandemic will impact WMATA's service area economy long term. See "INVESTMENT CONSIDERATIONS – COVID-19 Pandemic" in the Preliminary Official Statement

Dedicated Funding Partners			
Ratings for General Obligation Bonds			
	Moody's Rating	Fitch Rating	S&P Rating
District of Columbia	Aaa	AA+	AA+
State of Maryland	Aaa	AAA	AAA
Commonwealth of Virginia	Aaa	AAA	AAA



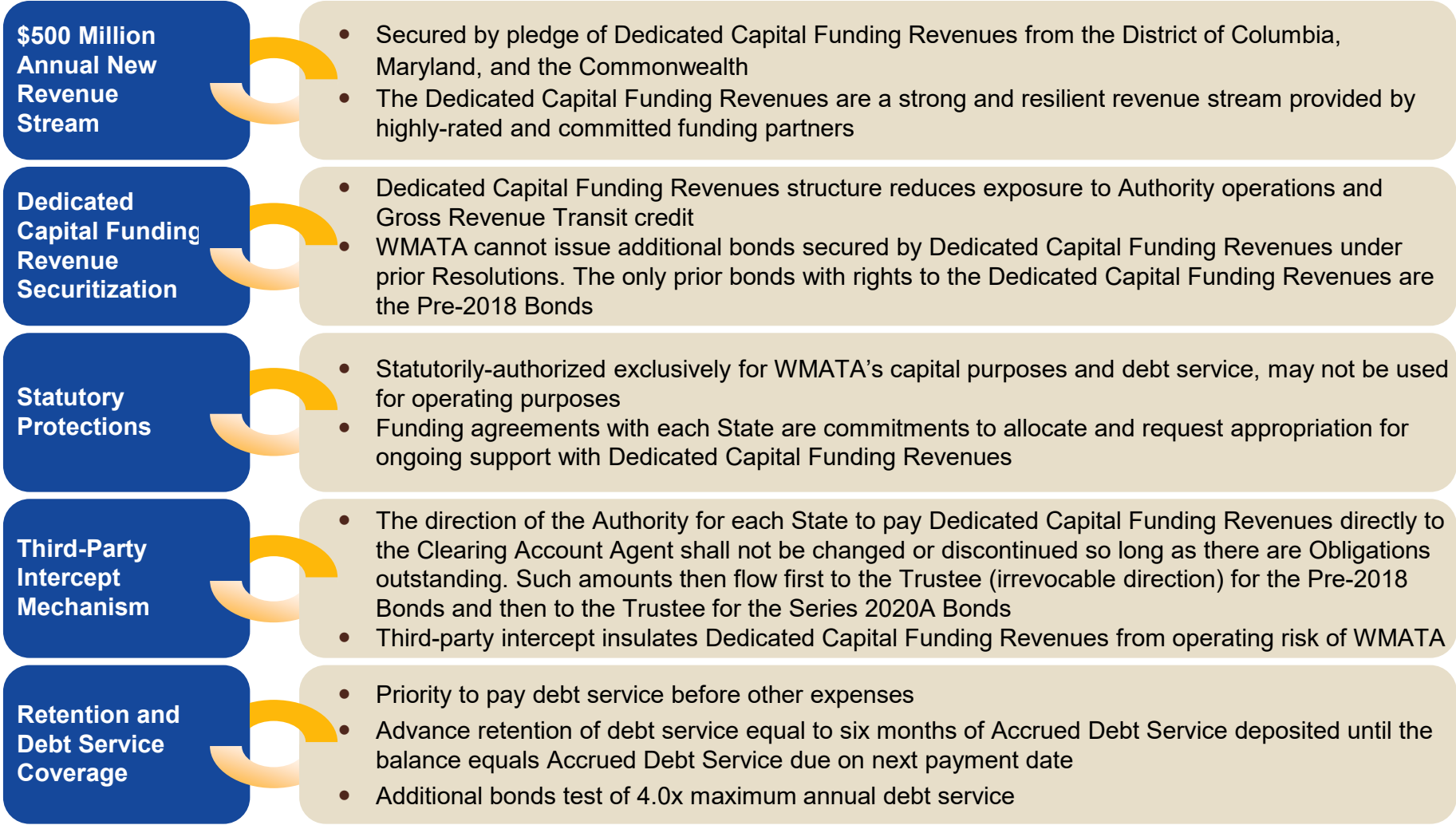
1. Source: U.S. Bureau of Economic Analysis.

2. Source: U.S. Bureau of Labor Statistics.

Dedicated Revenue Bonds

Credit and Security Fundamentals

WMATA's new Dedicated Revenue credit is a separate and distinct borrowing program from the Authority's existing Gross Revenue Transit Bonds



Dedicated Capital Funding Revenues Overview

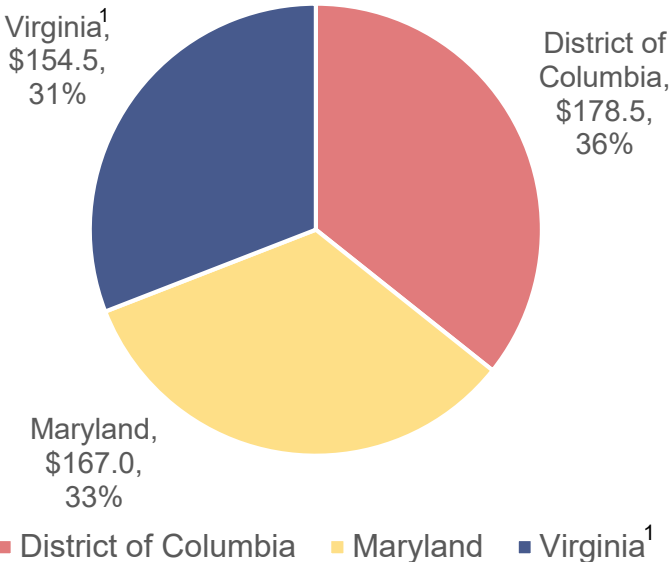
Dedicated Capital Funding Revenues are provided by highly-rated entities and derived from strong and stable revenue sources under an historic, long-term commitment

The District of Columbia, State of Maryland, and Commonwealth of Virginia passed historic legislation in 2018 that provides a dedicated funding source of \$500 million/year for WMATA’s capital program, which is the first dedicated capital funding provided to the Authority

The States subsequently entered into long-term Dedicated Funding Grant Agreements to provide for the disbursement of funds over time

- **District of Columbia (effective 02/14/2020)**
 - \$178.5 million of general retail sales taxes remitted semi-annually, grown at 3% annually
- **Maryland (effective 09/26/2019)**
 - \$167.0 million from the Maryland Transportation Trust Fund expected to be remitted quarterly
- **Virginia (effective 05/01/2019)**
 - \$154.5 million from various taxes and fees, remitted monthly

Dedicated Capital Funding Revenue Sources (\$mm)



The Authority cannot predict the extent to which, or the duration of time that, the COVID-19 pandemic will have on the States or the sources of Dedicated Capital Funding Revenues. See “INVESTMENT CONSIDERATIONS – COVID-19 Pandemic” in the Preliminary Official Statement

1. Includes approximately \$30 million of funds provided by the Commonwealth of Virginia which are available for capital purposes but may not be used for the payment of, or security for WMATA bonds.



District of Columbia Revenues

- The District enacted its Fiscal Year 2019 Budget Support Act of 2018 on September 5, 2018, and entered into a Dedicated Funding Grant Agreement on February 14, 2020
- WMATA Dedicated Financing Fund established and funded by legislation, subject to allocation and appropriation, at \$178.5 million for Fiscal Year 2020; scheduled to grow by 3% annually
- Source of payment is general retail sales tax revenue
- Funds are non-reverting and non-lapsing, administered by the Mayor, and subject to a Dedicated Funding Grant Agreement with the Authority
- The District may exercise options to renew the District Dedicated Funding Grant Agreement no more than six times, each for a six year period, or any fraction of a six year period
- Pursuant to the District Dedicated Funding Grant Agreement, the District of Columbia Dedicated Capital Funding Revenues are paid semi-annually on October 1 and April 1 once appropriated
- On April 24, the District released a revised sales tax revenue estimate that was approximately \$400 million lower than its previous estimate for its Fiscal Year 2020 resulting from the COVID-19 pandemic shelter-at-home directives; the District has estimated the full payment of its Dedicated Capital Funding Revenues will be made

Historical General Sales Tax Receipts	
Fiscal Year	General Sales Tax Receipts (\$000s) ^{1,2}
2010	976,690
2011	1,014,901
2012	1,111,044
2013	1,137,892
2014	1,172,059
2015	1,315,295
2016	1,343,074
2017	1,419,197
2018	1,492,567
2019	1,597,727

1. Source: Government of the District of Columbia's Office of the Chief Financial Officer Quarterly Revenue Estimates Letter 2011-2020.
 2. The general sales tax rate of 6% decreased to 5.75% effective October 1, 2013. On October 1, 2018, the District increased its general sales tax from 5.75% to 6%.



Maryland Revenues

- Maryland adopted the Maryland Metro/Transit Funding Act on April 25, 2018, and entered into a Dedicated Funding Grant Agreement on September 26, 2019
- Governor required to budget and seek an appropriation of \$167 million to WMATA from revenues in the Transportation Trust Fund established to support the Maryland Department of Transportation
- Sources of payments are revenues available for the Maryland capital program in the Transportation Trust Fund
- The Maryland Dedicated Funding Grant Agreement automatically renews each July 1 unless one party to the Agreement provides written notice requesting to amend or modify the agreement at least 90 days prior to July 1
- Pursuant to statute, the Maryland Dedicated Capital Funding Revenues are expected to be paid quarterly (January 1, April 1, July 1, and October 1), invoiced in advance, once appropriated
- On May 20, 2020, Maryland stated that the Transportation Trust Fund is facing a revenue shortfall during the current fiscal year of about \$550 million. A revenue shortfall of about \$490 to \$550 million is further projected for Fiscal Year 2021 due to the COVID-19 pandemic. Both shortfalls will be partially offset by CARES Act funding of \$479 million; WMATA has received no notice of any impact to the Dedicated Capital Funding Revenues

Historical Maryland Transportation Trust Fund Revenues (\$000s)¹

Fiscal Year	Corporation Income Tax	Fuel Tax	Titling Tax	Sales and Use Tax	Motor Fuel Licenses and Registration	Operating Funds	Investment Income	Other Fees and Revenues	Total
2010	107,293	489,004	434,729	213,254	227,954	388,587	394	183,855	2,045,070
2011	107,379	500,801	470,001	221,842	229,748	390,547	1,004	270,367	2,191,689
2012	143,370	567,431	547,198	19,770	256,350	402,056	2,750	259,226	2,198,151
2013	68,503	651,196	639,011	23,425	298,071	407,187	758	305,608	2,393,759
2014	146,113	723,249	693,422	27,983	305,525	409,952	2,154	310,128	2,618,526
2015	148,949	827,830	744,597	28,424	310,385	414,290	2,090	340,622	2,817,187
2016	167,957	923,216	805,348	28,416	312,771	436,571	3,819	358,097	3,036,195
2017	131,160	981,555	829,305	29,142	316,742	441,420	627	375,500	3,105,451
2018	135,321	987,506	813,673	29,257	317,433	459,912	2,322	348,286	3,093,710
2019	170,452	1,043,835	857,453	31,823	326,555	453,306	2,928	354,242	3,240,595

1. Source: Maryland Department of Transportation Comprehensive Annual Financial Report for the Fiscal Year Ending June 30, 2019.

Virginia Revenues

- The Commonwealth adopted legislation to establish the Washington Metropolitan Area Transit Authority Capital Fund on May 18, 2018, and entered into a Commonwealth Dedicated Funding Grant Agreement on May 1, 2019
- Pursuant to legislation, Virginia shall, subject to allocation and appropriation, deposit \$154.5 million into a non-reverting WMATA Capital Fund which consists of a Non-Restricted and a Restricted Account
- Sources of payment are various taxes and fees calculated to generate an aggregate of \$154.5 million of revenues (see Chart 1 in the Preliminary Official Statement for additional information on the Commonwealth’s Dedicated Capital Funding Revenues)
- Funds in the Non-Restricted account can be used for capital purposes and debt service. Funds in the Restricted Account are only available for capital purposes and not available to pay debt service
- The Virginia Dedicated Funding Grant Agreement automatically renews each July 1 unless one party to the Agreement provides written notice requesting to amend or modify the agreement at least 90 days prior to July 1
- Pursuant to the Dedicated Funding Grant Agreement, Virginia distributes to WMATA its monthly Dedicated Capital Funding Revenue contribution no later than the 25th day of the following month

Commonwealth Dedicated Capital Funding Revenues to WMATA Capital Fund		
Funds	Source of Funding	Approximate Amounts
Non-Restricted Account	Local Transportation Funds	\$27.1 million
	Regional Transportation Improvement Fee (“Regional WMATA Capital Fee”) applied as an additional recordation tax of \$0.15/100 on realty located in the Transit Zone	\$44.9 million
	Transient Occupancy Tax of 2 percent (2%) additional tax on hotel rooms located in the Transit Zone	\$29.7 million
	Wholesale Fuel Sales Tax of 1/12 th of funds collected of increase in taxes, interest, and civil penalties paid to the Commission	\$22.3 million
Restricted Account ¹	Northern Virginia Transportation District Fund transfer	\$20.0 million
	Motor Vehicle Rental Tax at 1/3 of statewide revenue	\$10.0 million
Total		\$154.5 million²

1. Revenues deposited into the Restricted Account are available for use by WMATA for capital purposes other than for the payment of, or security for, debt service on bonds or other indebtedness of WMATA.

2. This calculation may differ slightly due to rounding and approximation.

Revenue Collections and Retention Mechanics

Dedicated Capital Funding Revenues are sent by the States to the Clearing Account Agent and WMATA must prioritize debt service payments before other expenses

- The States directly pay their respective Dedicated Capital Funding Revenues to the Clearing Account Agent for deposit into a Clearing Account established in the name of the Authority which flow first to the Trustee for the Pre-2018 Bonds, which participating jurisdictions agreed to pay debt service quarterly in advance, and then to the Trustee for the Series 2020A Bonds
- It is the present intention of the Authority that the Trustee also serve as the Clearing Account Agent
- Dedicated Capital Funding Revenues are deposited until the balance in the Debt Service Fund equals Accrued Debt Service due on the next debt service payment date
- Accrued Debt Service is the sum, on a rolling basis, of the 1) interest accrued and unpaid and to accrue to the next Debt Service Payment Date, and 2) principal due and unpaid and that portion of the principal next due which would have accrued to the next Debt Service Payment Date

Funds Received to Date				
Date	Virginia Restricted Fund	Virginia Non-Restricted Funds	Maryland Funds	District of Columbia Funds
May-19	26,416,717	67,275,131	-	-
Jun-19	668,412	16,831,402	-	-
Jul-19	887,290	9,221,047	-	-
Aug-19	1,837,480	11,037,520	-	-
Sep-19	1,019,846	11,855,154	-	-
Oct-19	1,110,861	11,764,139	83,500,000	-
Nov-19	1,148,804	11,726,196	-	-
Dec-19	894,707	11,980,293	-	-
Jan-20	955,749	11,919,251	41,750,000	-
Feb-20	860,498	12,014,502	-	-
Mar-20	1,284,765	11,527,429	-	89,250,000
Apr-20	6,973,296	5,964,510	41,750,000	89,250,000
Total¹	44,058,425	193,116,574	167,000,000	178,500,000

Dedicated Capital Funding Revenue Collection Timing											
Jan (Int.)	Feb	Mar	Apr	May	Jun	Jul (P+I)	Aug	Sep	Oct	Nov	Dec
			DC						DC		
MD			MD			MD			MD		
VA	VA	VA	VA	VA	VA	VA	VA	VA	VA	VA	VA

1. Numbers may not add due to rounding.



WMATA's Obligations/Carve-Outs under the Agreements

The Statutes and related funding agreements allow the States to condition payment of the Dedicated Capital Funding Revenues on funding reciprocity by the other States and use of revenues for capital costs or debt service. Failure to meet any other restrictions would only withhold other State funding to WMATA, which is not pledged to the Bonds

District of Columbia (Dedicated WMATA Funding and Tax Changes Affecting Real Property and Sales Amendment Act of 2018)

- Virginia and Maryland must also have legislation providing for dedicated funding to WMATA
-

Maryland (Maryland Metro/Transit Funding Act)

- Virginia and the District of Columbia must also have legislation providing for dedicated funding to WMATA; funding may only be used to pay capital costs including debt service
 - Withholds 35% of **operating subsidy** if Maryland's operating subsidy increases by more than 3% exclusive of statutory exceptions
 - Withholds 35% of **non-Dedicated Capital Funding Revenues** if WMATA has a modified audit opinion unless and until a satisfactory corrective action plan is presented
-

Virginia (HB 1539 / SB856)

- Maryland and the District of Columbia must also have legislation providing for dedicated funding to WMATA
 - Withholds 35% of the **Jurisdictional Capital and Operating Subsidy** payment if total Virginia operating assistance in the approved WMATA budget increases by more than 3% subject to certain exceptions
 - Withholds **Jurisdictional Capital and Operating Subsidy** if WMATA does not provide specified reports and documents
 - Withholds 20% of **Jurisdictional Capital and Operating Subsidy** if (i) any alternate directors participate or take action at an official WMATA Board meeting or committee meeting as Board directors or (ii) the WMATA Board of Directors has not adopted bylaws that would prohibit such participation
 - Withholds 20% of **Jurisdictional Capital and Operating Subsidy** payment if (i) WMATA has not adopted a detailed capital improvement program covering the current fiscal year and, at a minimum, the next five fiscal years or (ii) WMATA has not adopted or updated a strategic plan within the preceding 36 months
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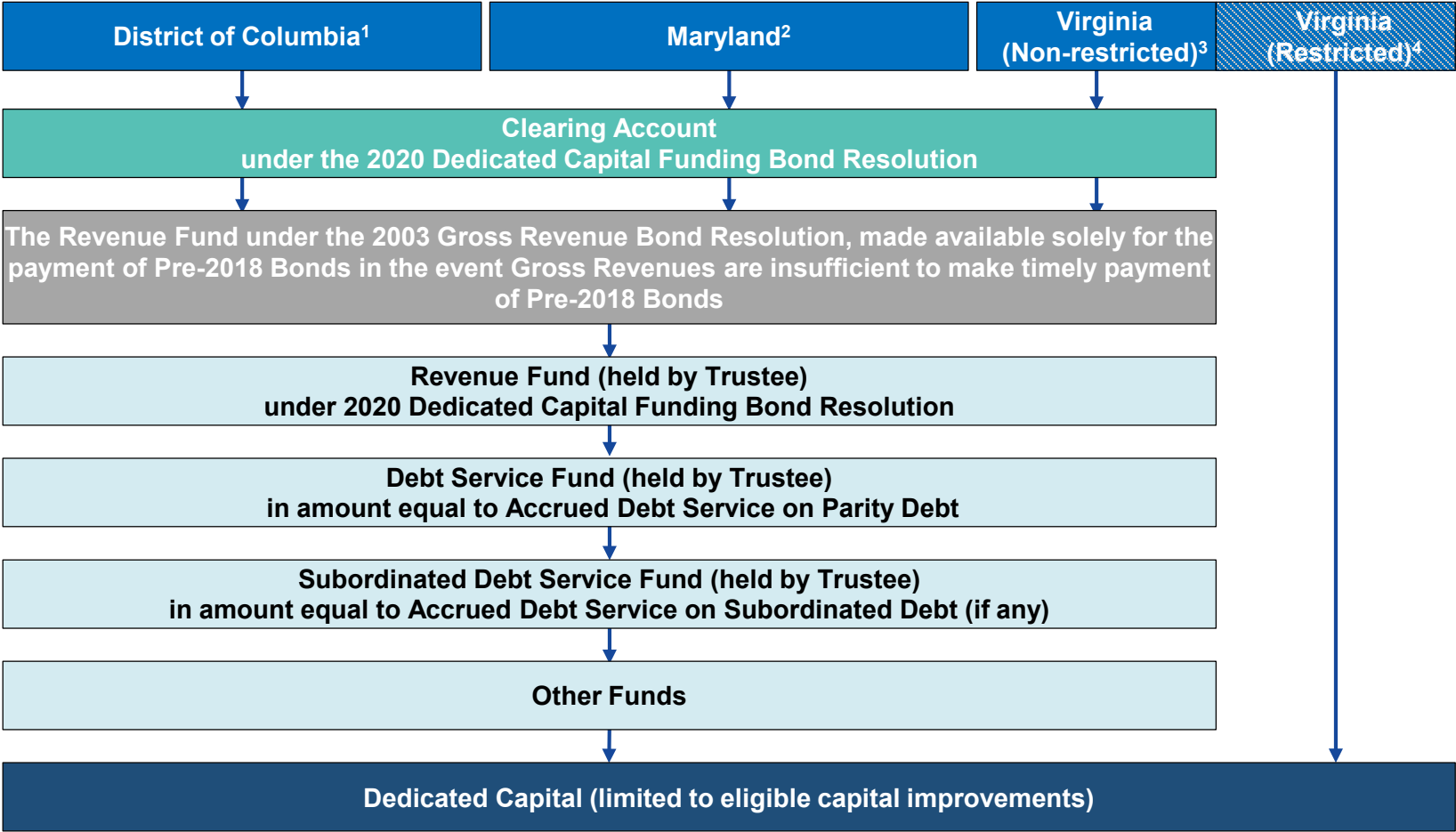
Flow of Funds

Dedicated Capital Funding Revenues, appropriated by the States, are directly deposited with a third-party Clearing Account Agent, then to the Trustee for the benefit of Bondholders

- The States pay their respective Dedicated Capital Funding Revenues directly to the Clearing Account Agent for deposit into a Clearing Account established in the name of the Authority and held uninvested and administered by the Clearing Account Agent
 - So long as the Pre-2018 Bonds are outstanding, the Clearing Account Agent will transfer Dedicated Capital Funding Revenues to the Revenue Fund under the 2003 Resolution to pay debt service on the Pre-2018 Bonds if needed
 - Thereafter, the Trustee shall deposit the balance of all Dedicated Capital Funding Revenues into the Revenue Fund established under the 2020 Resolution
 - When the Pre-2018 Bonds are no longer outstanding, the Clearing Account Agent will transfer the Dedicated Capital Funding Revenues directly to the Trustee-held Revenue Fund
- The Series 2020A Bonds are secured only by the Dedicated Capital Funding Revenues. The Series 2020A Bonds are not secured by the Authority's Gross Revenues

Flow of Funds (Cont'd)

The following chart summarizes the sources of Dedicated Capital Funding Revenues and the flow of funds once Dedicated Capital Funding Revenues are transferred to the Clearing Account Agent



1. DC: \$178.5 million per year. Bi-annual payment April 1 and October 1.
 2. MD: \$167.0 million per year. Expected to be remitted quarterly.
 3. VA (Non-restricted): Approximately \$124.5 million per year. Monthly payments.
 4. VA (Restricted): Approximately \$30.0 million per year. Monthly payments.



Bondholder Protections

Statutory and resolution protections secure the flow of Dedicated Capital Funding Revenues

Third-Party Intercept of Dedicated Capital Funding Revenues with Priority to Pay Debt Service Before Other Expenses

- WMATA is required by the Resolution to direct the States to remit Dedicated Capital Funding Revenues directly to the Clearing Account Agent which then flow to the Bond Trustee for debt service
- WMATA is required to deposit Dedicated Capital Funding Revenues with the Trustee until the balance in the Debt Service Fund equals Accrued Debt Service due on the next Debt Service Payment Date

4.0x Additional Bonds Test

- Historical Dedicated Capital Funding Revenues (12 consecutive months out of 18) must provide 4.0x coverage over Maximum Annual Aggregate Debt Service
- Pre-2018 Bonds not included in the test as long as Gross Revenues (without the Dedicated Capital Funding Revenues) are sufficient to pay debt service on those bonds; Participating Jurisdictions pay debt service of the Pre-2018 Bonds on a quarterly basis in advance of the debt service due date

Key Covenants and Remedies

- WMATA covenants in the Resolution to cause payment of the Dedicated Capital Funding Revenues from the States to the Clearing Account Agent for payment of debt service to the Trustee
- If a State fails to make a timely payment, WMATA may terminate capital projects within the boundary of the non-paying State

Dedicated Capital Funding Revenues Provided by Committed and Creditworthy States

- AAA/AA+ rated States have met all funding obligations to WMATA since 1970, when the States first began funding activities of the Authority

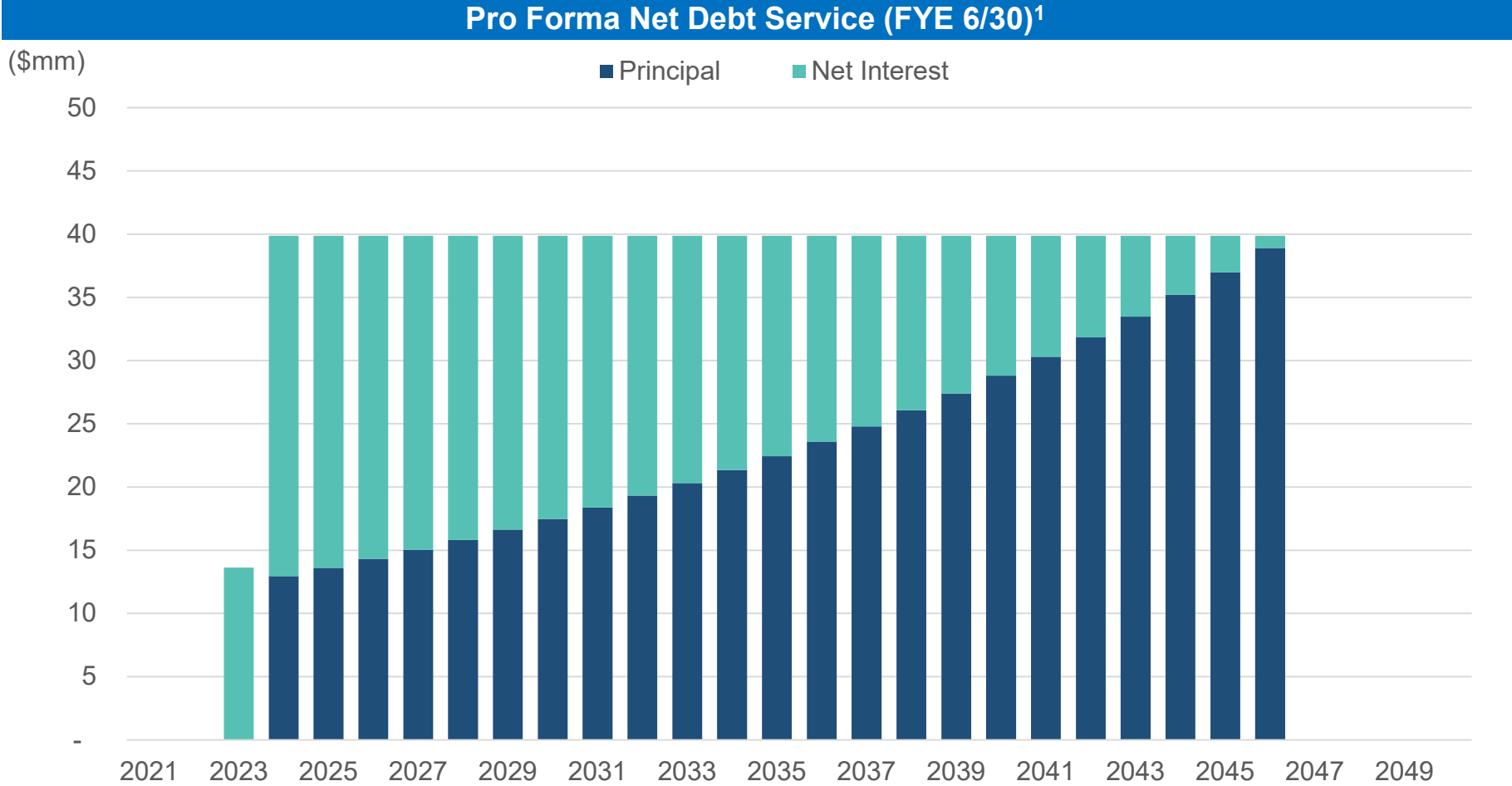
No Additional Pre-2018 Bonds with Parity Position

- WMATA cannot issue any additional bonds secured by Dedicated Capital Funding Revenues under prior Resolutions. The only prior bonds with rights to the Dedicated Capital Funding Revenues are the Pre-2018 Bonds

Plan of Finance

Preliminary Plan of Finance*

Proceeds of the Series 2020A Bonds will be used to finance capital projects, pay capitalized interest for a portion of debt service, and pay costs of issuance



* Preliminary, subject to change.



Transaction Timeline* and Contact Information

May 2020						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

June 2020						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

 **Holiday**

Date	Event
Weeks of May 24 th and May 31 st	Investor Calls
Wednesday, June 3 rd	Pricing
Thursday, June 11 th	Closing

Contact Information		
WMATA	Senior Manager - Barclays	Financial Advisors
Dennis Anosike, <i>Chief Financial Officer</i> (202) 962-1200 danosike@wmata.com	David Ardayfio (202) 452-4762 david.ardayfio@barclays.com	Jill Jaworski (PFM) (312) 523-2424 jaworskij@pfm.com
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