BOARD OF DIRECTORS MEETING

Minutes of January 16, 2013

The regular meeting of the Board of Directors was held in the first floor Conference Rooms 1A, 1B and 1C at 1 Aviation Circle. The Chairman called the meeting to order at 8:44 a.m. Sixteen Directors were present during the meeting:

Michael A. Curto, Chairman
Thomas M. Davis III, Vice Chairman
Earl Adams, Jr.
Richard S. Carter
Lynn Chapman
Frank M. Conner III
Anthony H. Griffin
Shirley Robinson Hall
Barbara Lang
Elaine McConnell
William Shaw McDermott
Caren Merrick
Warner H. Session
Todd A. Stottlemyer
Nina Mitchell Wells
Joslyn N. Williams

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

The Chairman welcomed all to the day's Meeting. He said that the Secretary of Transportation had administered the oath of office to two of the newest Board Members, who had been appointed by the President of the United States. The Chairman officially welcomed William Shaw McDermott, an attorney with K&L Gates, and Nina Mitchell Wells, a former Secretary of State of New Jersey. Joslyn N. Williams, a representative of the District of Columbia, was also attending his first meeting as a Board Member.

The Chairman announced that he had appointed Lynn Chapman, who recently joined the Board from Virginia, as the new Chairman of the Strategic Planning and Development Committee. He said that he would be working with the newly-appointed Board Members to discuss their respective new Committee assignments over the next week.

The Chairman echoed the remarks made earlier by Secretary LaHood regarding the contributions of Kimberly Moore, the Federal Accountability Officer, for helping to make the Authority more accountable and transparent.

The Chairman welcomed Lynn Deavers, the new Federal Accountability Officer, as the Authority continued the progress the Secretary had outlined earlier.

I. MINUTES OF THE DECEMBER 12, 2012 BOARD OF DIRECTORS MEETING

The Chairman called for the approval of the Minutes of the December 12 Board of Directors Meeting, which were adopted; Mr. Stottlemyer abstained since he was not present at the December Meeting.

II. COMMITTEE REPORTS

a. Business Administration Committee – Warner H. Session, Chairman

Mr. Session reported that the Washington Business Journal had selected 100 most influential business leaders in the region. He acknowledged Barbara Lang and Todd Stottlemyer, who had been selected as two of those leaders. The Board congratulated both of them.

Mr. Session reported that the Business Administration Committee had last met December 12, 2012. At the Meeting, staff had presented its recommended changes to the Authority's Fourth Edition of the Contracting Manual. Staff had not requested any formal action at the Meeting, but requested the Committee's consent to distribute the draft and to solicit comments from the Board, public and Authority's federal partners. A staff recommendation would likely be made to the Committee to approve the Fourth Edition of the Contracting Manual at its February 2013 Meeting and also request Board approval at that time.

Many of the comments from the November 1, 2012 Inspector General (IG) report involved procurement, and four comments had been related directly to the Authority's Contracting Manual.

Andy Rountree, Vice President and Chief Financial Officer, had provided an extensive overview of the four recommendations, including specific details and examples of each. The recommendations were:

- Provide Quarterly Acquisition Reports to the Board of Directors and Department of Transportation;
- Implement a Plan with Milestones to Revise Contracting Policies & Procedures to Reflect Federal and Other Best Practices;
- Clarify and Enforce Current Contracting Policies and Procedures; and
- Establish Policies and Procedures for Procurement Integrity.

Mr. Session reported that detailed information on the draft revisions could be found in the Summary Minutes of the December 12, 2012 Business Administration Committee Meeting. The Committee had agreed to move forward with a prompt public comment period for the Fourth Edition. The Chairman had informed the Committee that it was important to be totally committed and adhere to the timeline.

The IG had recommended that staff provide the Board and Department of Transportation (DOT) with a Quarterly Acquisition Report, which would include information on solicitations above $50,000: 1) a forecast of upcoming solicitations for the year; 2) disclosure of all contracts the Authority had issued in the past quarter; and 3) a list of all Authority employees with contracting officer approval under delegated authority. At the Meeting, staff had summarized the first quarter acquisition report: approximately 68 forecast solicitations are greater than $50,000; 6 solicitations may exceed $3 million and may require Board approval after the procurement process has been completed; and no solicitations less than $3 million had been identified that impact the traveling public. A complete Quarterly Acquisition Report would be provided to the Committee in February.

Staff had explained that the revised pre-solicitation terms for a food, fueling and convenience plaza at Dulles International included a 20-year lease instead of a 15-year lease, with an option to renew the lease for an additional five years after the initial term, and flexibility to modify the solicitation to consider future industry input providing the modifications would not cause significant impact on the financing of the deal or finances of the Airport. The Committee had concurred with these revisions.

Staff had stated that the existing three taxicab concession contracts, with a total fleet size of 720 taxicabs, would expire on January 31, 2013. Because of a slight decrease in passenger activity at Dulles International since the time the Request for Proposals (RFP) had been issued, revisions to the terms of the solicitation were needed in order to maintain a good service level at Dulles International. Staff had proposed: 1) maintain existing 720 taxicab fleet; maintain three taxicab contracts instead of four; and limit the number of leased vehicles to 25 percent of the assigned fleet. The President and Chief Executive Officer would extend the current contract on a month-to-month basis until the second RFP had been completed. The Committee had concurred with these revisions.

Mr. Session reported that he had asked Ms. McKeough to provide information on the structure of the taxicab systems at both Airports so that Directors would gain a better understanding. It would be included as part of the Executive Vice President's report later in the day's Meeting.

For information purposes, Mr. Session noted that the Airport retail group MarketPlace Development had officially taken over from Westfield Concession Management (Westfield) as concession manager at Reagan National and Dulles International. The contract was effective from January 1. The Authority had awarded the contract to Marketplace Development in September 2012 after an RFP had been issued in April 2012, but it had been subsequently challenged by Westfield, whose multiple appeals were dismissed last November. MarketPlace would be responsible for the marketing, leasing and management of the retail and food and beverage programs at both Airports. The company's ongoing airport retail development projects included the 178,000 square foot retail development at Philadelphia International Airport and the 59,000 square foot retail redevelopment of the Central Terminal Building at LaGuardia Airport. The company had also worked with other airports around the country, including San Francisco International Airport, Seattle-Tacoma International Airport, Chicago O'Hare International Airport and Detroit Metropolitan Airport. Mr. Session acknowledged the good work Steve Baker, Vice President of Business Administration, and his staff, particularly Kathleen

Verret, Revenue Development Manager, had performed on this recent transition. He reported that more details about MarketPlace, particularly its efforts in Terminal A, would be provided in the near future.

Mr. Session also reminded Directors that a Use and Lease Agreement Workshop would be held on Tuesday, February 19, at 4 p.m. in the Boardroom on the second floor. The Workshop had been scheduled for January 15, but it had been rescheduled to allow the new Federal Directors to participate. Mr. Session strongly encouraged all Directors to attend. He said that the details of the Use and Lease Agreement, which defines the relationship between the airlines and Airports, were extremely useful to understand.

b. <u>Dulles Corridor Committee</u> – Tom Davis, Chairman

Mr. Davis reported that the Dulles Corridor Committee had last met December 12, 2012. Pat Nowakowski, Executive Director of the Metrorail Project, had informed the Committee that all bids for Phase 2 of the Metrorail Project were expected in April 2013, and that the Board should receive them in May 2013.

For the record, Mr. Conner had disclosed at that meeting that a family member, by marriage, is a senior member of one of the shortlisted firms for the Phase 2 Project. Mr. Conner noted that although the Board would not have a direct decision-making role in the award of the contract, he had not spoken with the individual since the RFP had been issued.

For the monthly Phase 1 Metrorail Project Cost Summary, Mr. Nowakowski reported that Phase 1 expenditures had been $65.4 million in October 2012, bringing the total up to $2.219 billion, with the total project budget remaining at $2.905 billion.

The Committee heard the Dulles Corridor Enterprise November 2012 Financial Report. Mark Adams, Deputy Chief Financial Officer, had reported that Toll Road revenues year-to-date had been $93.7 million, an increase of 7.6 percent from the same period in 2011. The 92.1 million toll transactions for the period had been down 1.3 percent, and electronic payments had been up 3.8 percent. Toll Road expenditures of $22.1 million year-to-date had been down 2.8 percent from the prior year.

c. Executive and Governance Committee – Michael A. Curto, Chairman

Mr. Curto reported that the Executive and Governance Committee had met on December 12, 2012 and earlier in the day. At the December Meeting, Mr. Rountree had presented a revision to limit hotel reimbursements, as recommended in the IG Report. He explained that if an employee or Director traveled to a conference that offered a host hotel rate less expensive than the regular rate, the traveler should stay at the host hotel to take advantage of the group rate. If a host hotel had not been identified or was unavailable, lodging would be limited to the standard single occupancy rate or the equivalent at an economy or business class hotel. The revised language stated that luxury hotels or rentals would not be approved or reimbursed beyond the standard room rate at an economy or business class hotel in the same vicinity. Therefore, if a traveler chose to stay at a luxury hotel and pay the difference, he/she must document the standard rate in the geographical area and request reimbursement at that rate. The other revision stated that reimbursement for lodging is limited to business travel longer than 12 hours. The Committee had approved the revised Authority Travel Policy.

Phil Sunderland, Vice President and General Counsel, had presented an amendment proposed by the U.S. Secretary of Transportation (Secretary) to the Lease between the Authority and the United States. Since June 1987 when the Lease became effective, four amendments had occurred – the first had eliminated the Board of Review; the second had changed some definitions; the third, enacted in the late 1990s, had extended the Lease by 30 years (through 2067); and the fourth, which the Board approved last December, had addressed Authority policies and procedures in procurement and contracting, human resources, budget (relating to federal funds), travel, ethics, governance and transparency. The fourth amendment had also required the Authority to provide access (after reasonable notice) to the Secretary and his representatives to Authority records and personnel to enable the Secretary to review the Authority's adherence to adopted policies and had revised the Lease's definition of "Airport Purposes" to include any "business activity not inconsistent with the needs of aviation that has been approved by the Secretary."

Because the responses to several questions asked during the Meeting would implicate a legal opinion, the Committee went into executive session to consider existing or prospective contracts, business or legal relationships to protect proprietary or confidential information of the Authority. The Committee thereupon approved the lease amendment, with one Member in opposition. While the Board was committed to ensuring that it made the necessary changes to Authority policies and procedures, it was hopeful and confident that the changes resulting from the proposed lease amendment would be rendered unnecessary as time progressed, and that at a point in time, there would be a sunset on the amendment.

Also at the December Meeting, Mr. Potter had introduced a dashboard to track the progress of the DOT IG recommendations and sub-recommendations. Mr. Potter would continue to provide updates on the status of each IG recommendation at monthly meetings.

At the day's Meeting, staff had addressed a sunset provision to the recently-adopted lease amendment. Under the provision, toward the end of 2018, the parties will engage in good faith discussions that address (i) whether paragraph 11.K should terminate at the end of 2018 or continue in effect, and (ii) if the latter, whether the paragraph should nonetheless sunset on a specified date in the future. Later in the Meeting, Mr. Curto said he would offer a resolution to authorize him to execute the lease amendment that the Board approved at its December 12, 2012 Meeting, with the addition of the "sunset" provision.

The IG Report had recommended that the Authority define more specifically the audit-related matters that could be considered by the Board and the Audit – Legal Committee in executive session. In November 2012, the Board had adopted Resolution No. 12-30, which defined the audit-related matters that may be discussed in executive session. At an earlier Committee Meeting that day, staff had presented an amendment to Article IX, Section 3 of the Airports Authority Bylaws, which addresses executive sessions of the Board and its committees, in order to incorporate the provisions of that resolution. Mr. Curto reported that under the proposed amendment, subsection (g) of Section 3 would allow discussion of audits and audit reports in executive session only when needed to address the following:

- Discussion of the following matters and information presented in or by audits or audit reports: matters involving airport security and information security; personally identifiable information or sensitive information in personnel actions and procurement matters, including vendor proprietary information and employee names, unique titles, or recommendations to discipline or terminate employees; matters related to actual or potential litigation involving the Airports Authority that may invoke the attorney-client privilege; and matters that the professional standards, applicable to financial statement auditors and the Vice President of Audit, when conducting a financial statement audit, require to be discussed in executive session.

Mr. Curto reported that the Committee had approved the amendment to the Bylaws, and that he would offer a motion later in the Meeting for full Board approval.

d. <u>Finance Committee</u> – Frank M. Conner, Chairman

Mr. Conner reported that Finance Committee had last met December 12, 2012; there had been no action items. For the benefit of the new Directors, Mr. Conner noted that the Financial Advisors for the Dulles Corridor Enterprise had reviewed the execution of the Full Funding Grant Agreement (FFGA) with Bank of America. He stated that the FFGA would monetize the future payments that the Authority would receive for funding for Phase 1 of the Dulles Metrorail Project. Mr. Conner said that the FFGA would allow the Authority to complete the construction of Phase 1 without having to enter the bond market for a great portion of 2013.

Mr. Conner noted that the three metrics staff used in connection with the Dulles Corridor Enterprise monthly financial report were number of enplanements, cost per enplanement, and debt service coverage ratio. For November 2012, Mr. Conner reported that the debt service coverage ratio had decreased to 1.33, compared to 1.35 in October 2012. He said that the decrease did not warrant great concern, but that more discussion would occur in the near future.

e. Special Joint Finance and Dulles Corridor Committee – Frank M. Conner and Tom Davis, Co-Chairmen

Mr. Conner reported that the Joint Finance and Dulles Corridor Committees had had a Special Meeting earlier that day. The Committee had approved a recommendation relative to the Funding Agreement with the Commonwealth of Virginia. Mr. Conner said that he would offer a resolution later in the day's Meeting.

f. Strategic Planning and Development Committee – Lynn Chapman, Chairman

Mr. Chapman reported that former Committee Chairman H.R. Crawford had chaired his last meeting on December 12, 2012, and he had reflected upon his many years of distinguished public service as an Authority Board Member, Assistant Secretary of the U.S. Department of Housing and Urban Development, DC City Councilmember and community activist.

At that Meeting, Mr. Crawford had commended Chris Browne, Vice President and Airport Manager, on the Airport's clean restrooms and concession areas. Mr. Browne had addressed Mr. Crawford's concerns about the lengthy distance from the AeroTrain to Gate C.

Staff had made an extensive presentation about activities, opportunities and challenges at Dulles International. A team comprised of the President and CEO, Executive Vice President and COO, and several Vice Presidents had updated the Committee on Aviation Business; Airlines Rates & Charges; Customer Experience; Capital Program Planning; Air Service Development; and Business Opportunities. A complete report about the Update had been included in the Summary Minutes of the December 12 Committee Meeting.

The 2013 Annual Air Service Plan and Air Service Development Information Report had not been reviewed at the Meeting. Directors had been told to contact Mark Treadaway, Vice President of Air Service Planning and Development if they had any questions.

III. INFORMATION ITEMS

a. President's Report

On behalf of all the employees at the Authority, Mr. Potter also welcomed the new Board Members. He said he looked forward to meeting with them later in the day and to working with them.

Mr. Potter said that he was also grateful that Secretary LaHood had visited the Authority. He thanked the Secretary for his strong support and leadership in assuring that rail to Dulles becomes a reality.

He also acknowledged Ms. Moore for her many contributions to the Authority, in particular her efforts guiding changes made to its ethics, travel, Freedom of Information policy and pending purchasing policies. Mr. Potter said that the Authority is a much stronger organization thanks to Ms. Moore's assistance and insights. He wished her all the best and said that the Authority looked forward to working with Ms. Deavers.

As requested by several Board Members, the Authority is also moving ahead as quickly as possible to fill several critical Authority vacancies. Mr. Potter reported that over 300 applications had been received for the Vice President of Human Resources position, which served as a good indicator that the Authority is regarded as a great place to work. The internal process would be completed as soon as possible.

The Authority is also moving forward in its effort to hire a Vice President for Information Technology. To aid in the recruiting efforts for this position, JDG Associates, Ltd., an executive search firm based in the metropolitan area, had been retained through an open competitive process. Mr. Potter said that the Authority was pleased to have the firm's assistance in helping to identify the best candidates for this key position. He recognized several representatives from JDG Associates, Ltd. who were in attendance at the day's Meeting.

Mr. Potter reported that 2013 would be a very active legislative year. The Commonwealth had recently opened its January/February legislative sessions the prior week. Through an open competitive bidding process, the Authority had retained the firm of Williams Mullen to work with Michael Cooper, Manager, State and Local Government Affairs, who represents the Authority's interests in Richmond. Williams Mullen, a well-known firm in Richmond, would be an asset to the Authority as it seeks additional funding from the Commonwealth for Phase 2 of the Silver Line project.

Mr. Potter stated that he had made a presentation to the full Northern Virginia delegation at a meeting in Richmond the prior Monday, which was also attended by Virginia Secretary of Transportation Sean Connaughton. He noted that the Authority's message is being heard regarding the importance of additional state funding to mitigate future toll increases; Governor McDonnell's transportation proposal includes $300 million for the Silver Line. Mr. Potter said that he had thanked the McDonnell administration for its support and had encouraged all to make funding for Phase 2 a reality. In regard to government relations, the Authority is also in the process of securing support for its government relations group in the District of Columbia and on Capitol Hill. Mr. Potter explained that the Authority had first retained a firm to assist with issues in Virginia because of the time constraints associated with its legislative session. A similar competitive process used to secure the services of Williams Mullen would also be used for the District and the Hill.

As he had stated earlier, Mr. Potter said that the Authority's goal is to minimize future increases in toll rates. Toward that goal, the day's agenda included finalizing an agreement for $150 million in funding assistance from the Commonwealth of Virginia. A great deal of hard work and good-faith negotiations had occurred to reach an agreement that would be presented to the Board later in the day's Meeting. Mr. Potter thanked the Commonwealth team, including Phil DeLeon of the Virginia Department of Rail and Public Transportation who was present at the day's Meeting, as well as Mr. Rountree and Mr. Sunderland for their hard work regarding the agreement.

Mr. Potter said that the Authority had joined with its Dulles Rail funding partners, Loudoun and Fairfax Counties, in submitting a Letter of Interest (LOI) under the federal Transportation Infrastructure Finance and Innovation Act (TIFIA) program for a loan for Phase 2 of the rail construction. The Authority's LOI had been accepted and Mr. Potter noted that staff is preparing to complete the formal application.

He also noted that the contractors responsible for Phase 1 of the rail project are currently on schedule for substantial completion by the end of August. Upon completion of Phase 1, the Washington Metropolitan Area Transit Authority would begin a period of testing and readiness review prior to beginning revenue service. Regarding construction progress for Phase 1, Mr. Potter reported that contractors had continued to move toward completion of rail to Wiehle Avenue. For Phase 2 of the rail project, the Authority is on schedule to receive pricing proposals from the five construction firm finalists in April, and a final contract award is anticipated in May.

Mr. Potter reported that later in the day the Board would also consider approval of amendments to the Airports' Federal Lease. Mr. Potter acknowledged Mr. Sunderland and Kevin Chapman, the Authority's liaison to the Secretary of Transportation, and Ms. Moore, former Federal Accountability Officer, who had worked on the lease amendment. He noted a healthy discussion regarding the lease amendment had occurred prior to the Board approval of the lease amendment at its December 2012 Meeting. Another lease amendment, which Mr. Potter believed the Board would support, would be considered later in the Meeting. The day's action would finalize the changes, which the Board had previously approved, and provide new flexibility for the use and development of airport land. Mr. Potter noted that the Board had already approved new policies in many of the areas outlined in the Lease, including travel, ethics, governance and transparency.

He stated that it is gratifying that a number of leaders, including Secretary LaHood, had acknowledged the Authority's work to address the issues and concerns noted in the IG's report. Mr. Potter said that he would use the dashboard report to continue to update the Board at each Meeting. He then reported that all Authority employees had received training under the Authority's new ethics policy. Additionally, all employees had provided information on any relatives who also worked at the Authority. Staff is currently evaluating the employees' information to ensure it is complete and accurate and that the Authority is in full compliance with the nepotism provisions of its Code of Ethics. To date, one minor issue had been identified -- two trade employees, who are related, occasionally worked together. While one of them is a group leader, he has never completed an employee performance evaluation for his relative.

The day's agenda also included a recommendation to amend the Authority's Bylaws to more clearly define the matters that the Audit – Legal Committee may consider in executive session, which would complete action on another recommendation made in the IG report.

Mr. Potter reported that staff is nearing completion of its work to revise the Authority Contracting Manual. In terms of complying with IG recommendations, the revised Contracting Manual is critical to the completion of several outstanding items. Mr. Potter thanked the Board for its review of the revised Manual, which would be presented for approval in the near future. As Mr. Session had reported earlier, staff would present the revised Manual to the Business Administration Committee in February.

Completing work on the Contracting Manual and purchasing procedures would close out a number of tasks the Authority is undertaking in response to the IG's recommendations. Mr. Potter said that he believed the Authority is working toward addressing all the IG's recommendations. He then acknowledged everyone's hard work in this effort, and he thanked the Board for its guidance and support.

With regards to airport operations, as Mr. Session had reported, the new fee concession manager, MarketPlace Development of Newton, Massachusetts, which is working closely with the Business Administration staff, successfully completed the turnover of 137 concession leases from Westfield to MarketPlace on January 1. Mr. Potter said the Authority looked forward to MarketPlace generating additional revenue and providing assistance with customer satisfaction from airport concessions.

As expected, the holiday travel season had been a very busy one. Mr. Potter said that Authority staff was now preparing for the inaugural activities. Paul Malandrino, Vice President and Airport Manager, reported that the Transportation Security Administration (TSA) and the airlines had made great efforts during the recent holiday travel period. At Reagan National, passenger travel had increased 7 percent during December 16, 2012 through January 1, compared to the same timeframe the prior year. Despite the increase, a maximum wait time of 25 minutes had occurred a couple times through the terminals. With respect to landside passenger traffic, Mr. Malandrino reported that parking had increased 6 percent; taxi dispatch had increased 18.2 percent; and shared ride transportation had increased 54 percent during the recent holiday travel period, compared to last year.

Chris Browne, Vice President and Airport Manager, reported that the recent holiday travel period had been comparable to the prior year. At Dulles International, approximately 358,000 passengers had been screened December 16, 2012 through January 1, which represented a slight decrease when compared to the prior year. Mr. Browne reported that the average wait time for passenger screening had been the best thus far during his tenure. He noted that one 40-minute wait had occurred on December 31, 2012, which had been quickly handled by TSA. Regarding passenger traffic comparison, a 20-percent increase had occurred with the shared van service. Mr. Browne stated that no significant concerns had occurred.

Steve Holl, Chief of Police, noted that the official inauguration would occur on January 20 in a private ceremony. The public inauguration ceremony and parade would be held on January 21. Chief Holl reported that the Authority Police and Fire Departments would provide mutual aid to the District of Columbia, such as, providing support to Metro stations and assisting with emergency medical personnel functions.

The Emergency Operation Center would be staffed with Police and Fire Department personnel, as well as TSA employees, to handle any emergencies. An Authority police lieutenant would be stationed at the Multi-Agency Coordination Center managed by the U.S. Secret Service. Chief Holl reported that Airport Operations, the Police Department and TSA would be prepared for the large amount of passengers expected.

Mr. Malandrino stated that about 20 general aviation aircraft was expected at Reagan National for the 57th Presidential Inauguration. The main focus at the Airport would be passenger flow. He reported that in

2009, about 39,000 passengers had been screened at security checkpoints. Passengers had also arrived at the Airport 10 hours before scheduled departures, which had resulted in a negative impact at airline ticket counters, especially US Airways. Mr. Malandrino noted that 30,000 passengers were expected this year, but that steps were being taken to avoid an outcome similar to the one that had occurred in 2009. Student ambassadors and Travelers Aid volunteers would focus on arriving passengers on January 18 and departing passengers on January 22, which is expected to be the busiest travel day. Mr. Malandrino said that an effort is underway to encourage hotels to be more flexible with their check-out times and that US Airways is encouraging its passengers to arrive no earlier than four hours before scheduled departures. He also reported that TSA would open its screening checkpoints at 4:00 a.m. and would have an additional 35 screeners from different airports stationed throughout the Reagan National terminals on January 22. Mr. Malandrino said that 100 cases of bottled water, granola bars, pillows and blankets would be available to distribute to passengers whose flights were delayed. Extra efforts were also being used to help manage the queue lines at the ticket counters for departing passengers. Additional wheelchairs and extra staff, including airline employees, custodial staff, taxi dispatch management and parking staff, would also be available.

Mr. Browne reported that a considerable increase in general aviation was expected at Dulles International for the 57th Presidential Inauguration. He noted that there had been over 700 arrivals for the President's first inauguration four years ago. Since there would be more activity than normal, Mr. Browne reported that other areas of the airfield would be closed to accommodate aircraft parking. For this year's inauguration, about 300 general aviation flights are expected. He noted that the Federal Aviation Administration would impose a Temporary Flight Restriction to accommodate the level of general activity in the region, but that scheduled air carriers could continue to operate, causing no adverse impact.

Mr. Davis asked about the different criteria for general aviation at Reagan National and Dulles International. Mr. Malandrino said that TSA had stopped general aviation activity shortly after the events of September 2001. In October 2005, general aviation activity had been permitted to return at Reagan National, with certain restrictions. In March 2011, TSA had loosened the restrictions, but the general aviation activity had never returned to pre-2001 levels.

Mr. Browne reported that there were no restrictions regarding general aviation activity at Dulles International; it was permitted 365 days per year, 24 hours per day. He noted that reservations were not required, but they were encouraged.

Ms. Hall noted that there appeared to be an increase in attempts to smuggle drugs into Airports during the holiday season and asked if a trend existed. Mr. Browne said that the activity was monitored by the Customs and Border Protection (CBP), but he believed that it was likely a normal amount. He would look into the issue and report back at a later time. Chief Holl noted that when small amounts of drugs are involved, CBP sometimes turned over the passenger to the Authority for prosecution.

Mr. Conner asked what services are provided to passengers forced to stay overnight at the Airports due to normal circumstances. Mr. Malandrino said that pillows and blankets are always stocked for distribution when passengers were forced to stay overnight.

Mr. Session asked when RFPs would be issued for Government Relations services for the District of Columbia and Capitol Hill. Mr. Potter responded that the RFP for the District would be distributed within the next week or so, but that more time is needed for the RFP for Capitol Hill in order to clearly define what is expected.

b. Executive Vice President's Report

With regard to the taxicabs, Ms. McKeough reported that the Authority regulates service at both Airports, similar to the process used by governments throughout the region. She said that taxicab service in the region is generally complex due to the many regulatory agencies. The Authority regulations address taxicab services differently at each Airport, respective of its operating environment and surrounding jurisdictions, which have unique regulatory requirements. At Reagan National, the Authority operates a relatively open system, which permits any taxicab operator, who is currently licensed through one of the other regulatory jurisdictions, to operate at the Airport, providing they apply for an Airport permit. Presently, there are approximately 2,000 taxicab operators providing service at Reagan National. Ms. McKeough noted that the Authority operated the dispatch system that monitored taxicab assignments. She explained that licensed operators are dispatched in accordance to the passengers' destinations. Passengers arriving at Reagan National and Dulles International may select their desired taxicab operator by scheduling pre-arranged reservations.

At Dulles International, the Authority operates a system using a competitive procurement process to select its contractors. Presently, three contractors operate under the Washington Flyer brand. The Authority regulates the number of drivers, currently at 720. The contractors retain the drivers, many of which are independent operators, and guarantee that taxicab services will be provided to the Airport for the timeframe needed. Ms. McKeough noted that a different structure is needed at Dulles International due to the smaller supply of regulated cabs in the immediate geographic area and the Airport's needs; taxicab services are often needed late at night and early in the morning.

Mr. Session thanked staff for the information provided in response to his inquiry about the pro forma statement. He inquired about the difference between taxicab operators who leased and owned their vehicles. Based upon knowledge of the number of independent operators within the current fleet of the existing contracts and experience with the system at Dulles International, Ms. McKeough stated that the current RFP for taxicab services had limited the number of taxicabs that the contractor could obligate drivers to lease. She noted that the potential for individual financial return was somewhat different from operators who owned the taxicabs compared to drivers who leased them. Mr. Session referred to the distributed information and noted a substantial financial return of approximately $11,000 annually between owner operators and those who leased the taxicabs. Ms. McKeough confirmed that the pro forma statement provided had been compiled on a hypothetical basis, considering staff's knowledge and experience.

Mr. Davis noted that he had recently experienced a 45-minute wait at LaGuardia Airport and inquired whether similar instances occurred at either Reagan National or Dulles International. Ms. McKeough said that extensive wait times could occur on rare occasions, particularly during weather-related events. On those occasions, the benefit of having the existing operating structure at Dulles International was important. As she had reported earlier, taxicab operators are contractually obligated to provide service continually. Mr. Potter noted the importance of taxicab drivers' satisfaction. He explained that if the wrong pro forma was used to determine the number of operator-owned taxicabs, it could result in labor issues. Mr. Potter noted that a similar issue, which had caused a disruption in service to passengers, had occurred in the past.

Ms. McKeough reported on November 2012 activity levels. Throughout the industry, there had been an increase in aviation activity of 1 percent. For combined activity at Reagan National and Dulles International, the increase had been 1.4 percent compared to November 2011, which had been attributed mostly to an increase in activity at Reagan National. Once again, November 2012 had been a record month at Reagan National; passenger activity at Reagan National had increased approximately 8 percent compared to the prior year. At Dulles International, Ms. McKeough reported that total passenger activity had declined 4.4 percent; international services had increased almost 3 percent. Staff was continuing to forecast a new record of 4 percent growth at Reagan National for 2012, compared to the prior year. A slight decline of 2 percent was expected for the year at Dulles International. Overall, November 2012 cargo activity had declined about 9 percent from the prior year, which had resulted from a decrease in domestic and international cargo service.

Mr. Carter asked if there were a significant amount of contracts that required extensions resulting from the delays of RFPs being issued. Ms. McKeough said that RFPs had to be issued at least seven months prior to the contract expiration and that ensuring the timely renewal of procurements presented a challenge. Staff had identified a need to be more diligent, and a renewed focus had been dedicated to the process. Mr. Carter requested that staff present specific information on the number of contracts impacted at the next Board Meeting.

IV. NEW BUSINESS

a. Approving a Funding Agreement between the Commonwealth of Virginia and the Metropolitan Washington Airports Authority Providing for a Grant of $150,000,000 for the Dulles Corridor Metrorail Project

Mr. Conner moved the following resolution, which was unanimously adopted:

WHEREAS, in late 2011, a Memorandum of Agreement (MOA) relating to the Dulles Corridor Metrorail Project (Project) was executed by Fairfax and Loudoun Counties, the Commonwealth of Virginia, the Washington Metropolitan Area Transit Authority, the United States Department of Transportation, and the Airports Authority;

WHEREAS, the MOA defined a series of measures to reduce the cost of Phase 2 of the Project, as well as new sources of funding for the Project;

WHEREAS, one new funding source consisted of a commitment by the Commonwealth of Virginia to provide a grant of $150,000,000 to the Project, contingent upon the Airports Authority and the Commonwealth executing a funding agreement that would govern the grant;

WHEREAS, discussions related to this funding agreement between staff from the Airports Authority and the Commonwealth have taken place, and a final proposed agreement has been reached, subject to internal Airports Authority and Commonwealth approvals;

WHEREAS, those internal Commonwealth approvals of the proposed funding agreement have been given; and

WHEREAS, the proposed funding agreement was presented to the Finance and Dulles Corridor Committees at their joint meeting in January 2013, and the Committees recommended its approval to the Board of Directors; now, therefore, be it

RESOLVED, that the funding agreement, as presented to the Finance and Dulles Corridor Committees at the special joint January 2013 meeting, is approved, and the President and Chief Executive Officer is authorized to execute the agreement on behalf of the Airports Authority.

The final resolution filed in the Board of Directors Office includes a copy of the staff recommendation paper.

b. Approving Amendment Number 4 to the Lease Agreement Between the United States of America and the Metropolitan Washington Airports Authority, and Rescinding Resolution 12-38

Mr. Curto moved the following resolution, which was adopted, with one abstention from Mr. Session:

WHEREAS, the Airports Authority leases the land at Washington Dulles International and Ronald Reagan Washington National Airports from the United States pursuant to a lease agreement executed by the parties in 1987 (Lease);

WHEREAS, the Lease was executed on behalf of the United States by the U.S. Secretary of Transportation (Secretary), pursuant to the Metropolitan Washington Airports Act of 1986 in which Congress agreed to lease the two federally-owned airports to the Airports Authority and authorized the Secretary to negotiate and execute the Lease;

WHEREAS, since 1987 the Lease has been amended on three occasions;

WHEREAS, the Secretary has proposed a fourth amendment to the Lease which calls for the Airports Authority to establish policies and procedures in a number of identified areas, and to do so in consultation with and with the concurrence of the Secretary or his designee;

WHEREAS, the amendment also calls for the Airports Authority, upon the receipt of reasonable notice, to provide access to the Secretary and his representatives to personnel and records of the Airports Authority;

WHEREAS, the amendment amends the Lease's definition of "Airport Purposes" to implement an amendment of that same term enacted by Congress as part of the 2012 FAA Reauthorization Act;

WHEREAS, at its December 2012 meeting, the Executive and Governance Committee considered the Secretary's proposed amendment and recommended its approval to the Board of Directors;

WHEREAS, at its December 2012 meeting, the Board adopted Resolution 12-38 approving the Secretary's proposed Lease amendment;

WHEREAS, following the December 2012 meeting, a revision to the approved amendment has been proposed which provides for the Airports Authority and Secretary, in the latter part of 2018, to address the "sunsetting" of Lease paragraph 11.K (Paragraph 11.K Revision), a paragraph which is added to the Lease by the Secretary's proposed amendment; and

WHEREAS, the Executive and Governance Committee has considered the Paragraph 11.K Revision, has recommended its approval to the Board of Directors, and has further recommended that the Board rescind Resolution 12-38 and adopt a new resolution approving the Secretary's proposed Lease amendment, as revised by the addition of the Paragraph 11.K Revision, which is attached hereto; now, therefore, be it

RESOLVED, that the amendment to the Lease proposed by the Secretary, as revised by the addition of the Paragraph 11.K Revision, is approved, and the Chairman of the Board is authorized to execute the amendment, as revised, on behalf of the Airports Authority.

The final resolution filed in the Board of Directors Office includes a copy of the staff recommendation paper.

c. Recommendation to Amend the Authority Bylaws

Mr. Curto offered a motion to amend the Authority Bylaws to address the executive sessions of the Board and its committees, which was unanimously approved.

V. UNFINISHED BUSINESS

There was not any unfinished business.

VI. OTHER BUSINESS & ADJOURNMENT

The Meeting was thereupon adjourned at 9:50 a.m.

Respectfully submitted:

Quince T. Brinkley, Jr.
Vice President and Secretary