SUMMARY MINUTES
AUDIT – LEGAL COMMITTEE
MEETING OF SEPTEMBER 19, 2012

Ms. Hall chaired the Audit – Legal Committee Meeting on September 19, 2012. In executive session, Valerie Holt, Vice President of Audit, presented the results of several audits on internal matters. Andy Rountree, Vice President and Chief Financial Officer, presented an update on the status of the remediation plan regarding the recommendations of financial statement auditors. Ms. Holt also briefly summarized the results of several reviews of revenue producing activities and business functions.

In public session, Ms. Holt presented a recommendation to award a contract to PricewaterhouseCoopers, the incumbent, to audit the Authority's annual financial statements. The firm had ranked first in staff qualifications; firm qualifications; and audit approach. The contract would be for calendar years 2012, 2013 and 2014, with two one-year extension options.

The Committee accepted the recommendation.

[NOTE: This is not listed under Committee Reports on the agenda for the October 17 Board Meeting; a report was provided at the September 19 Board Meeting.]

SUMMARY MINUTES
BUSINESS ADMINISTRATION COMMITTEE
MEETING OF SEPTEMBER 19, 2012

Mr. Session chaired the Business Administration Committee Meeting held on September 19, 2012, calling it to order at 12:37 p.m.

He announced the presence of a quorum, with the following members of the Committee in attendance, in addition to himself: Mr. Brown, Mr. Carter, Mr. Conner, Ms. Hall, Mr. Martire and Mr. Curto, *ex officio*. Mr. Davis and Mr. Stottlemyer were also present.

Small Business Contracting Summary, as of July 31, 2012

Steve Baker, Vice President for Business Administration, said the Committee had asked for a report on small business contracting. The Enterprise Resource Program system was still being adapted to report and analyze small business participation by expenditure; in the meantime, the staff had manually prepared a report through July 31 that analyzed the 15 largest construction contracts, the 15 largest goods and services contracts and the 3 Dulles Corridor Metrorail contracts.

For the non-federal construction contracts among the top 15, the total awards had been for $123 million, with $33.7 million in Local Disadvantaged Business Enterprise (DBE) awards, 27 percent of the total. Actual LDBE payments of $8.2 million were only 7 percent of the total, but overall only $21.9 million, 18 percent of the total, had been paid out so far.

For construction contracts with a DBE requirement, $7 million had been awarded, 27 percent of which, $1.9 million, had gone to DBE firms. Actual DBE payments of $1 million had been 14 percent of the total awarded; $5 million had been paid overall, or 68 percent of the total awarded.

In goods and services, a total of $84 million had been awarded, including LDBE contracts for $43.6 million, over half the total. Actual payments had been $26 million, 31 percent of the total, including $10.9 million in LDBE payments, which constituted 13 percent of the total.

On the rail project, the aggregate total award amount had been $2.1 billion; the DBE award amount $292.4 million, or 13 percent of the total. Aggregate payments had been $1.7 billion, 79 percent of the total awards, and DBE payments had been 201.5 million, 9 percent of the total.

Mr. Baker pointed out that the rail figures might not match the Rail Office reports made to the Dulles Corridor Committee, as there was some lag time before the data reached the Business Administration Office. He also reiterated that the 9 percent DBE payment was 9 percent of the total contracts awarded. Since the DBE percentage goal had been based on the $900 million, the DBE contract awards actually exceeded the original 13.25 percent goal.

Mr. Carter said he understood that the experience on Phase 1 had indicated that the 25 percent DBE goal for Phase 2 was an achievable figure. Mr. Baker agreed.

Mr. Session asked what improvements the ERP system would bring. Mr. Baker said that once the data was in the system, information on all contracts could be sorted into reports, including contract award by jurisdiction and actual payments. A full year report would be available in January 2013 and presented to the Committee in February 2013.

Mr. Carter said that he would like to see the actual subcontracts. Mr. Baker said they could be provided.

Option Year Contracts Requiring Committee Review, January through June 2012

Mark Adams, Deputy Chief Financial Officer, said the Committee had requested a briefing on Board-approved contracts with extension options before such options were executed. The extension decisions were made on the basis of continual monitoring of the contractors for compliance with statements of work, quality of work and cooperation with Authority staff. Based on these considerations, the staff proposed to extend all but one of the contracts with option dates in the first two quarters of 2013.

He then listed the eight contracts that would be extended: Shuttle Bus Service at both Airports with Standard Parking (2 contracts); Glycol Recovery at both Airports with Inland Technologies International (2 contracts); Dulles Baggage Handling System Operation and Maintenance with John Bean Technologies; Dulles Elevator, Escalator and Moving Walkway Maintenance with Schindler; Dulles Unarmed Security Guard

Service with Master Security LLC; and Dulles Refuse and Recycling Services with Con-Serv Industries, Inc.

One contract, Reagan National Custodial Services with Motir Services, would not be extended. Passenger growth and resultant changes to the scope of services warranted a new solicitation. Motir had performed well, and had agreed with the Authority decision not to exercise the third and final extension option.

Mr. Session asked what standard was used in deciding whether to extend a contract. Richard Myrah of the procurement office said that there was no fixed decision point; the contracts were constantly monitored. There were progress meetings, and periodic reports from the Airport staff on performance. Thus problems would be identified before an option came up. The standards were those mentioned before, contractor performance and compliance with the statement of work, quality of the work, and cooperation with the staff.

Mr. Session asked if a change in the marketplace with respect to pricing would change any contract terms. Mr. Myrah said the option years were priced at the beginning of the contract and were not renegotiated. Margaret McKeough said that whenever the operating environment changed so the scope of the contract was no longer aligned with the Authority needs, the contract would not be extended.

Mr. Carter asked if there were ever adjustments to prices; Mr. Adams said some contracts had escalation clauses, but most were fixed bid for the base term and extensions.

Mr. Martire asked whether the Motir contract had been extended before. Ms. McKeough said that it had. Mr. Potter said that the increasing number of passengers had changed the scope of the contract. Mr. Carter asked if the extension options were at the sole discretion of the Authority; Mr. Adams confirmed that they were.

2012 Workforce Profile

Ms. McKeough noted that Arl Williams, Vice President for Human Resources, could not be there that day. Julius Evans, Judith Devastey, Warren Reisig and Deborah Lockhart from his staff were present. Mr. Baker said each year the staff prepared a profile of the workforce to compare to the workforces of other agencies within the Washington Metropolitan Statistical Area (WMSA). This was followed with a report to the Board on the Authority's achievements and challenges in closing the gap between its record and the regional averages.

Mr. Evans said the data included race, ethnicity and gender, and explained a series of slides depicting the data. The first slide showed the breakdown by race of the 1400-employee Authority workforce, as of December 2011: 66.5 percent White, 24.4 percent Black, 5.5 percent Asian, 3.2 percent Hispanic and almost half a percent "other".

The next slides compared the racial makeup of the Authority to the WMSA civilian workforce and showed trends at the Authority for the past five years.

As to gender, the Authority was 78.2 percent male; the WMSA workforce was 51.5 percent male. Over the past five years, the gender balance at the Authority had not changed significantly.

The workforce profile was kept by job groups, where representation was measured against the number of qualified women or minorities available for each group. Underrepresentation was measured by the "80 percent" rule: a job group with less than 80 percent of the estimated availability of women or minorities was deemed underrepresented. Following slides showed job groups that were balanced, and a list of job groups that had been improved by hiring and promotion. The next showed the distribution of race by hiring and promotion opportunities in 2011. Another set showed separation by race and gender.

Mr. Carter asked about the fire and police departments. He said he had understood when he had joined the Board that there were many ready to retire. Mr. Potter said that was the case, and noted that the Authority hired replacements who were already trained, often well into a career. Mr. Carter said he thought the aging uniformed services were a problem. Mr. Potter said they were more of an opportunity. Ms. McKeough noted that police and fire retired at 55, rather than at 60, the standard for other employees.

Mr. Reisig and Ms. Lockhart addressed the recruitment program. Ms. Lockhart said the staff was using social media as a primary focal point. The traditional devices of job fairs and making the Authority's presence visible were continued. The apprenticeship program was an important device for bringing minorities and women into the skilled trades. There was advertising in diverse media, on-line, and some print, local and national. There was also increasing use of internet sites, such as LinkedIn, as well as more specialized sites. Staff was attending job fairs in the area, and looked to the military for police and fire recruits.

Mr. Carter asked if the staff collected applications. Ms. Lockhart said the recruitment was based on particular job openings. Candidates were led to the Authority website, where applications could be made.

Mr. Stottlemyer asked if the staff was aggressive in recruiting from the armed services. Ms. Lockhart said it was; for example, Andrews Air Force Base had an office for retiring military, which the staff worked with. Mr. Stottlemyer asked about disabled veterans. Mr. Carter advised him that shortly before he had joined the Board, a spokesman from the Hard Hats program, which specialized in placing veterans and disabled veterans, had addressed the Board. Ms. McKeough added that there was a resolution emphasizing best efforts in hiring veterans.

Ms. Hall asked if it was possible to set goals for positions in job groups that were underrepresented. Ms. Lockhart said they did use the data from the workforce study in recruiting. One of the issues was how to reach the areas of underrepresentation. Mr. Potter said the object was to assure there were actual candidates, not just an effort to meet quotas.

Pre-Solicitation Terms for a Food, Fueling and Convenience Plaza at Dulles

Mr. Baker said the plan was to solicit for a food, fueling and convenience plaza on Rudder Road at Dulles International. The existing fueling station was already exceeding its capacity and additional services were needed. It was generating over $1 million annually. A new plaza would generate at least that much. The fee structure for the solicitation would be a ground lease and a minimum annual guarantee for the services. It would be located on 2.5 acres on part of a larger site at the intersection of Rudder Road and Auto Pilot Drive that had been identified for a future hotel.

The Airport Concessions Disadvantaged Business Enterprise goal for the solicitation would be 15 percent of gross sales. The evaluation criteria would be the financial offer (minimum annual guarantee); the development and implementation plan; property management and operation; and background, experience and financial capability.

Mr. Session asked about DBE participation in the construction of the facility. Mr. Baker said the staff would be recommending a 20 percent DBE role. After the selection panel had reached agreement, the proposal would come to the Committee and Board for approval.

The Committee unanimously agreed to the proposed solicitation terms.

Pre-Solicitation Terms for Comprehensive Custodial Services at Reagan National

Paul Malandrino, Vice President and Airport Manager, explained that growth and changing scope requirements had provided optimum conditions for soliciting the custodial contract; the third and final option year would not be exercised. The new contract would be for a two-year base period and three one-year extension options, and would include a 100 percent LDBE requirement. Offers would be evaluated on price, past performance, project understanding, quality control and management plan.

Mr. Martire asked if the contract was subject to the Authority's "living wage" policy, and if so, what was the rate; Mr. Malandrino said that it was, and the rate was $13.39. Mr. Brown asked how often the rate was increased. Ms. McKeough said the rates were adjusted annually, and were applied to a particular contract when it was first awarded. Mr. Carter asked if health insurance were required; Ms. McKeough said it was not, but that the contractors had provided it in the past. Mr. Potter noted that federal law would address health insurance in 2014. Mr. Brown said there were many good reasons for outsourcing, but they should not be used to avoid giving the contract employees the same benefits the Authority gave its own employees. Mr. Martire suggested using a "best value" procedure, giving points in the solicitation for benefits. Ms. McKeough said the policy being applied had been set by the Board; if it were to change, the Board should undertake to change it.

Mr. Curto said the Board should be familiarized with the current policy, along with other issues in the Contracting Manual, at a future meeting.

The Committee unanimously concurred in the solicitation report.

Pre-Solicitation Report on the Rental Car Invitation for Bids at Dulles International

Chris Browne, Vice President and Airport Manager, said that the Airport had seven rental car facilities, six of which were currently occupied by major rental car concessionaires whose contracts would expire June 30, 2013. One facility was vacant; an invitation for bids issued earlier in 2012 had not generated sufficient interest.

The solicitation would be for a term of five years, commencing July 1, 2013. Annual rent to the Authority would be the greater of the minimum annual guarantee offered or ten percent of the gross receipts. During the last solicitation, in 2008, the winning companies had bid a total of $79,969,841 for the five years.

The bidders would be required to bid a minimum annual guarantee of at least $750,000 for each of the five years. Board approval would be required for the final results.

The Committee unanimously concurred in the proposed invitation for bid.

The meeting was thereupon adjourned at 1:25 p.m.

SUMMARY MINUTES
DULLES CORRIDOR COMMITTEE
MEETING OF SEPTEMBER 19, 2012

Mr. Davis chaired the September 19 Dulles Corridor Committee Meeting, calling it to order at 12:00 noon. Mr. Brown, Mr. Conner, Ms. Hall, Mr. Martire, Mr. O'Reilly, Mr. Session, Mr. Stottlemyer and Mr. Curto, *ex officio*, were present. Mr. Carter and Mr. Cobey, who were not members of the Committee, were also present.

Dulles Corridor Metrorail Project, Phase 1, June - July Cost Summary and Project Update. Pat Nowakowski, Executive Director of the Metrorail Project, reported that $40 million had been spent on Phase 1 in June and $46 million in July, bringing total expenditures up to $2.03 billion in a total project budget of $2.905 billion. The forecast was that the project would be finished within that budget amount.

About $65 million in contingency funds had been used through July, $45 million of which had gone to allowance items, those separately bid most of which had come in over budget. The final item had been $9 million in project management costs. Contingency use to date had been $369.6 million, with $92.7 million unobligated. The substantial completion date remained August 2013.

Dulles Corridor Metrorail Quarterly Report. Mr. Nowakowski reported that the Phase 1 design was 99.9 percent complete, and utility relocation was 99 percent complete, about to be closed out. Construction stood at 79 percent through the end of July, and the combined completion percentage reached 86 percent. The new rail cars would be delivered between 2013 and 2015.

On Phase 2, preliminary engineering spending to date had been $81.4 million of a budgeted $121.5 million. The key events in Phase 2 had been the completion of preliminary engineering in February, followed by a long wait for the Counties to opt in. As soon as Loudoun had decided in July, the Request for Qualifications Information (RFQI) had been issued. Responses had been received, and the staff was currently reviewing them to establish a short list. The recommendation should be ready for the Board in October, price proposals would be due in April 2013, and the contract would be awarded by May 2013. Mr. Davis asked how many had submitted qualifications; Mr. Nowakowski said the procurement regulations did not permit public release of the number. He did say that the staff was pleased with the number and quality of the responses.

Mr. Davis asked what was not complete in the design for Phase 1, which was characterized as 99 percent complete. Mr. Nowakowski said there were occasional field changes that had to be incorporated in the design. Mr. Martire suggested a Board tour of the project. Mr. Davis said it should be done just once, preferably in October.

<u>Dulles Corridor Metrorail Project Quarterly DTP Construction Report.</u> Larry Melton of Dulles Transit Partners presented the regular illustrated report on Phase 1 construction progress. He began with the safety record. After 10.4 million man-hours of work, the lost time and recordable incident rates were much lower than the rest of the industry. DTP was working closely with station subcontractors and systems crafts to make sure they were thoroughly immersed in the project's safety culture. Live test trains would soon be working, requiring further safety briefings.

As to schedule, mitigation measures were still being undertaken to make up for delays in the pavilions, and they were successful; the project was still on schedule for the August 2013 completion. All the wayside facilities had been delivered; they were critical to the completion of traction power, train control and communications terminations.

Staff levels in July were at about 1500, including professional staff, subcontractor craft and direct-hire craft. With the heavy civil work complete, iron workers had been replaced by electricians working on systems installation.

The tables showing craft workers by residency and race/ethnicity had not changed significantly. The Disadvantaged Business Enterprise (DBE) bar chart showed the goal of $180 million, ten percent of current contract value; at the end of July, $158 million had been paid out, and commitments had reached $244 million. Much of the remaining work was on station finishes, and there was substantial DBE participation in that work. The DBE goal would probably be exceeded. There would also be considerable landscaping work, another endeavor with high DBE participation.

As to construction milestones, the guideway structures were all complete, as the station concrete structures would be in October. The track would be ready for the clearance car in October, about a month early.

Mr. Melton then presented a number of illustrations to show both the work completed and work underway. Most were of stations.

Mr. Martire said he had seen reports of structural cracks in the concrete structures of the Intercounty Connector in Maryland, and asked what had caused the problem. He thought some steel had not been added. Mr. Melton said he was not fully familiar with the problem, but said that the quality assurance program for the rail project would take care of any such issues.

Mr. Davis said that Shiva Pant had left his job at the Washington Metropolitan Area Transit Authority (WMATA) to work on the project, and asked if the coordination was going well. Mr. Nowakowski said that it was; they were working on the Phase 2 agreement. Mr. Davis said he was concerned about the opening of Phase 1, making sure that the project was Metro-ready when it was turned over, to make the December service start. Mr. Nowakowski said there was a tremendous effort being made on the testing and paperwork necessary for WMATA to take over. Mr. Davis said there was a concern that the Airports Authority would turn the project over in August, thinking all was well, followed by a delay in the service start date because the two sides were not in sync. Mr. Melton said there were continuing partnering sessions with WMATA with just that issue in mind.

<u>Proposed Adoption of a Revised Locally Preferred Alternative for Phase 2 of the Dulles Corridor Metrorail Project.</u> Mr. Nowakowski said the staff was asking the Committee to recommend Board approval of the revisions to the Locally Preferred Alternative (LPA) for Phase 2 of the rail project. The original LPA had been adopted in 2002 and amended in 2004, both times by the Commonwealth Transportation Board, as the project had been at the time the Commonwealth's responsibility. Since then there had been additional changes, the Airport station, the Herndon station, the parking garage, route 772 station parking, and route 28 entrance pavilion, and connections to the rail yard. Comments had been received from many federal agencies, state and local governments. A public hearing had been held in June. The Federal Transit Administration and the Federal Aviation Administration would issue a new record of decision after the Airports Authority and the Transit Authority approved the revised LPA.

Mr. Brown asked how long it would take the federal government to issue the new record of decision after the local governments had agreed to the new LPA. Mr. Nowakowski said it would take a few months. Mr. Brown said he believed a Transportation Infrastructure and Finance Innovation Act loan had to await completion of the environmental work.

The Committee then agreed to make the recommendation to the Board.

Pre-Solicitation Terms for Real Estate Acquisition and Related Services for the Phase 2 Project. Mr. Nowakowski said there was some property acquisition that needed to be done for conveyance to WMATA. It would have to be accomplished in accordance with Virginia Department of Transportation (VDOT) procedures and follow the federal Uniform Relocation and Real Property Acquisitions Policies Act. The firm selected would have to be on the VDOT approved list for real estate acquisition, and would have to meet a DBE goal of 25 percent.

Mr. Davis asked whether the contract would be awarded to one firm or several. Mr. Nowakowski said one firm. Mr. Davis asked if the DBE goal would be met through subcontractors; Mr. Nowakowski said it would.

Mr. Carter observed that the real estate work on Phase 1 had been done by DTP, the general contractor, and asked why it was being brought in-house, as an Authority contract. Mr. Nowakowski said the Board had asked the staff to award some contracts outside the design-build contract, and this had been one of the functions identified as appropriate for a direct contract.

The Committee then unanimously concurred in the approach.

Pre-Solicitation Terms for Wetland and Stream Mitigation Credit Purchases for the Phase 2 Project. Mr. Nowakowski said there were actually two parts, wetland mitigation and stream mitigation. The Authority was responsible for mitigating the unavoidable environmental impact of the Stage 2 project on wetlands and streams. The purchase of credits would be from the Virginia Department of Environmental Quality mitigation bank; this was the most cost-effective and ecologically favorable approach. The Authority had used it previously on airport projects. Wetlands would require 9.37 acres of credit, and streams would require 1,111 linear feet of credit. Selection of a provider would be based on price, the capacity of the offeror to provide the credits in the appropriate location, and the offeror's qualifications and experience.

The Committee unanimously concurred in the approach.

Pre-Solicitation Terms for Program Management Support Services for the Phase 2 Project. Mr. Nowakowski said the program management services would include design review engineering, construction oversight, financial controls, schedule reviews, document control, quality assurance and communications support. The base contract would be for five years with three one-year extension options and a 25 percent DBE participation goal. The estimated cost would be $20 to $30 million for the five years.

The evaluation criteria would be firm qualifications, experience and capacity; personnel qualifications; past performance; and consultant organization and management plan. The ultimate selection would require Committee and Board approval.

Under current schedules, Jacobs Engineering Group would provide the support services for Phase 1 through completion and closeout, expected in June 2014. The new consultant for Phase 2 would need to be in place by April 2013, in advance of the award of the design-build contract.

Mr. Davis asked whether the procedures proposed were the same as for Phase 1; Mr. Nowakowski said that they were.

The Committee then unanimously concurred in the proposed selection process.

Dulles Corridor Enterprise August 2012 Financial Report. Mark Adams, Deputy Chief Financial Officer, reported that Toll Road revenues year-to-date had been $68.6 million, at 63.7 percent of budget, up 8.4 percent from the same period in 2011. Toll Road transactions for the period had been down 1 percent, and electronic payments had been up 3.5 percent, to 77 percent. He noted that total transactions for the months of July and August were slightly ahead of 2011. Mr. Brown asked what conclusion Mr. Adams drew from this change. He said there was nothing to be concluded yet. Mr. Brown suggested that the increased numbers showed that a toll increase discouraged drivers for a short period; after a while, they returned. Mr. Potter said that phenomenon had been anticipated, but there had also been a major change at the Beltway end of the Toll Road, with the construction of a flyover that had reduced congestion substantially.

Mr. Adams said that Toll Road expenditures of $17.6 million year-to-date had increased 4.6 percent from the year before, and had reached 60.8 percent of budgeted expenditures, two-thirds of the way through the year. Days of unrestricted and reserves cash on hand was at 1102 days as of August 31, up from 1071 at the end of July, and 769 as of the end of 2011.

Mr. Davis asked if there was accident data for the Toll Road; he suspected the completion of construction would bring accident rates down. Mr. Potter said that was so, though there had been some dramatic accidents in recent months. He credited the law enforcement staff for their efforts in accident prevention. He would provide the accident statistics at the next Committee meeting.

The meeting was thereupon adjourned at 12:37 p.m.

SUMMARY MINUTES
EXECUTIVE AND GOVERNANCE COMMITTEE
MEETING OF SEPTEMBER 19, 2012

Mr. Curto chaired the Executive and Governance Committee Meeting of September 19, calling it to order at 8:53 a.m. All twelve Directors were present. Mr. Carter, Mr. Cobey, Mr. Davis, Mr. Session and Mr. Curto were the Committee members.

As he had mentioned at the last meeting, Mr. Curto said the Authority was under scrutiny by elected officials and the public. It was working on a number of fronts to address the issues and criticisms raised by these officials, and was committed to earning their confidence in a well-run, efficient and transparent organization.

At the last meeting, the Committee had considered a new travel policy, which had been adopted at the Special Board Meeting, and discussed revisions to the ethics policy, which would be further discussed that day. Also at the prior meeting, the Committee had heard an update on efforts to revamp the Contracting Manual and to close out a number of sole-source contracts.

All these actions were part of an ongoing program Mr. Curto had initiated upon becoming Chairman in January to revise policies and processes that are critical to building and maintaining the public trust this institution must have to fulfill its missions. That effort included the earlier review of the Bylaws, which clarified policies on open meetings; the adoption of a new Freedom of Information policy and the appointment of a Freedom of Information Officer; the creation of an Internal Control Group to assure compliance with policies and procedures; and the updating of policies regarding employment and business dealings with former Board Members.

The most important item to be discussed that day was the proposed ethics policy; it would guide the business behaviors of everyone in the organization, from the Chairman to every staff member and contractor. The ethics policy was a blueprint for maintaining integrity, a roadmap to public trust.

The proposed policy was designed to keep all free of conflicts of interest, so the public could be assured that Authority decisions were based on the best interests of the Authority and the region it served.

The policy had also been designed to assure transparency and accountability in Board decisions and dealings by providing guidelines for recusal, financial disclosure, acceptance of gifts and other aspects of serving within the Authority. In addition, the policy would require regular ethics training for all employees and Board Members.

An ethics officer would be appointed to advise all Authority personnel on ethics questions and to assure compliance across the organization.

A good, sound code of ethics would serve as the conscience of the organization. It would serve to assure the integrity of the entire organization, which was the foundation of public trust. He hoped the policy, when finally adopted, would become the foundation of public trust for the Airports Authority.

He then called on counsel to explain changes to the Code of Ethics since the last meeting.

1. PROPOSED CODE OF ETHICS FOR THE BOARD OF DIRECTORS

Phil Sunderland, Vice President and General Counsel, introduced Larry Norton and Janice Ryan of Venable LLP, who had helped with the Code of Ethics. He said that Mr. Norton would lay out the changes made since the last meeting. Thereafter he would present one more amendment that had come up quite recently.

Mr. Norton said the revised Code had been informed by the standards and principles of the ethics rules of the Authority's appointing jurisdictions. It also needed to be tailored to the Board's responsibilities and functions. It was intended to be a working document.

Some changes had been made to meet the Directors' comments at the last meeting. He would highlight changes in four different areas: conflicts of interest, use of authority, gift rules and enforcement proceedings.

The principal change in the conflicts area had been an adjustment to the concept of "apparent conflict". Virtually every code addressed both actual and apparent conflicts of interest. An apparent conflict was a situation where a Director or member of the Director's immediate family had an interest that appeared to conflict with impartiality. An outside observer, looking at the situation reasonably, might conclude the interest compromised the Director's ability to judge an issue fairly and impartially. The prior draft had in fact called for recusal for both actual and apparent conflicts. Views could differ on whether an apparent conflict existed. In addition, a Director might not even recognize an apparent conflict that others might. The provision had therefore clarified that an apparent conflict arises when a Director is *aware* that an interest could be so interpreted.

In addition, there was a new provision taken from a Virginia ethics statute that would allow Directors to participate when they have an apparent conflict. To do so, the Director would have to publicly disclose the nature of the personal interest that gives rise to the apparent conflict, and to state publicly that he or she was able to participate fairly and objectively in the matter.

Another proposed change would entitle Directors to rely on information provided by the Board staff regarding interested parties and affected businesses to determine whether they have conflicts.

In the definitions, there was a new exemption for interests that were too distant to give rise to a conflict, with examples to explain how it would work. These included diversified mutual funds, employee benefit plans and pension funds.

In another definition provision the ownership, income, and debt thresholds had been reduced to $15,000 for ownership and to $1,000 for income and debt, in accordance with the recommendations of the Accountability Officer.

Mr. Norton then turned to the "use of position" section. It had been clarified to allow Directors to refer to the President persons who they believe based on personal knowledge were suitable for employment with the Authority, or offered goods or services that would be of interest to the Authority. Directors could also respond to requests for a reference or recommendation from individuals not in their families.

The next area that had been changed concerned gifts. A new provision clarified that a gift from a business that might affect the performance of a Director's duties included a gift from the officers or employees or agents of the business. Another provision had changed the definition of nominal value to match the employee definition of $25 per gift and $50 per source per year. This was also consistent with the standards for federal employees.

Finally, a change had been made to the enforcement section. At the recommendation of the Accountability Officer, the makeup of the Board Ethics Review Committee should be comprised of at least one Director from each of the appointing jurisdictions. The actions that Committee could take had been revised to allow any action the Committee deemed appropriate, not limited to the specific remedies included in the Code.

Mr. Stottlemyer asked what the term "personal interest" meant, compared to "substantial financial interest", a defined term. He asked if "personal interest" should be defined. Mr. Norton said there had been an effort to avoid too many defined terms. A "personal interest" was simply an interest belonging to the Director or the Director's immediate family. Mr. Sunderland offered an example: A Director had a cousin living in his home for 14 years. He has to testify in a matter coming before the Directors. It was not a conflict arising from a Substantial Financial Interest, but it did fall into the generic personal interest category. This relates to the apparent conflict, where a Director in this case could explain the interest and state why he or she could continue to participate. He said "personal interest" was a catchall for interests that were not Substantial Financial Interests.

Mr. O'Reilly said anyone who had served in local public office would have had some experience with appearances of conflict. For example, he had been on the board of the Dulles Regional Chamber of Commerce and a member of the Herndon Town Council. The Town leased space to the Chamber for $1 per year, below market value. It was an apparent conflict, but was not a problem as long as it was fully disclosed. That approach was the appropriate step to take in the Code.

Mr. Davis said in 14 years as a Member of Congress, he had seen the ethics rules taken too far. Formerly it was possible to hold bi-partisan events where family members could be brought in and Members would get to know each other informally. Now that was not possible. Virginia law allowed Members of the General Assembly, who were paid, to go to a game, a dinner, or a sporting event, as long as it was disclosed. He thought this a positive development, allowing the members to get together socially in a place other than the legislature. He said he understood the new Code to be stricter than the Virginia code, and asked if he was correct.

Mr. Sunderland said first, such a gift had to be from a prohibited source. If it was from a prohibited source, the gift had to be less than $25. As to other types of events, characterized as a "widely attended event" in the interests of the Authority, it was possible to accept food and drink.

Mr. Davis said he had recently had a Member of Congress out to his firm for a meeting that had ultimately lasted three hours, through lunch. The firm had to ask the Member to pay $20 for the lunch. He asked how that would be handled under the Authority Code. Mr. Sunderland said a Director in that situation could accept a lunch worth $25 or less. If the group involved chose to go to lunch in a restaurant at a cost of $75, the Director could not accept the lunch as a gift. He could, however, bill it to the Authority as a business expense.

Ms. Hall asked why the individual gift level had been changed from $75 to $25. Mr. Sunderland said the amount had been set at $75 following the Washington Metropolitan Area Transit Authority (WMATA) code, not the employees or the federal government. The Accountability Officer thought the Code should use the federal model, which was $20 per year. The drafters had chosen to follow the employee code, which was $25. In many provisions, the employee and Board standards had been synced. Mr. Brown said the reason for changing was weak; the Authority was not a federal agency.

Mr. Session agreed with Mr. Davis's concern about overreaching. He asked about the definition of an "interested party": "any business that has or is seeking a contact or agreement with the Authority..." In some cases, there may not be a procurement issued, but there were certainly some vendors possibly interested in pursuing business with the Authority, who might then reach out to Directors in the hopes of building some relationships. He asked how the definition would be administered. Mr. Sunderland offered a hypothetical: assuming at a time when the Phase 2 Request for Qualifications Information had been issued, but no team had yet responded, one of the potential bidders invited a Director to a baseball game. He said that the invitation itself might be an indication that the firm was interested in upcoming Authority business. But it was only a problem if the Director owned an interest in the firm. The problem would be more difficult if the firm's desire for Authority business was only general, and not tied to any particular transaction.

Mr. Martire asked about a situation for lawyers, where a Board Member did not represent an interested party, but a partner in the next office did. The Board Member then recused him or herself. The partner continued the representation, and then received a bonus based in part on the work done for the Interested Party. How did the revised Code address the situation? Mr. Norton said the situation might not require a recusal under the Code, but might give rise to an appearance problem. A Director out of an abundance of caution might choose to recuse himself, or in the alternative argue that the firm's representation did not benefit him and did not influence his participation. Mr. Sunderland suggested the problem was different. He understood the situation to start with the Director's recusal, though not necessary, followed by the partner's continued representation of the Interested Party. At the end of the year, the Director, having done the right thing by disclosure and rescusal, could nevertheless be tainted.

Mr. Curto said that a law firm in such a situation would set up a "Chinese wall" between the partners under its own standards for conflicts. With the recusal at the Authority, the problem would be covered at both ends.

Mr. Brown said there were two different concepts involved in the law firm hypothetical. One was conflicts, the Code's effect on behavior, what Directors can and cannot participate in. The second was disclosure, a large agenda item where the major issue was transparency. The problem could arise in a very large, global law firm, where it was even likely that somewhere, some member of the firm represented a firm doing business with the Authority. It seemed to him that, as a matter of transparency, Directors working for such firms should disclose any representational information. There would almost never be a conflict. In a firm with 10,000 clients, a Director would not have a significant involvement with a particular client. He asked whether such firms had to disclose clients under the new Code, not from a conflicts perspective.

Mr. Norton said there was considerable interplay between disclosure and conflicts standards. The Code did not require the general disclosure of clients. Mr. Brown said he meant only the clients who did business with the Authority. He said the 'Substantial Financial Interest" test was unfair to the small firm attorney on the Board with the $15,000/3 percent test. That could be most of the business of a small firm, whereas clients at a very large firm would never reach the threshold. Mr. Brown said he was not urging that these clients or large firms should generate full conflicts, with require recusal; he was suggesting that a Director should provide a list of all clients of his or her firm doing business with the Authority as a disclosure matter.

Mr. Davis said he worked for Deloitte Touche, one of the big four professional services companies. There were few major firms the company did not have relationships with; accounting for all of them would require thousands of pages. Mr. Brown said the list of companies doing business with the Authority was only a few pages long. Mr. Curto said the draft was a balanced approach, similar to codes all over the country. Mr. Norton said a balance had been struck, with a clear line on what constituted a conflict.

Mr. Crawford said he recalled formal foreign visits he had made with other Members of the District of Columbia Council. Particularly in China, they received valuable official gifts. He suggested the gift limit be raised to $100; WMATA used $75. Mr. Curto said there was an exception for that sort of gift in the proposed Code. Mr. Norton agreed; he said there were many exceptions in the proposed code, more than WMATA had for its $75 limit. The exception for widely attended gatherings would address Mr. Crawford's example.

Ms. Hall said she understood the current proposed Code was a draft, and asked whether the Committee was to discuss the draft and have some flexibility, or just accept it as drafted, without amendment. She asked for a clarification. Mr. Curto pointed out that the Code had been discussed in draft at the last meeting; comments had been made and accommodated in the current draft. More changes could be made, though a consensus had nearly been reached. He hoped to adopt a final Code at the Board Meeting later that morning.

Ms. Hall then asked for an explanation about who appointed the Ethics Officer, and what the Officer's functions were. She was concerned the

Ethics Officer would be working for the Board, but hired by the President, who worked for the Board. Mr. Norton said the Code provided that the President, with the approval of the Board, could appoint the Ethics Officer. The employee ethics code had a similar officer. As had been discussed last time, the Ethics Officer had no enforcement responsibilities; the functions were administrative, assisting in the interpretation and application of the Code. The Board itself would be responsible for enforcement. The revised draft proposed a single Ethics Officer for both the staff and the Board for several reasons. One was that there were many congruent provisions in the employee and Board Codes. Over time, it would make sense to have consistency in the application of both Codes. It would also provide administrative efficiencies. A single officer was similar to the way most organizations structured their ethics administration.

Mr. Carter said the Authority dealt with many financial institutions, and that several Directors probably dealt with some of the same institutions through their own business activities. He assumed that he would have to disclose such relationships. Mr. Conner said he had noted three aspects of the new rules. First, a Director could not acquire a "Substantial Financial Interest"; second, if a Director already had one, he or she would have to disclose it and recuse oneself; and third, for loans, the threshold was $1,000, which barred even small loans. The justification had been that the standard matched the federal one. He pointed out, however, that the federal government didn't finance itself. The Directors dealt with 20-40 financial companies, and with the big four, who together controlled 60 percent of the bankable assets in the country. Thus the Code apparently created a policy that Directors could not get a loan, except from a community bank outside the area. The policy was not one of entrapment; it should, however, be workable, and not discourage anyone from serving. The easy way to fix it would be to add to the existing exceptions for home mortgages and car loans an exception for normal commercial relationships on normal commercial terms.

Mr. Stottlemyer said he was familiar with ethics codes for several other boards he served on that distinguished between interests in large publicly-traded and smaller closely-held privately owned companies. He noted that under the Code he would have a conflict if he received a $1000 dividend from a very large company that happened to do business with the Authority. Lower thresholds made sense for small companies, but not for large corporations.

Mr. Sunderland pointed out that there was a generic exclusion for loans incurred in a normal commercial transaction. Examples had been added to the section, including a personal revolving line-of-credit or a capital contribution loan liability.

Mr. Carter asked if the same considerations applied to a firm that served as a financial adviser and manager to him. Mr. Sunderland said that role did not give rise to a conflict, but the assets the adviser may purchase would, as long as the account was not a blind trust.

Mr. Stottlemyer said he did not know on a daily basis when assets were acquired for his account; he received quarterly statements. Mr. Davis said Deloitte had extensive procedures to keep track of conflicts. Mr. Sunderland asked how often a conflict could arise in a quarter, before Mr. Stottlemyer had received his statement. He agreed it presented a problem, and said a solution could be worked out. It appeared to be a knowledge question. Mr. Curto asked if the problem could be handled by making the large public – small private distinction.

Mr. Brown referred to the prohibition of disclosure of confidential information. The provision included an exception "... to the extent necessary to fulfill the Director's responsibility as a Member of the Board of Directors..." He asked who would make such a determination, and what the test meant. Mr. Norton said the language was developed to address whistle-blower situations. The intention was not to foreclose such whistle-blowing, where a Director believed he or she had an obligation to act. There was no arbitrator; the judgment was the Director's. Mr. Brown said it needed to be tightened, if whistle-blowing was the issue. There had been many disclosures over the years to many different people or entities, on a Director's assumption that someone needed to know information otherwise confidential. In his view, the new provision was too wide open.

Mr. Brown said he wished to clarify some remarks he had made about special airline treatment at the last committee meeting. As all were aware, the more a customer traveled on a particular airline, the higher the status in the frequent flyer program. Some levels were quite valuable to the members. He understood that executives of the Airports Authority were occasionally given a higher status than their flying frequency would justify. His question was whether those sorts of gifts were still permitted. Mr. Sunderland said all employees could participate in frequent flyer programs on the same terms as anyone else, but an upgrade in status because of Authority employment would constitute a gift from a Prohibited Source. It would, however, be permissible if offered to all employees and Directors. Mr. Brown said special treatment for executives was something the airlines considered in their best interests, and that the new Code should prohibit such benefits. He suggested that Mr. Sunderland would have some difficult policing to do to enforce such a rule.

Mr. Brown then turned to the issue of the Ethics Officer. He said that ethics officers should be completely free of influence inside the organizations they served. They should not be leaned on within a bureaucracy to shade their views one way or another. He asked if the new Ethics Officer would function that way.

Mr. Norton said that autonomy was intended, but he did not believe that the Code could prevent such "leaning". When he served as the General Counsel of the Federal Election Commission, he had served as the designated ethics officer for the Commissioners and the staff. It was normal procedure to designate someone to administer an ethics code. It was also common that the officer served both the employees and the Board.

Mr. Brown said he did not dispute that there should be a single Ethics Officer for both the Members of the Authority and the employees. He said that the Authority had a tradition of very strong CEOs; he did not know if Mr. Potter had the same reputation. Under his predecessors, however, things didn't happen that they didn't like. He asked whether anyone inside the organization who reported to the management chain could be independent. He did not mean to suggest any improper behavior by anyone currently at the Authority, he only wondered about the independence of such a person in the future.

He added that he did not support having an Ethics Officer reporting to the Board. He pointed out that the Authority had a Vice President for Audit, who worked within the Authority culture, but was responsible for objective reviews of Authority activities. That Vice President was hired by the Board and reported to the Board. It might be more effective in achieving complete independence for an ethics officer to be hired by and report to the Vice President for Audit, rather than inside the mainline bureaucracy.

Mr. Sunderland said he had discussed the matter with Mr. Brown the night before. He said all had the same goal: the Code was designed to establish an unmistakable culture of integrity, of selflessness, fairness, impartiality in decision making, of appearing and acting properly. He did not believe that where an ethics officer was located would matter. Directors needed to ask if the CEO was interested in establishing the culture that they wanted. He could guarantee that the CEO was committed to such a change, and the Ethics Officer would be committed to the same end. The CEO would not establish control of the Ethics Officer to establish a different culture. That was the road all were on. If you don't believe CEO is on that road, use somebody from somewhere else. There were no sides, there was one purpose, and there should be one person, one set of interpretations of the Code. All were in this together; it was too important a matter. Mr. Curto agreed, and said that the Board was a volunteer, part time board, and had spent a great deal of time selecting the CEO. The Board had placed its trust in him to run the Authority on a day-to-day basis. Adding Board approval of his selection of the ethics officer struck a felicitous medium, an appropriate balance. He urged that the Board stick with the current draft Code on this point; it would be a mistake to do otherwise.

Mr. Session said he did not disagree with Mr. Sunderland. He noted that in the District of Columbia, the Chief Financial Officer was nominated by the Mayor and confirmed by the Council, but remained completely independent. He believed the ethics officer could establish his or her own independence.

Mr. Sunderland said that if the Board wanted to create positions outside the institution because it did not believe the function could be performed inside the institution, that would be unfortunate. It would be a dangerous course, in that functions would be spun off, no longer an integrated part of the whole. He thought that a very unhealthy thing for an organization to do. If the ethics officer established in the proposed code were in place for several years and problems developed, the function could be reassigned. He urged the Board to think hard of establishing independent entities. After a while, others would establish other independent entities for the Board.

Mr. Curto asked Mr. Norton to describe the functions of the Ethics Officer. Often the Board showed a logical deference to items brought to it by senior staff with the right expertise. In the ethics case, the Ethics Officer would bring any charges to a special Board Committee for resolution.

Mr. Norton said the duties of the ethics officer would be principally administrative and interpretative. The officer would be responsible for preparation and training, and provide support to the Board committee on ethics, consulting with the committee whether further action was appropriate. The Code had not empowered anyone with independent powers to impose sanctions or to go beyond an initial assessment. There was nothing to be afraid of in an ethics officer.

Mr. O'Reilly thanked the team for the document, which he said included many compromises already. He added that there could be problems with the Code in the future, and if so, the Code could be tweaked as necessary. For example, if the $25 gift level was too low, experience would demonstrate that quickly. The Code overall was a bit harsh, but the public looking to the Authority to be harsh on itself. Similarly, Mr. Stottlemyer's concerns about investment accounts could be dealt with later. Though he was not a member of the Committee, he urged it to recommend the Code as it was for adoption by the Board.

Mr. Martire said he agreed with Mr. O'Reilly. But he said Mr. Brown had been correct about past practices, and that it was important to have an independent umpire. The former CEOs did control everybody. Mr. Potter was not that way, but there may be a different regime in the future.

Mr. Brown said his comments had been distorted. The issue was not a test of confidence in the CEO. Moreover, he was not suggesting that anyone in the Authority was behaving improperly or unethically. He only argued that the Board should be mindful about where an ethics officer was positioned institutionally so that the officer's independence would not be compromised as the organization and the personalities running it changed. The proposal was not a major separate organization. The ethics officer would have a tiny office, not a line function, but not a separate organization either.

Mr. Potter said when hired, it had been brought to his attention during interviews that there was substantial mistrust between the Board and the management. He said the expertise existed within the organization, and that expertise lay in the General Counsel's office. Mr. Sunderland had spearheaded revisions to the Code of Ethics. He was leading the discussion that day, and the Board had confidence in his ability to do so.

Mr. Curto asked for a motion to recommend the Code to the Board. There were still some issues that had been raised by Mr. Carter and Mr. Conner that would be addressed in a future draft.

Mr. Brown noted that Mr. Sunderland had mentioned an amendment of his own.

Mr. Cobey said a motion was needed on the floor before amendments could be offered. He then moved that the Committee recommend the draft Code to the Board.

Mr. Sunderland suggested that there were three items for amendment. The first was the elaboration on loans and debts that he had mentioned before; the second was the issue mentioned by Mr. Carter and Mr. Stottlemyer, for which he expected to come back with a proposed change; and the third was the effective date, proposed for November 1. The employee Code would be effective December 1 because of the time required to train 1400 employees.

Mr. Davis moved the adoption of the three amendments.

Mr. Brown said he thought there had been some consensus to clarify the disclosure language exception for whistle blowers.

Mr. Curto said that issue should be considered with the Carter and Stottlemyer issues. Mr. Sunderland he had hoped approval authority could be delegated to a special ad hoc committee; Mr. Curto agreed to appoint such a subcommittee. He added in response to several Directors that he would not entertain raising the gift limit at present; he liked Mr. O'Reilly's proposal to look at it again after some experience with the new rule. Finally, he suggested moving the effective date to December 1.

The Committee first voted on the amendments, which carried unanimously. It then voted on recommending the Code to the Board, also unanimously.

2. PROPOSED CODE OF ETHICS FOR EMPLOYEES

Mr. Sunderland introduced Naomi Klaus, an attorney in the General Counsel's Office, who had been responsible for employee ethics for many years. He said the employee Code was very much like the Board Code, with minor differences. He noted that it was stricter on the post-employment standards than the Board Code, for obvious reasons. It did include the five core areas, and the same Ethics Officer with the same responsibilities.

After adoption, the staff would set up a thorough ethics training program, the first in many years. The effective date would be January 1 because of the size of the task.

He noted that the Inspector General had objected to the lack of consistency between the staff and Board Codes. He agreed to include the three amendments being discussed in both codes.

Mr. Carter moved to recommend the staff code, with the same three amendments pending resolution in the Board Code.

The Committee unanimously agreed.

The meeting was thereupon adjourned at 10:32 a.m.

[NOTE: This is not listed under Committee Reports on the agenda for the October 17 Board Meeting; a report was provided at the September 19 Board Meeting.]

SUMMARY MINUTES
FINANCE COMMITTEE
MEETING OF SEPTEMBER 19, 2012

Mr. Conner chaired the September 19 Finance Committee Meeting, calling it to order at 1:27 p.m. A quorum of the Committee was present: Mr. Brown, Mr. Carter, Mr. Conner, Ms. Hall, Mr. Session and Mr. Curto, *ex officio*. Mr. Conner said the meeting would be shortened, addressing only three items, and the periodic reports accepted as written.

Request for Proposals for Securitization of the Full Funding Grant Agreement.

Andy Rountree, Vice President and Chief Financial Officer, said the Committee had heard previously of the securitization process and the reasons for it. Staff was not seeking approval, but simply authorization to begin negotiating.

Doreen Frasca of Frasca & Associates LLC said that in lieu of a fixed-rate revenue bond issue in 2012, the Authority could securitize the funds it would receive under the Full Funding Grant Agreement with the Federal Transit Administration. This meant issuing debt against the receipt of grant payments. The Agreement was for $900 million; the Authority had already received over $611 million, leaving $289 million to come on over the next four years in payments of $96 million annually. This transaction would provide cash up front, secured by the future receipt of the grants. In so doing, the Authority would preserve its commercial paper capacity and enable flexible sizing and timing of future revenue bond issuances. It also allowed the Authority to take advantage of the low point on the yield curve and would provide fast and efficient execution.

Mr. Rountree said that in July a request for proposals (RFP) had been issued to the underwriters designated for the Toll Road; in August ten of the eleven firms had responded, and the staff had gone out with further clarification. The major choices were a fixed or variable rate, a market or direct placement. If the Committee consented, the staff would negotiate further with Bank of America and would be back with documents for approval in November.

Mr. Carter said there was virtually no risk exposure, other than the appropriations risk, and asked whether the Authority could obtain the lowest rates for the transaction. Ms. Frasca said the rates would be competitive; the benefit of this type of loan was that it would not have to be rated, which saved a good amount of rating agency costs and time on the schedule. There would not be any wait for underwriters to market securities, and there would not be any underwriters' counsel. Mr. Potter observed the alternative was to go to the bond market with all those costs.

RFP for Letter of Credit and Direct-Funded Indexed Floater

Mr. Rountree said the Authority held four letter-of-credit liquidity facilities that would expire in 2013. Staff would be asking the Committee to concur in its negotiation with four banks to replace the expiring letters of credit. Ken Gibbs of Jefferies said this proposal dealt with variable rate debt, in which the Authority had limited its holdings, much of it was hedged. Thus the net variable rate exposure was currently just over 7 percent of the portfolio. The replacements would not increase that exposure. The facilities expiring in 2013 would release $530 million. Given the history of bank liquidity, it was important to replace, as opposed to terminate, and limit the exposure. Because most were hedged, it paid to keep them going and avoid the termination costs at this time.

Mr. Rountree said an RFP to financial institutions had been issued in July to 45 banks and advertised in the *Bond Buyer*. Nine banks had responded to offering letters of credit, which was a good result. Five of the nine had also offered other products. On August 28, the Authority had issued an addendum with clarifying questions.

Mr. Rountree turned to a slide with a table of proposed replacements for the expiring facilities, showing the resulting savings. Mr. Gibbs pointed out the process was taking advantage of the liquidity in the market and saving money.

Mr. Rountree asked for the Committee's consent for the staff to proceed with negotiating the proposed transactions. The Committee unanimously agreed.

Mr. Conner asked Mr. Gibbs to address changes in the financing plan for the remainder of the year. Mr. Gibbs said the original plan had called for $200 million in new money raised in September-October. Some of the capital program had been rescheduled for 2013, so capital expenditures had been less than expected in 2012. That financing could be postponed to the second quarter of 2013. That meant the variable rate changes would finish the financing plan for 2012. He finally noted that among the potential refunding opportunities in the past summer, several had not been executed because of negative arbitrage or because they had been less effective if executed then. More savings could be realized in 2013, but there was some interest rate risk. For that reason, the Financial Advisors and staff would be monitoring the rates carefully. Currently the savings were still there, and they would increase over time if interest rates remained the same.

The meeting was thereupon adjourned at 1:40 p.m.

SUMMARY MINUTES
NOMINATIONS COMMITTEE
MEETING OF SEPTEMBER 19, 2012

The Nominations Committee had scheduled a meeting for September 19, immediately following the Finance Committee, but was unable to raise a quorum at 1:45 p.m. Of the four members, only two were present, Mr. Curto and Mr. Brown. Mr. Conner and Mr. Martire were also present.

Mr. Curto used the occasion to inform Mr. Carter of his role on the Committee. The Committee consisted of the senior member from each of the four appointing jurisdictions or whomever the delegation chose to appoint. While Mr. Curto was the senior member from Maryland, Mr. Carter would replace him if he did not serve on the Committee.

Mr. Brown, the federal member, pointed out that there would probably not be any federal members on the Board after the District of Columbia amended its compact legislation, which was expected before the next series of meetings on October 17. Mr. Curto said the Committee would have to proceed with the available members.