BOARD OF DIRECTORS MEETING

Minutes of January 4, 2012

The regular meeting of the Board of Directors was held in the first floor Conference Rooms 1A, 1B and 1C at 1 Aviation Circle. Before the meeting was called to order, Charles D. Snelling, the outgoing Chairman, presented the gavel to his successor, Michael A. Curto. The Chairman thanked his predecessor and called the meeting to order at 9:00 a.m. All thirteen Directors were present during the meeting. Caren Merrick, identified by Governor McDonnell as one of his next two appointees to the Board, was also present.

Michael A. Curto, Chairman
Thomas M. Davis III, Vice-Chairman
Robert Clarke Brown
Richard S. Carter
William W. Cobey Jr.
Frank M. Conner III
H.R. Crawford
Shirley Robinson Hall
Dennis L. Martire
Michael L. O'Reilly
Mame Reiley
Warner H. Session
Charles D. Snelling

The Secretary and Executive Management were present:

John E. Potter, President and Chief Executive Officer
Margaret E. McKeough, Executive Vice President and Chief Operating Officer

I. MINUTES OF THE DECEMBER 7, 2011 BOARD OF DIRECTORS MEETING

The Chairman called for approval of the Minutes of the December 7 Meeting, which were approved by all but Mr. Davis, who had not been present at the December Meeting.

The Chairman then said some opening remarks would be appropriate as he undertook the chairmanship. He said that since joining the Board he had been deeply impressed with the dedication of the Board Members, especially of the Chairman *emeritus*. He said that Mr. Snelling was incredibly decent, totally principled, and hard-working. He had served through a year that had seen more controversy and challenge than any would have preferred, but his focus had never waivered and his professionalism had never been compromised. The Board was most grateful for Mr. Snelling's service.

The Chairman then said that the Airports Authority had attracted more attention in the past year than ever before, on account of the Dulles Metrorail project and Toll Road. At times the continuing debate had been frustrating to the Board and its local partners, and some perspective was needed. The Airports Authority's work was complex and unrelenting. In addition to operating two world-class airports, it was engaged in building a multi-billion dollar rail project. These enterprises were directed by an unpaid, volunteer Board, the Members of which were otherwise busy professionals, who were dedicated to helping meet the transportation needs of the region. In addition, the Airports Authority had a competent staff of outstanding professionals. The Chairman said he looked forward to working with Mr. Potter and Ms. McKeough. He was not so naïve as to believe that current issues would be quickly or easily resolved. There was much hard work to do. He was, however, optimistic that the Board could continue to build on the progress of the last few months. The location of the Airport station had been resolved. With Secretary of Transportation Ray LaHood's assistance, the Memorandum of Agreement on the Phase 2 project had been ratified by all parties. Phase 1 of the rail line was advancing rapidly, and the Airports were operating efficiently and successfully.

The Chairman then turned to his priorities for the year. He was totally committed to respectful, cooperative relationships with all the partners. The work of the Airports Authority was too important to be sidetracked even by good-faith differences over the best ways to proceed. To a very great extent, the regional economy depended on the successful operation of the Airports and completion of the rail project. The Chairman said he would work with anyone, anywhere, any time to make sure the Airports Authority was successful. The Airports Authority was working closely with local and regional organizations. It had received clean financial audits, had completed billions of dollars in projects over the years, and was considered by Wall Street as one of the best-run airport agencies in the Nation. The Airports Authority would build on these successes and maintain its strength in regional efforts. None of the accomplishments could have been achieved without the relationships with the partners in each jurisdiction.

The Chairman said he also believed strongly in transparency, and that the Airports Authority served the people of the region and the Nation. He had already directed the Secretary and the Board Counsel to present a set of recommendations for expanding and enhancing transparency in the Airports Authority's rules and procedures.

Finally, the Rail project needed to be finished as quickly, safely and cost-effectively as possible. It was a very important project, the envy of every major city in the country, and vital to the growth of the region. It had taken some "hits" recently, just as Dulles International itself had during its construction. It would soon become a source of great pride and economic strength. In 50 years, the project would be seen as one of the great building blocks of the area. The challenge was to do all possible to solve current differences, to be able to complete the rail project at the lowest possible cost. He said he was honored to be the Chairman of a very important body, and was confident the Airports Authority would work successfully with its partners to fulfill its responsibilities.

He then recognized the Committee Chairmen from 2011 for dedication and hard work: Bill Cobey had led the Audit Committee; H.R. Crawford, the Business Administration Committee; Mame Reiley, the Dulles Corridor Committee; Bob Brown, the Finance Committee; Mike O'Reilly, the Legal Committee; Denny Martire, the Planning and Construction Committee; and Rusty Conner, the Strategic Planning Committee. Several of them would present their final Committee reports later in the meeting.

The Chairman then introduced the new Committee Chairmen: Shirley Robinson Hall and Mike O'Reilly would co-chair the Audit and Legal Committee; Warner Session would chair the Business Administration Committee; Tom Davis, the Dulles Corridor Committee; Rusty Conner, the Finance Committee; and H.R. Crawford, the Strategic Planning and Development Committee. He next asked the Vice-Chairman for some remarks about 2012 and the Dulles Corridor Committee.

The Vice-Chairman congratulated the new Chairman, and observed that he had set an appropriate tone for the Airports Authority and its partners for the new year. 2011 had been a difficult year, but many decisions had been made. He looked forward to working with the members of the Dulles Corridor Committee. He noted that the Dulles Rail project had never been an "easy fit". In Phase 1, for which there had been a $900 million federal grant, special federal legislation had been required to authorize it, as the project did not meet then-current cost-benefit formulas for federal-aid funding. For Phase 2 at this point the federal contribution would be much less significant. The Board was already aware that there would be higher tolls, regardless of whether Phase 2 progressed, but the tolls would provide the lion's share of the Phase 2 costs. There would be higher tolls, higher densities in the area, and higher subsidies from the local jurisdictions to operate the rail line. He noted that the money was not free, and that the project was very complicated. Many in the public did not understand all the elements that went into it. The Airports Authority's goal was to be as transparent as possible, to share the information with its partners and the public, so that they would understand the obstacles all faced as the project moved forward, and to complete the project as cost-effectively as possible, keeping the tolls as low as possible. A study was required to determine what higher tolls would do to traffic in the corridor and on alternate roads. He thanked Ms. Reiley for her leadership, and noted that Phase 1 of the Metrorail project was coming in on-time and close to budget. He asked all Directors to share suggestions on the Corridor directly to him, and said the support of all Members and partners would be required.

The Chairman then called on the other Committee Chairman. Mr. Crawford complimented the Chairman on his handling of the transition. He identified four areas that he would discuss with management -- to develop a strategic vision for the Airports Authority; to develop options for generating new revenue; to examine the Toll Road's capital needs and future growth; and review the implementation of the L&L organizational study with the President and Chief Executive Officer. The Strategic Planning and Development Committee would meet quarterly.

Mr. Session thanked the Chairman for selecting him to chair the Business Administration Committee. He said he hoped to bring creativity and ambition to the role. He thanked Mr. Crawford for his many contributions, both as Committee Chairman and a Member of the Board. Mr. Session said that the Committee had a large portfolio of issue for both Airports and their continuing growth. Some of the priorities he had identified included the renegotiation of the Use and Lease Agreement with the airlines, which would be critical, and procurement rules and methodologies. The Airports Authority had spent $294 million in goods and services in 2010; the Committee would exercise vigorous oversight, advancing the principles of fair and open competition, and transparency, and the best interests of the Airports Authority. He hoped to "widen the net" with respect to Disadvantaged Business Enterprise participation. With the multi-billion Phase 2 rail project about to begin, the Airports Authority should include as many minority and women-owned businesses in the project as practicable. He mentioned that there had been extraordinary attendance at the Business Opportunity Seminar in December. Senior staff had been present and engaged. He hoped to keep the momentum building. He added that there were best practices that could be borrowed from other airports, which the Committee would be reviewing.

Ms. Hall thanked Mr. Curto for naming her Co-Chairman of the Audit and Legal Committee. She said that she would focus on audit issues, while Mr. O'Reilly would concentrate on legal issues. She had served on the Audit Committee since joining the Board, and had found Mr. Cobey to be an excellent Chairman. She had thus had a very good introduction to the Airports Authority and its business. She looked forward to working with Valerie Holt, Vice President for Audit, and her outstanding staff, whose thorough work greatly eased the Committee's functioning. In reviewing the business plan, the Committee had certain goals: recommending the selection of a financial statement auditor for the next five years, and overseeing the financial statement and A-133 2012 audits of both the Aviation and Dulles Corridor Enterprise Funds. The Committee would also work on 2012 risk assessment and audit plans.

Mr. O'Reilly thanked the Chairman, and said the Legal Committee had two functions: to oversee general litigation, particularly the ever-recurring litigation on the Toll Road; and to handle bid protests. Appeals on bid protests went to the Board, which normally referred them to the Committee. There had been three such protests in 2011, all of which had been resolved in an amicable fashion by the General Counsel. The procurement, unfortunately, then had to been restarted. It was done in a way that had saved the Airports Authority substantial legal fees. Mr. O'Reilly said he did not expect more protests in 2012, unless the taxicab procurement at Dulles International went awry.

Mr. Conner thanked the Chairman for taking on what amounted to a full-time job, and promised his support to make the Board work as effectively as possible. He said that the Board had tended over the past several years to focus on tactical issues and tactical challenges, and should step back to consider that the Board was entrusted with managing one of the largest economic contributors to the region. He thought the Committees, particularly the Strategic Planning and Development Committee, should take a broader focus on advancing the Airports Authority's overall mission.

On the aviation side, there was a lot less emphasis on finance. The Capital Construction Program was coming to an end. There was still the Tier 2 development at Dulles International that would continue to make some progress towards materializing. At Reagan National, Terminal A redevelopment was under way. Other than those, there was very little capital need. He hoped to focus on revenue enhancement, improving revenues throughout the Aviation Enterprise. There was already a focus on debt management, particularly reflecting the concern on enplanement costs at Dulles International, and how to create domestic feed there. Part of the solution was how the Airports Authority managed the debt; part was the possibility of amendments to federal law to allow the two Airports to be treated as a single enterprise so costs could be shared between them. Finally, Mr. Conner noted that interest rates continued at historic low levels, so there would be some refinancing opportunities for Aviation Enterprise debt with net present savings. He hoped to improve the coverage to maintain the current ratings.

On the Dulles Corridor side, the issues were more about financing, with the substantial capital projects, as opposed to operations. A Transportation Infrastructure Finance and Innovation Act (TIFIA) application would soon be made to the Department of Transportation. He recommended that the Directors read it, as it included a thorough report on the historical record of financing efforts on the rail project. The Plan of Finance was under development, subject to a number of issues, such as the contributions the Counties would make, and the $150 million from the Commonwealth. In addition, the updated Wilbur Smith study on traffic projections would be finished soon for all to consider, including the funding partners. Finally, the Airports Authority needed to select a Deputy Chief Financial Officer; Mr. Potter was working on the issue. The Committee would be renewing the Underwriters' syndicate, which had been in place for five years. At the same time the Committee would be reviewing the Toll Road syndicate, without necessarily changing it.

II. COMMITTEE REPORTS

a. Dulles Corridor Committee – Thomas M. Davis III, Chairman

Mame Reiley, who had chaired the Committee in 2011, reported that it had last met December 7. Pat Nowakowski, Executive Director of the Metrorail Project, had reported that expenditures on Phase 1 of the rail project in October 2011 had been $58 million, bringing the total to $1.585 billion for the year-to-date. The estimated completion cost remained at $2.75 billion.

Ms. Reiley mentioned that she had pointed out at the Committee meeting that additional costs for the most part had not been overruns from poor estimates, but new expenses that the staff could not control, such as changing standards for transit construction, unexpected utility relocation costs and weather conditions. She did not believe the Airports Authority had made clear to the press where the overruns were coming from, and said staff could provide a great service by providing additional press briefings. She said the staff had done a great job of informing the Counties and other interested parties, but the impact was lost if the media did not report on it. It would be important to emphasize that much of the additional cost was the result of increased safety standards from the Transit Authority.

In October 2011, contingency usage and credits had balanced out at a cost of $20.5 million. For the entire project, $258.2 million had been spent or obligated on contingency items, leaving $54.1 million for future items. The forecast construction completion date was holding at August 2013.

The Committee had also discussed the impact of weather on the project construction schedule. Mr. Nowakowski had confirmed that record bad weather, including heavy rain and snowfall, a hurricane and an earthquake, had slowed the project; much of the delay had been recovered. In 2012, construction would be largely above-ground and should not be as weather-sensitive.

Ms. Reiley noted that she was giving her final report as Chairman of the Committee, and said she had enjoyed chairing the Airports Authority's efforts on the Dulles Corridor project. She thanked former Chairman H.R. Crawford for establishing the Committee and appointing her to it. He had recognized that Ms. Reiley as Chairman had pushed for taking on the rail project. As a longtime resident of the area, she had felt strongly that rail would never reach Dulles International unless the Airports Authority built it.

She noted that there had been some bittersweet moments as well. When politics forced the Airports Authority to move the Dulles Metrorail station, it was not correcting a bad decision of a dysfunctional Board. She recalled that Peter Rogoff, the Federal Transit Administrator, had advised Lynn Hampton, then the President, on the day the Board had affirmed the tunnel location that its decision had been correct. Politics had apparently caught up with Mr. Rogoff; when he appeared before the Board, he had said there was not any TIFIA funding available for the project. A few weeks later, Secretary LaHood had managed to find some. More recently, Robert Thompson of the Washington Post, in his year-end article on top DC-area transportation stories, had identified the decision to move to the aerial station at Dulles as the worst local transportation decision of 2011.

Ms. Reiley noted that the many moving parts of the rail project were beginning to work together, and that the Board was at last in the right place. She said the Board owed thanks to the rail project staff, the engineering staff, the legal and finance teams, as well as Secretary LaHood for proposing the Memorandum of Agreement on Phase 2 funding and Jack Potter for his diplomacy in bringing it in. She had heard that Governor McDonnell had recently signed the Agreement, and thanked him as well. She then thanked the Secretary and Board staff. Finally, she said she was happy to turn the gavel over to Tom Davis, who she was sure could lead the Committee through the remaining minefields. She was also sure he could make the Committee meetings more transparent, and would expedite web broadcast of them.

b. <u>Executive and Governance Committee</u> – Michael A. Curto, Chairman

Mr. Curto reported that the Executive and Governance Committee had met in public session immediately before the day's Board Meeting. It had agreed to a minor amendment to the Bylaws that would change the date of the regular monthly Board Meeting from the first to the third Wednesday.

Board Counsel had advised the Committee on future amendments to the Bylaws, several of them mandated by federal legislation. The Committee had also discussed other measures for enhanced transparency; additional proposals would be offered at the next Committee meeting.

c. Finance Committee – Frank M. Conner III, Chairman

Mr. Brown, who had chaired the Finance Committee in 2011, reported that the Committee had last met December 7. The Committee had heard first from the Dulles Corridor Financial Advisors; Bryan Grote had brought the Committee up to date on current TIFIA plans. A formal letter of interest had been submitted to the Department of Transportation for 2012, as had been done for the past several years. As Mr. Conner had mentioned, the submission was a comprehensive document, including a great deal of history and was well worth reading.

Doreen Frasca had provided a review of the market for toll road bonds. She had reported there had not been any comparable BBB toll road transactions over the past several weeks, but noted that the market had been getting stronger. The Committee had also asked the Financial Advisors to keep track of what was going on at other major transportation projects in Virginia. Mr. Brown asked to include with his report a summary document that showed state funding for all the major projects: Dulles Metrorail, the Capital Beltway hot lanes, the downtown midtown tunnel, and the I-95 hot lanes, the latter two new projects approved during the McDonnell administration. The chart showed state participation in each of those projects. Mr. Brown said he had long been an advocate of greater state grant assistance and federal credit support. All were grateful for the $150 million committed by the Governor of Virginia. But as the chart showed, compared to the contribution to other state projects, the amount was low. The financial advisors had calculated that every $50 million in grant contributions would reduce toll rates 1 percent over the life of the project. Thus, the Virginia contribution would reduce tolls 3 percent. A contribution comparable to the others in Virginia, in the amount of $500 million, would reduce tolls 10 percent, a significant amount of a $17 toll.

The Committee had then heard from Jonathan Pagan of Wilbur Smith Associates on the status of the Toll Road revenue study. As Wilbur Smith had frequently pointed out, the Dulles Toll Road was a mature facility, which meant that toll forecasting was likely to be very accurate. Mr. Pagan had advised the Committee that the calculated toll rates would not be very different from the study provided in the past.

Finally, the Committee had heard a report on the operations of the staff Investment Committee, which manages the Airports Authority's investment portfolio, other than the retirement funds, which were managed by another staff committee, the Retirement Committee. There had not been any problems with the Investment Committee's activities. That Committee's objectives had been approved by the Board, and it was effectively run through the Finance Division. The Investment Committee had been around since 1989, almost the inception of the Airports Authority, and its place in the Authority structure had always troubled him. It seemed to him that this investment program was a fiduciary responsibility of the Board, not a staff committee. He had asked the new President and his team to consider his suggestion. It would be much more appropriate and accountable for the investment activities to be managed in the finance office, where staff had the expertise and accountability to manage it. He said he was leaving the recommendation to the new Finance Committee Chairman and the Board Chairman.

d. Strategic Planning and Development Committee – H.R. Crawford, Chairman

Mr. Conner, who had chaired the Strategic Development Committee in 2011, reported that the Committee had last met December 7. There had been two items on the agenda: the Air Service Development Report and the continuing plans for negotiating a new Use and Lease Agreement with the airlines. Because both were sensitive matters, critical to the Airports Authority's business relationships, they were discussed in executive session.

III. INFORMATION ITEMS

a. President's Report

Mr. Potter thanked the outgoing Committee Chairmen for their leadership and jobs well done, and said that the staff was committed to working with the new Chairmen, looking forward to a successful 2012. The holiday travel season had been quite successful at both Airports; the weather had held. Traffic did appear to be down slightly; a full report would be available at the next meeting. There had not been any serious parking issues. Although the economy lot at Reagan National had been filled from December 23 to December 26, there had been ample parking available elsewhere. On New Year's Day, the 25¢ increase had taken effect on the Toll Road without any complications. Apparently there had been enough public information about the increase. The day before, US Airways had announced the cities it would serve from Reagan National effective March 28: Birmingham, Fayetteville, Islip, Little Rock, Jacksonville, Pensacola, Tallahassee and Fort Walton Beach. Service would also be added to existing markets, including Memphis, Omaha, Ottawa, Bangor, Savannah and Hartford. A second round of expansion would follow in July.

For 2012, the staff expected relatively flat environment in passenger demand. This reflected a nationwide situation, and added to the challenge, mentioned by Mr. Crawford and Mr. Conner, to find ways of growing non-aviation revenues.

b. Executive Vice President's Report

Margaret McKeough reported on November 2011 activity levels. Throughout the industry, there had not been very much growth. Reagan National had continued to see some increases; Dulles International had suffered a small decline. In November, there had been over 1.6 million passengers at Reagan National, an increase of 1.7 percent over November 2010. November 2011 had also been a record for that month at Reagan National, and a new record for the year was likely. Dulles International had seen 1.8 million passengers, a decline of 2.6 percent over the prior year. For the year, Dulles International continued to be showing a decline, chiefly in domestic traffic. Overall November cargo activity had declined about 12.5 percent, driven mostly by international cargo; domestic cargo had declined about 4 percent. She reiterated that 2012 would not see much growth, with rising fuel prices and the recession in Europe.

Mr. Brown said he had expected a report on the status of the Memorandum of Agreement. He had also heard that Governor McDonnell had signed the Memorandum, but that the Governor had also sent three letters in the prior week suggesting that there were some conditions to his signature. Mr. Brown said he was not clear about the current status. He asked if the Governor's approval had been conditional. Mr. Potter first said he was happy that the Memorandum of Agreement had been signed. That morning he had spoken to Richmond to schedule a meeting to discuss the letters and get some clarification in person. Short of that, he had nothing to report. Mr. Brown asked if there would therefore not be an answer to the letters. The Chairman said the letters had offered a meeting with the Governor's Chief of Staff and the Virginia Secretary of Transportation. Thus, he and Mr. Potter intended to schedule a visit and meet with them.

Mr. Brown asked whether the view was that Virginia was fully committed to the Memorandum of Agreement and that the letters were a separate topic for discussion, or that the letters were conditions to approval of the Agreement. Mr. Potter said that the Memorandum of Agreement had been signed without any conditions, and that the letters were separate documents. The meeting would clarify the Commonwealth's position. Mr. Brown then asked if the $150 million grant was fully committed in his view; Mr. Potter said that it was, but that he wanted to clarify the issue.

Mr. Brown then noted that the Memorandum of Agreement stated that a separate agreement had been reached with the Commonwealth over the Project Labor Agreement (PLA) issue. He asked if the separate agreement over the PLA had been signed. Mr. Potter said it hadn't; the Airpots Authority had sent a signed copy of the agreement to Richmond for signature, but it had not been returned. Mr. Brown said the terms of the Memorandum of Agreement stated that a PLA agreement had already been reached, but that it appeared that the Commonwealth had not undertaken all that it had promised to do. Mr. Potter said only that the agreement on the PLA had not been signed. Mr. Brown asked what his discussions with Virginia had indicated about the reasons for that. Mr. Potter said there had been a verbal agreement that produced a document that he had signed and sent to Richmond for signature. Mr. Brown said he understood the PLA agreement contained language that had been pre-cleared with all the appropriate officials in Virginia, and in fact had been in part Virginia's own language. Mr. Potter agreed, and said he expected to find out why it had not been signed at the upcoming meeting in Richmond.

The Vice-Chairman said the Memorandum of Agreement was in effect not final, as the local partners had 90 days to review the project after the engineering was done. As to the PLA agreement, there were now several bills pending in the Virginia General Assembly to prohibit funding a project with a PLA. The Governor needed some room to maneuver. He thought the Richmond discussions would be helpful. Mr. Brown said he was aware of the legislation; he noted that the Airports Authority had made major concessions. He said that the Board, though it had been fractured over many issues in the past year, had voted 13-0 to approve the Memorandum of Agreement, and that he found it regrettable that not all the parties were fulfilling their obligations.

The Chairman summarized that the language had been agreed upon, and that the Airports Authority was waiting for a signature from Richmond. That would be a subject of the upcoming Richmond meeting.

The Vice-Chairman observed that signing statements were not unusual for legislation. But the Memorandum of Agreement was a binding document.

Mr. Martire asked if the PLA had yet been drafted, noting that the contracting community was anxious to see it. Mr. Potter said it was not yet done, but would be soon. Mr. Martire asked if there had been any complaints or disputes about the Phase 1 PLA, whether anyone had complained about it to the Commonwealth, or claimed that it violated Virginia law. Mr. Potter said he was not aware of any problems. Mr. Martire then suggested changing the cover page to the Phase 1 PLA for Phase 2. The Vice-Chairman pointed out that the Phase 1 PLA had been voluntary. Mr. Potter said that the PLA for Phase 2 would be very close to the model for Phase 1. Mr. Martire agreed with the approach.

Mr. Snelling said that the negotiations had been proceeding satisfactorily and that the Memorandum of Agreement had been signed by all parties without conditions. He suggested that the Chairman and the President continue with their discussion without further speculation as to the outcome. He said he had great confidence in the Chairman and the President.

Mr. Brown observed that the three letters from Governor of Virginia had not provided the legal analysis the Governor had relied on, although they did raise legal issues. He asked whether further legal analysis should be sought from the firm that had provided the Airports Authority with the initial opinion on the legislative changes. The Chairman said he was prepared to do so, should it appear necessary, and suggested the issue be discussed in executive session.

IV. NEW BUSINESS

a. Amendment to the Bylaws

Mr. Curto moved that Article VII, Section 2 of the Bylaws be amended to read as follows, which was unanimously adopted by all thirteen Directors present.

> **Section 2. Regular Meetings.** Regular meetings of the Board and its Committees shall be held at the principal office of the Authority on the third Wednesday of every month. When such day is a legal holiday or for any other reason inappropriate as a meeting day, the regular meetings shall be held on such other day as may be determined by the Chairman. The Secretary shall provide notice of a rescheduled meeting at least one week before the rescheduled date.

V. UNFINISHED BUSINESS

There was not any unfinished business.

VI. OTHER BUSINESS & ADJOURNMENT

The Chairman announced that, until further notice, he would not be participating in any manner in the procurement of the design-build services for Phase 2 of the rail project, even though this action was not required by the Code of Ethical Responsibilities for Members of the Board of Directors. He was taking the action to assure that there was neither any question about nor any potential compromise to the integrity of the

Phase 2 procurement process. It was based on the possibility that Patton Boggs LLP, the law firm where he worked, might in the future be retained by one of the teams that will compete for the major Phase 2 design-build contract, and he might become personally involved in representing members of that team in matters unrelated to its proposed work for the Airports Authority. In making this decision, he had consulted with Board Counsel and the General Counsel. He added that steps had been taken within his law firm to assure that, in the event the Phase 2 team retained the firm, he would be completely screened off from any representation of the team by the firm in connection with the Phase 2 project, or other work related to the Airports Authority. If his firm was not retained by any Phase 2 team in connection with the project, and it became clear that he would not be involved in work for any of the teams or their members, he would resume participation in the Phase 2 project.

The Chairman then announced that a Special Joint Dulles Corridor and Finance Committee meeting and an Audit and Legal Committee meeting, both held in executive session, would follow the Board Meeting. The special joint meeting would discuss prospective contractual information, and the Audit meeting would address proprietary vendor information and commercial transaction, and other information developed by auditors for use of board and management in accordance with relevant audit standards. He said the two executive sessions would follow in 10 minutes.

The meeting was then adjourned at 10:00 a.m.

Respectfully submitted:

Quince T. Brinkley, Jr.
Vice President and Secretary

Attachment

State Funding for Virginia's Major Transportation Projects

	Dulles Metrorail			Capital Beltway HOT Lanes	Downtown Tunnel Midtown Tunnel MLKing Expressway	I-95 HOV/HOT Lanes
PROJECT SPONSOR	Public			Private	Private	Private
	Phase 1	Phase 2	Total			
ESTIMATED CAPITAL COST ($ millions)	$2,755	**$3,138**	**$5,893**	**$1,939**	**$1,460**	**$1,140**
STATE FUNDING ($millions) *% of total project cost*	$177 *6%*	**$173** ***6%***	**$350** ***6%***	**$409** ***21%***	**$362** ***25%***	**$297** ***26%***
SOURCE OF STATE FUNDING	*$51.7M of grants from Virginia Transportation Act of 2000; $125M Commonwealth Transportation Bonds*	*$23M VTA 2000 spent on early design and $150M subject to General Assembly appropriation and CTB allocation.*		*Grant. State has contractual commitment to provide the funds for work on specific interchanges over a five year period (subject to General Assembly appropriation, CTB allocation, and no contract defaults)*	*CTB has authorized issuance of $350M of 15-year "direct" GARVEE bonds secured by the Commonwealth's Federal highway funds*	*$97M VDOT grant for early construction activities and $200M for transit and parking improvements associated with the project. Sources of the state funding have not been identified.*