



# *COMMONWEALTH of VIRGINIA*

## *Office of the Governor*

Robert F. McDonnell  
Governor

October 9, 2012

Michael A. Curto, Chairman  
Metropolitan Washington Airports Authority  
1 Aviation Circle  
Washington, D.C. 20001

Dear Chairman Curto:

I write you today to first note some progress in the ongoing efforts to improve the performance and public perception of MWAA, and to advance Phase II of the Dulles Corridor Metrorail Extension Project. I am pleased we accomplished the following during the past year:

1. The project's estimated cost has been dramatically reduced from \$3.8 to \$2.8 billion by eliminating an unnecessary underground station and implementing other design changes.
2. The costly scoring preference in the procurement documents for contractors utilizing Project Labor Agreements (PLAs) has been eliminated.
3. The Loudoun County Board of Supervisors has joined Fairfax in approving new funding for the project.
4. Revisions to the Board's travel and ethics policies are steps in beginning to address the deficiencies noted by the U.S. Department of Transportation Inspector General in the Interim Report.
5. The resignation of Board member Dennis Martire pursuant to my removal for cause, even though hundreds of thousands of dollars were wasted on legal fees in frivolous litigation which unnecessarily attacked Virginia and its Board members.

Also, after nearly eleven months of vigorous and unreasonable opposition from the MWAA Board, the action last week by the DC City Council to conform Washington, DC law to the federal law signed last November by President Obama permits Virginia to have two new members, as well as one for DC and Maryland. Additionally, the two federal members who have served long past their term's expiration date are off the Board by operation of law. I look forward to all these additional members being seated at the next meeting on October 18. I am hopeful that the three new federal appointments will soon be approved by the U.S. Senate. These additional members working together as good stewards of the taxpayer's money represent the best opportunity to turn the page for MWAA as an organization and usher in a new culture of cooperation and accomplishment.

For the past two years I have been greatly concerned that multiple MWAA Board actions were directly adverse to the interests of the taxpayers of Virginia. As you know, both airports, while federally owned, are located in Virginia. The vast majority of the funding for the Dulles Rail project comes from Virginia toll payers and Virginia counties. Thus, while Virginia continues to have a minority of the MWAA Board seats (7 of 17) even under the new law, I urge the Board to increase its consideration of the impact of its decisions on Virginia taxpayers and customers. We remain concerned with the impact of the stark representational imbalance, since Maryland and DC do not contribute financially to the project, but have six Board members.

Also, while some initial progress has been made in addressing the deficiencies cited in the U.S. DOT Inspector General's interim report on MWAA governance dated May 15, 2012, much work remains to be done. The report highlighted numerous issues ranging from a lack of accountability and transparency in Board actions, conflicts of interest, inadequate policies, questionable procurement practices, and egregious travel expenditures. Other issues may be raised in the final IG Report that is expected to be released sometime this fall. Addressing all issues in a transparent and timely fashion will restore much needed public confidence in MWAA's ability to successfully bid, manage, and complete Phase II of the project in a cost effective manner for the taxpayers.

As a result of the ongoing performance issues with the Board of Directors, I co-signed a letter with U.S. Secretary of Transportation LaHood, Maryland Governor O'Malley, and D.C. Mayor Gray requesting that MWAA promptly implement a number of reforms to address the issues raised in the IG Interim Report. These reforms included overhauling financial, procurement, and human resources policies; terminating contracts with former members and employees that were not competitively bid and employment relationships with former members; strengthening the MWAA code of ethics; implementing greater transparency; and strengthening oversight, construction planning and management programs, among others.

Moving forward, it is imperative that MWAA and the Board of Directors continue to address these issues and implement reforms. The MWAA professional staff and Director Jack Potter appear very capable in operating the MWAA facilities; however, a continued lack of effective leadership and management by the Board will only serve to further undermine the public confidence and the Board's work to advance Phase II of the Dulles Rail Project. It is imperative that every possible action be taken to drive down costs to keep tolls low for all of the region's drivers and taxpayers.

There are several other actions which should be taken promptly:

1. Evaluate the bond financing of the current projects to see if better deals can be reached to drive down debt service costs.
2. Continue to evaluate the scope and expense of Phase II to further drive down operating costs.

Michael A. Curto, Chairman

October 9, 2012

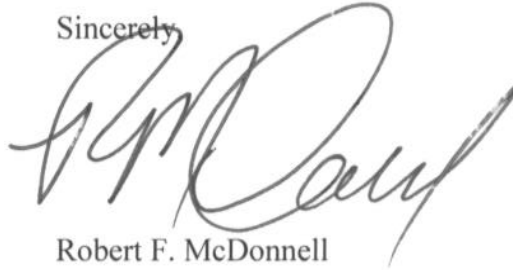
Page 3

The Board is entrusted with managing billions in taxpayer assets in the airports that are the gateway to the capitol of the greatest country on earth. The Dulles Rail project is one of the biggest and most expensive public projects in the country, and while the benefits are potentially good, the enormous \$2.8 billion price demands intense competent management.

It is my hope that we are at a turning point in the history of MWAA. The new members from all four jurisdictions will have a positive impact, and hopefully set in motion a new era of competent management of these tremendous regional and national assets.

Should you wish to discuss these or any other issues related to MWAA and the Dulles Corridor Metrorail Extension Project, please contact my Chief of Staff Martin Kent or Secretary of Transportation Sean T. Connaughton at any time.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. McDonnell', with a large, stylized 'M' and 'D'.

Robert F. McDonnell

RFM/pdw

cc: MWAA Board Members  
Congressional Delegation  
The Honorable Ray LaHood  
Northern Virginia Legislative Delegation