SUMMARY MINUTES
BUSINESS ADMINISTRATION COMMITTEE
MEETING OF DECEMBER 12, 2012

Mr. Session chaired the Business Administration Committee Meeting of December 12, calling it to order at 1:15 p.m. He announced the presence of a quorum, with the following members of the Committee in attendance, in addition to himself: Mr. Carter, Mr. Crawford, Mr. Griffin, Ms. Merrick and Mr. Curto, *ex officio*. Mr. Chapman and Ms. McConnell were also present.

Information Paper on Draft Revisions to the Contracting Manual

Andy Rountree, Vice President and Chief Financial Officer, thanked staff for their efforts in preparing the Draft Fourth Edition of the Contracting Manual, particularly Mark Adams, Deputy Chief Financial Officer, Rick Myrah, Acting Procurement Manager, and Johnna Spera and Jana Phillips of the General Counsel Office. Kimberly Moore had also participated in its review.

Mr. Rountree noted that staff was not requesting any formal action at the day's meeting. As with all contracting manual amendments, staff was seeking the Committee's consent to distribute the draft and solicit comments from the Board, public and Authority's federal partners. Mr. Rountree reported that staff would likely make its recommendation to the Committee to approve the Fourth Edition of the Contracting Manual at its February 2013 Meeting and request Board approval at that time, as well. He noted that many of the comments from the November 1 Inspector General (IG) report involved procurement, and four comments had been related directly to the Authority's Contracting Manual. Mr. Rountree reviewed the revisions that had been incorporated in the Draft Fourth Edition to address the IG's comments relative to the Manual.

Mr. Rountree reported that the new quarterly acquisition reports would provide a new level of transparency to the acquisition forecasting process. Quarterly reports would include a list of contracts signed in the previous quarter; a forecast of solicitations to be advertised in the next quarter; and a list of staff that had contracting authority.

Mr. Rountree reported that the elimination of the concept of "categorical exceptions" is considered the largest revision to the Contracting Manual. He noted that in accordance with the existing Manual, "categorical exceptions" identified certain types of services, that by definition were called sole-source. These types of sole-source transactions did not require Board approval, even if they exceeded $200,000. Mr. Rountree reported that the concept of "categorical exceptions" had been eliminated and replaced with two large categories of procurement actions, 1) full and open competition, and 2) other than full and open competition. The full and open category was further broken down into three different types: 1) Full and Open Competition, for contracts that are fully competed to any qualified firms; 2) Full and Open Competition with Exclusions; and 3) Full and Open Competition Using Contracts Competitively Procured by Other Governmental Units.

Mr. Rountree explained that full and open competition with exclusions could exist when the Authority's 100 percent designated set-aside contracts are competed only among Local Disadvantaged Business Enterprise (LDBE) firms. He noted that for contracts limited to LDBE participation, all firms that met the LDBE criteria and able to perform the scope of work could compete. He noted that the concept was similar to the procurement process used by the federal government. Mr. Rountree reported that another example of full and open competition with exclusions was contracts related to airport security. For contracts that dealt with sensitive information, Mr. Rountree noted that it was necessary that the Authority prescreen and qualify certain firms to have access prior to bidding on contracts. Assuming all firms were qualified, they could compete for the airport security contracts.

Mr. Rountree confirmed that he Authority has historically been using the concept of full and open competition using contracts competitively procured by other governmental units; however, those contracts were historically labeled for internal purposes as sole-source, when in fact they were already full and open competition contracts because they were competitively procured by other governmental units. Mr. Rountree stated that once a local government agency let a contract using competitive procdures, it could permit other agencies to access the government-awarded contract and benefit from the negotiated prices. Ms. Merrick asked that staff provide an example of a contract awarded using this process. Ms. McKeough stated that the Authority had recently used a Fairfax County awarded transit bus contract for buses it needed to transport passengers and employees. Because Fairfax County purchased more buses than the Authority, the Authority was able to take advantage of the contract and purchase its buses at a better price. Ms. McKeough said that the Authority also used this process to purchase some of its mutual aid and police fleet vehicles. Mr. Carter asked if the Authority could make purchases through the Council of Governments (COG). Ms. McKeough responded that the Authority could make purchases through COG providing the contracts negotiated by the governmental entity included a rider clause.

Mr. Rountree noted that the second largest category, other than full and open competition, would be used to fulfill an urgent and compelling need (financially or otherwise) to award a contract. He stated that justification would be required in advance of the contract award and then staff would request the Board to acknowledge the decision regarding all such awards above $200,000. Mr. Rountree reported that another example of other than full and open competition related to airport improvements to airport facilities. When one of the Authority's airline partners expressed an interest in a facility and it was determined that it would be in the Authority's best interest, permission would be granted to allow the partner to proceed with its work. Mr. Rountree noted that the provision was not intended to circumvent the procurement policies but circumstances may dictate this approach.

He then reported on another type of other than full and open competition, sole source awards, which were often times viewed negatively. Mr. Rountree explained that these awards were sometimes necessary, particularly for software maintenance contracts when only one practical source for a solution existed. For example, the Authority's Oracle financial system requires an annual maintenance contract; therefore, a sole-source contract must be renewed and awarded each year.

Mr. Rountree reported that the Draft Fourth Edition Contracting Manual would require that all contract awards included in the other than full and open competition category above $200,000 be presented to the Board for authorization to proceed. The elimination of "categorical exemptions" would no longer result in certain contracts above $200,000 being awarded without approval of the Board. He noted that the $200,000 limit had been set in the Authority's enabling legislation.

The IG had also commented on the Authority's task order contracts. Mr. Rountree reported that the Authority could access multiple contracts to assign tasks for the same types of services. The IG had recommended that the Authority develop a process whereby tasks would be assigned to give fair opportunity to all eligible firms. This issue is being addressed in the Fourth Edition.

Mr. Rountree reported that also in the Fourth Edition, the Contracting Officer would have to sign off on change orders to ensure that they were within the scope of the original contract. Otherwise, it would require another competitive procurement to allow opportunities to others.

Regarding sole-source negotiations in excess of $200,000, Mr. Rountree stated that the Fourth Edition would require the Authority to post its intent to award a contract on its website to provide an opportunity for unknown contractors to contact staff about other options. Within 14 days of the sole-source award, a justification would be posted on the Authority website and remain available for a minimum of 30 days.

The revised Manual also identified the official channels that all employees must use for the procurement of goods and services and construction. Mr. Rountree stated that the Authority's authorized contracting offices consisted of a Central Procurement Office and an office at each Airport with a delegated level of contracting authority below $50,000.

The IG had also recommended that the Contracting Manual include an item regarding ethics and procurements. Mr. Rountree noted that the draft Manual referred to the recently approved Ethics Policy for Directors and employees, as well as added some additional requirements.

Mr. Session stated that he had reviewed and discussed the proposed Manual revisions with the staff and had no concerns. The Committee agreed to move forward with a prompt public comment period for the Fourth Edition. The Chairman said that it was important to be totally committed and adhere to the timeline.

Quarterly Acquisition Report

As Mr. Rountree had informed the Committee, Mr. Adams noted that the IG had recommended that staff provide the Board and Department of Transportation with a Quarterly Acquisition Report, which would include the following for solicitations above $50,000: 1) a forecast of upcoming solicitations of 2013; 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. He reported that the first quarterly report had been limited to the forecasted solicitations of the first quarter of 2013; however, future reports would include all three recommended areas. These reports would be consistent with the timing of the other quarterly Committee reports, i.e., they will be provided to the Committee in the second month following the end of each quarter. Mr. Adams then 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 have been identified that impact the traveling public. He noted that staff would provide a complete Quarterly Acquisition Report in February 2013.

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

Mr. Carter inquired why the pre-solicitation terms were being revised. Steve Baker, Vice President for Business Administration, responded that as staff encountered new areas of solicitations, it was important to have flexibility to respond to the market as a result of the pre-proposal process. Mr. Baker noted that staff had intended to include language in its initial submittal that would have provided flexibility to make minor modifications once it met with the industry. At the pre-proposal meeting, staff had learned that a longer lease term was needed in order for the market to consider the solicitation a viable one. Mr. Baker said that the longer term would also benefit the Authority. Staff was requesting the Committee's concurrence to revise the term from 15 years to 20 years, with an option to renew the lease for an additional five years after the initial term and to allow 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 concurred with the revision. (Mr. Baker noted that Kathleen Verret, Manager of Revenue Development, was also present.)

Revised Pre-Solicitation Terms for Taxicab Services at Dulles International

Chris Browne, Vice President and Airport Manager, was joined by Mike Stewart Manager of the Administration Department at Dulles International, whose office managed landside contracts. Mr. Browne stated that the existing three taxicab concession contracts, with a total fleet size 720 taxicabs, would expire on January 31, 2013. He noted that the Request for Proposals (RFP) that had been issued in June had been based on the passenger activity at Dulles International at that time. Staff had projected an increase from 89,000 to 91,000 passengers in 2013; however, some of the airline activity for Dulles International had migrated to Reagan National and a slight decrease had occurred. Therefore, it had become necessary to revise the terms of the solicitation in order to maintain a good service at Dulles International. Mr. Browne noted that staff was proposing revised terms, including: maintain existing 720 fleet; maintain three taxicab contracts; and limit the number of leased vehicles to 25 percent of 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. Mr. Browne said that staff was very motivated to complete the solicitation process and recommend a timely award under the revised terms.

Mr. Griffin inquired whether the RFP included a provision for handicapped accessibility, to which Mr. Browne responded affirmatively. He also noted that age limits for the taxicabs and other operating standards would apply.

Mr. Session noted that the revised solicitation had represented a prudent response to the market, similar to the previous agenda item that Mr. Baker had presented. He encouraged the Committee to concur. Mr. Session then inquired about the consequences of a high level of leased vehicles. Mr. Browne responded that it was believed that leased vehicles placed a higher level of financial burden on the driver in terms of fees paid to the operator. With the existing closed system, a higher percentage of owned vehicles existed. Mr. Browne said that he believed drivers would lose their balance with a transition to an open system. Mr. Session stated that it would be helpful to gain an understanding of drivers' business models, including investments they made and how they benefitted financially. Mr. Browne noted that meetings were convened routinely with an advisory panel, comprised of owners and operators, to ensure that concerns were addressed. He believed that the proposed solicitation represented a balanced approach. Mr. Stewart reported that staff prepared an estimated pro forma for drivers and companies expected to participate in the solicitation. Staff could provide an estimate based on that research.

The Committee concurred with the revision, and the meeting was thereupon adjourned at 1:45 p.m.

SUMMARY MINUTES
DULLES CORRIDOR COMMITTEE
MEETING OF DECEMBER 12, 2012

Mr. Davis chaired the December 12 Dulles Corridor Committee Meeting, calling it to order at 1:10 p.m. Other Committee Members present were: Mr. Chapman, Mr. Conner, Mr. Griffin, Ms. McConnell, Ms. Merrick, Mr. Session, and Mr. Curto, *ex officio*. Mr. Carter was also present.

Mr. Davis inquired about the status of the bids expected for Phase 2 of the Metrorail Project. Pat Nowakowski, Executive Director of the Metrorail Project, reported that all bids are expected in April 2013, and that the Board should receive them in May 2013. Mr. Davis stated that the construction bids, Transportation Infrastructure Finance and Innovation Act financing and the $150 million grant from the Commonwealth of Virginia are the three variables for the Phase 2 Metrorail Project.

For the record, Mr. Conner stated a family member, by marriage, is a senior member of one of the shortlisted firms for the Phase 2 Project. He said that he had intentionally not spoken with the individual since the Request for Proposals had been issued and noted that the Board would not have a decision-making role in the award of this contract.

<u>Dulles Corridor Metrorail Project Monthly Cost Summary and Project Update.</u> Mr. Nowakowski reported that $65.4 million had been spent on Phase 1 in October, bringing total expenditures up to $2.219 billion in a total project budget of $2.905 billion.

About $372.2 million in contingency funds had been used or obligated through September. In October, $8.6 million had been used for allowance items, station finishes, road work, contract changes and Washington Metropolitan Area Transit Authority safety improvements. Contingency use to date had been $380.8 million, with $81.5 million unobligated. The substantial completion date remained August 2013.

<u>Dulles Corridor Enterprise November 2012 Financial Report.</u> Mark Adams, Deputy Chief Financial Officer, reported that Toll Road revenues year-to-date had been $93.7 million, at 86.9 percent of budgeted revenues at 91.7 percent through the budget year, up 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, to 77.3 percent.

Mr. Adams said that Toll Road expenditures of $22.1 million year-to-date were down 2.8 percent from the year before, and had reached only 76.8 percent of budgeted expenditures, at 91.7 percent through the budget year.

In response to an inquiry at the November Committee Meeting, Mr. Adams reported that it was too early to determine whether the Toll Road had been impacted as a result of the opening of the HOT lanes.

The meeting was thereupon adjourned at 1:15 p.m.

SUMMARY MINUTES
EXECUTIVE AND GOVERNANCE COMMITTEE
MEETING OF DECEMBER 12, 2012

Mr. Curto chaired December 12 Executive and Governance Committee Meeting, calling it to order at 8:08 a.m. He announced that a quorum was present; Mr. Carter, Mr. Davis and Mr. Session also attended. Mr. Adams, Mr. Chapman, Mr. Conner, Mr. Crawford, Mr. Griffin, Ms. Hall, Ms. McConnell and Ms. Merrick were also present. Ms. Lang participated by phone.

Andy Rountree, Vice President and Chief Financial Officer, presented a staff recommendation to revise the Authority Travel Policy. He reported that the Board had adopted an amended Travel Policy in September, which provided clarity and strengthened internal controls related to travel. At that time, the Department of Transportation (DOT) Inspector General (IG) had not yet completed its final report. In that report, the IG had commended the Board for its revisions to the Travel Policy; however, it had recommended language to limit hotel reimbursements. Staff then worked with the assistance of the Federal Accountability Officer to address hotel reimbursements.

Mr. Rountree stated 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. In an instance where there is no host hotel or if the host hotel is unavailable, lodging will be limited to the standard single occupancy rate or the equivalent at an economy or business class hotel. Luxury hotels or rentals will not be approved or reimbursed beyond the standard room rate at an economy or business class hotel in the same vicinity. 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 final revision stated that reimbursement for lodging is limited to business travel longer than 12 hours. The Chairman stated that the recommended revisions served as minor tweaks to the existing Travel Policy. The Committee approved the revised Authority Travel Policy.

Phil Sunderland, Vice President and General Counsel, presented an amendment, proposed by the U.S. Secretary of Transportation (Secretary), to the Lease between the Authority and the United States. Pursuant to a lease agreement on behalf of the Secretary, the Authority has leased the two airports and other land from the United States since 1987. The Secretary's authority to enter into the agreement resulted from 1986 legislation, which consented to the creation of the Authority; agreed to lease the land of the airports and improvements to the Authority; and authorized the Secretary to sign the Lease.

Since the Lease enactment, three amendments had occurred – the first had eliminated the Board of Review; the second had changed some definitions; and the third, enacted in the late 1990s, had extended the Lease by 30 years (through 2067).

Mr. Sunderland explained that the day's proposed amendment had three components. The first component addressed the Authority's policies and procedures in procurement, human resources, budget as it related to federal funds and assistance, travel, ethics, governance and transparency. It would require the Authority to adopt, maintain and comply with polices in these areas and to adopt them after consultation with and concurrence by the Secretary or his designee. The intended goal would be for these areas to be substantially similar to policies and procedures of comparable public institutions. The Authority, with the assistance of the Federal Accountability Officer, has made substantial progress to address travel, ethics, governance and transparency policies. The procurement policy would be addressed in the draft revisions to the Contracting Manual that would be discussed later in the day's Business Administration Committee Meeting. Mr. Sunderland noted that major work still remained regarding human resources; the goal would be to adopt new policies by the end of the second quarter of 2013.

The second component of the amendment required the Authority to provide access to the Secretary and his representative to records and personnel to ensure compliance with the provisions of the lease.

The third component of the amendment changed the definition of "airport purposes," a term with a limited definition in the Lease and federal statute. All Authority leased land is required to be used for "airport purposes." The 2012 Federal Aviation Administration reauthorization Act had a provision that changed the definition of "airport purpose" to allow any use of the leased land as long as the Authority had the Secretary's approval. The purpose of this change is to allow the Authority to use land to generate revenue in ways that may not be directly tied to aviation so long as the uses of land are not harmful or in conflict with aviation. The Chairman noted that the third amendment would provide flexibility to the Authority, to which Mr. Potter agreed. The Chairman stated that he believed that the amendments reflect the existing, more collaborative relationship the Authority has with DOT going forward. He was fully supportive of the amendments and strongly recommended that the Committee recommend the Lease amendment to the Board.

Mr. Session had several questions, which when answered, would implicate a legal opinion. At 8:22 a.m. the Committee then went into executive session to consider existing or prospective contracts, business or legal relationships to protect proprietary or confidential information of the Authority.

At the conclusion of the executive session, the Chairman reconvened the meeting at 9:35 a.m.; Mr. Carter, Mr. Davis, and Session were also present. The Committee approved the lease amendment; Mr. Session voted no.

The Chairman stated that a positive discussion had occurred during executive session. The Committee had directed Mr. Potter and Mr. Sunderland convey to Secretary LaHood its appreciation for his efforts in connection with the Lease amendment. The Chairman said that the Board was committed to ensuring that it made the necessary changes to Authority policies and procedures. The Board was hopeful and confident that the changes resulting from the proposed lease amendment will be rendered unnecessary as time progressed, and that at a point in time, there will be a sunset on the amendment.

Lastly, Mr. Potter introduced a dashboard to track the progress of the DOT IG recommendations and sub-recommendations. The dashboard included all recommendations made by the IG. Mr. Potter reported that staff would act on each recommendation, which had been assigned a targeted completion date. He would continue to provide updates on the status of each recommendation. Key milestones for the completion of many of the recommendations would be concurrent with the completion of the Contracting Manual, Code of Ethics policy, and human resources polices. Mr. Potter would further address the Authority's response in his report later that day in the Board Meeting.

The meeting was thereupon adjourned at 9:47 a.m.

SUMMARY MINUTES
FINANCE COMMITTEE
MEETING OF DECEMBER 12, 2012

Mr. Conner chaired the December 12, 2012 Finance Committee Meeting, calling it to order at 1:00 p.m. A quorum was present – Mr. Carter, Mr. Chapman, Mr. Davis, Mr. Griffin, Ms. Merrick, Mr. Session, and Mr. Curto, *ex officio*. Ms. McConnell was also present.

Financial Advisors' Report – Dulles Corridor Enterprise

Doreen Frasca of Frasca & Associates, LLC commended the Board for its approval of the Full Funding Grant Agreement note transaction that will allow the Authority flexibility with respect to market entry in 2013. She reported that staff had been working actively with the Commonwealth of Virginia to finalize the terms of the $150 million transportation funding.

Bryan Grote of Mercator Advisors, LLC reported on other developments regarding toll facilities and transactions. He stated that the private owners of the Dulles Greenway facility had requested an increase of 10 cents in toll rates. The baseline toll would increase from $4 to $4.10 and peak-hour tolls from $4.80 to $4.90. Based on the 2013 proposed and approved tolls for the Greenway and Dulles Toll Road (DTR), respectively, the DTR tolls comprise approximately 60 percent of the Greenway tolls during rush hour and approximately 70 percent of the Greenway tolls during non-peak hours.

Mr. Chapman noted that although the Greenway is a helpful benchmark, it should not be used as a role model for the operation of the DTR. Mr. Grote noted that the advisors continue to follow the I-95 and I-495 express lanes, along with the Dulles Greenway, to acknowledge the developing system. A nearby I-95 express lane project demonstrated the benefits of an aggressive Transportation Infrastructure Finance and Innovation Act (TIFIA) financing plan. He noted that debt service payments on the TIFIA loan would not be required for the first seven years after financial close; for the next 16 years, only partial interest payments are required. The TIFIA principal would not apply until 2035 and mandatory principal repayments would not begin until 2032.

Mr. Conner commented that bids for the Tappan Zee bridge construction project had been much lower than initial estimates and asked the advisors their views about the process. Ms. Frasca responded that it had been an indication that construction firms are eager to be awarded contracts of strong projects.

Aviation Enterprise – November 2012 Financial Report

Andy Rountree, Vice President and Chief Financial Officer (CFO), was joined by Mark Tune, Controller. Mr. Rountree reported that year-to-date revenue was $588.1 million, an increase of 4.8 percent from the same period in 2011. The end of November represented 91.7 percent of the calendar year, at which point the Authority had earned 90.2 percent of budgeted revenue. Year-to-date expenses were $515.7 million, an increase of 2.4 percent from 2011. The Authority had incurred expenses at 84.6 percent of budget expenses.

Operating income was $72.4 million, compared to a prior year operating income of $57.7 million. Debt service coverage had decreased to 1.33, compared to 1.35 in October. It was budgeted at 1.31; a confirmed number will be available once the books are reconciled at the end of the year.

The meeting was thereupon adjourned at 1:09 p.m.

SUMMARY MINUTES
STRATEGIC PLANNING AND DEVELOPMENT COMMITTEE
MEETING OF DECEMBER 12, 2012

Mr. Crawford chaired the December 12 Strategic Planning and Development Committee Meeting, calling it to order at 9:48 a.m. Other Committee Members present were: Mr. Carter, Mr. Chapman, Ms. McConnell, and Mr. Curto, *ex officio*. Mr. Adams, Mr. Conner, Mr. Griffin, Ms. Hall, Ms. Merrick and Mr. Session were also present.

Mr. Crawford reported that the day's meeting would be his last one as a Director. He thanked former Mayors Williams and Fenty for appointing him. Mr. Crawford said that his service on the Board had been challenging, exciting and enjoyable; he had also learned a lot.

He noted that President Obama would be inaugurated on the Martin Luther King, Jr. holiday. Mr. Crawford stated that a story had been published in a tabloid that day and that some of its details had been incorrect. He reported that 40 years ago President Richard Nixon had appointed him as the Assistant Secretary of the U.S. Department of Housing and Urban Development. Mr. Crawford noted that the country had been in turmoil at that time, and that President Nixon had appointed him for several reasons – he was a capable, qualified democrat. During the President's impeachment process, Mr. Crawford had been assigned a mission. He recalled that Mrs. Martin Luther King, Jr. had contacted him to request his assistance. At that time, Dr. King had been deceased for five years. Mr. Crawford said that he and three of his colleagues had contributed $250,000 to the financially-troubled Martin Luther King Center and that he had asked then-President Gerald Ford to present the donation to the King family. He noted that a great deal of hostility existed between White House officials and the King family at that time. During his tenure as Assistant Secretary, Mr. Crawford said that he had also provided some advancement opportunities to some of the lower-grade federal government employees. He stated that he applauded the Inspector General (IG) and staff of both the Department of Transportation and the Authority. He noted that many of the existing governance policies did not exist when he was first appointed to the Board, but that he had adhered to those that had since been implemented. Mr. Crawford stated that he believed that the Authority should follow a careful process when addressing some of the IG's recent employee concerns to ensure that qualified, capable employees who legitimately sought employment should not be dismissed.

Mr. Crawford said that he had recently traveled and used Dulles International and had been impressed with the clean restrooms and concession areas. He noted that the concessions had also been well organized and maintained, and that he had been able to retrieve his baggage promptly. However, he expressed concerns with the lengthy distance from the AeroTrain to Gate C and asked Chris Browne, Vice President and Airport Manager, to address them. Mr. Browne stated that the walkback tunnel had been built when the decision had been made to delay building the Tier 2 concourse. The 800-foot underground walkway, served by a moving walkway, had been put in place to provide connectivity to Gate C. Mr. Browne said that discussions were underway with United on plans to introduce carts to provide assistance to patrons to get to the gates and throughout the Airport. As a long-term resolution, he noted that the day's presentation would provide information on the possibility of constructing another terminal.

Mr. Potter reported that at the day's Meeting staff would present different topics to provide an update about Dulles International. He noted that the lease amendment that the Executive and Governance Committee had approved earlier that day would provide new real estate development opportunities that had not been possible previously.

1. Aviation Business Update

Ms. McKeough reported that staff had provided a similar report for Reagan National in September, which had identified some of the challenges facing the industry that had been applicable to the Airport. The day's presentation would provide information regarding opportunities and challenges at Dulles International.

Ms. McKeough stated that Dulles International had recently celebrated its 50th anniversary. She noted that the milestone was normally one considered of great maturity and lifespan depth, but that Dulles International still remained an Airport that had a long way to go to reach its maturity level. It was recognized at the beginning of its growth period that the Airport had the potential to be a significant economic engine for the region.

She noted that the presentation would address the financial profile; the customer experience; and the strategies to grow aviation and non-aeronautical revenue.

With respect to the airline industry, it was a time of great change in the United States; it had been a period of acquisitions and mergers. Today, airlines had changed their operating models to align their strategies and focus on profits versus expansion to grow revenues. To achieve their profits, airlines had focused on their airfares and maximizing pricing strategies with consumers. Airlines had recognized that they can achieve a greater profit with international service instead of domestic service. They had also begun to charge passengers for ancillary services such as bag check and customer service fees, which has contributed greatly to the airlines' bottom line.

With recent funding issues, Ms. McKeough reported that all airlines had been faced with some challenges. Most airlines received some form of federal funding for passenger screening provided by the Transportation Security Administration or custom clearance for international passengers; Passenger Facility Charges, a regulatory fee; or Airport Improvement Funds, grants for runway, taxi and airfield improvements.

Ms. McKeough reported that the Authority was fortunate to have a two-Airport system. She noted that Reagan National had experienced record growth in 2012, and the Airport enjoyed a tremendous amount of demand because of its geographical location. Dulles International complemented Reagan National well. Dulles International is the Airport of growth for the region; it had transported 67 percent of international passengers throughout the region in 2012. While Baltimore Washington International was owned by the State of Maryland, it also complemented both Reagan National and Dulles International Airports. Ms. McKeough noted that Reagan National is a demand-driven Airport; all carriers were interested in having service there. Unfortunately, it was land-constrained and had very limited growth potential. Dulles International is the Airport filled with opportunities for the future.

She also reported that the Authority had just completed a robust Capital Construction Program. Approximately $5 billion had been invested to put the infrastructure in place to advance future growth. Dulles International had a robust airfield, sufficient parking availability and a substantial amount of undeveloped land. It was a tremendous asset. With the completion of the Dulles Metrorail, the Airport's growth would continue.

Ms. McKeough noted that Dulles International was also faced with some challenges regarding near-term needs that must be addressed.

Ms. McKeough said that discussions were underway with airlines regarding the Use and Premises Lease Agreement, which would expire in 2014. It was the Authority's desire to make changes to the Agreement to sustain airline growth and to address short-term financial challenges on which the Authority was focused.

2. Airline Rates & Charges

Andy Rountree, Vice President and Chief Financial Officer, said in order to provide an understanding of Dulles International's existing financial profile, he thought it necessary to review some of the Airport's history. He noted that each year, usually in connection with the issuance of bonds, the Authority engaged consultants to forecast enplanement activity. Mr. Rountree then referred to a chart that identified enplanement activity beginning in 2002, noting that the enplanements at that time had been just over 8 million passengers. In 2002, the consultants had forecasted that enplanements in 2011 would be roughly 30 percent higher than existing enplanements. Mr. Rountree noted the decline in activity from 2005 to 2006, which had resulted when Independence Air had ceased its operations. Declines in later years had been indicative of the slowing economy. Updated projections beginning in 2012 had been flat, with little increase expected in several years; these projections were consistent throughout the industry. To build an airport to better accommodate customers, a long lead time was necessary in planning many of the capital construction projects. Mr. Rountree used the AeroTrain System at Dulles International as an example. At that time, the forecast had projected that activity would be much greater than the current level. He said that a substantial amount of capital had been invested into Dulles International, but that passenger activity had not matured as initially projected.

Mr. Rountree then referred to the average cost per enplanement (CPE), the average amount an airline paid to service an enplanement at Dulles International. The CPE used in the 2013 Budget is $14.73 at Reagan National compared to $27.30 at Dulles International, where major infrastructure investments had occurred in recent years. Mr. Rountree noted that the CPE was higher for an international flight because of the infrastructure associated with international travel. The combination of flattening forecasts and the Capital Construction Program infrastructure investments had caused the CPE at Dulles International to be higher than desired. Mr. Rountree noted that the CPE may decrease by approximately $2.50 for every 1 million increase in enplanements.

Mr. Rountree explained that another factor included in the calculation for CPE was the cost of debt service and the debt coverage related to the amount of revenue the Authority collects from the airlines. He noted that existing debt level is the least-controllable factor managed by the Authority and can be impacted by opportunities of the Authority to refinance when options exist. He noted that this was a significant component in determining CPE. Mr. Rountree reported that the level of debt service is carefully managed and affects the debt service coverage, which is the cash available by the Authority to pay outstanding debt. The ratio represents the cash available to service debt or how many times net operating income is available to pay outstanding debt. He noted that the legal requirement for debt service coverage was 1.25; the amount estimated in the 2013 Budget was 1.31. Mr. Conner referred to the slide that addressed debt service coverage levels and noted that while Reagan National had not had much debt recently, the level was 1.32. Mr. Rountree indicated that the Authority would issue limited debt in 2013 and that non-airline revenue projections, specifically rental car revenue, had declined.

In summary, Mr. Rountree reported that the Authority's operating costs had been minimally increased at both Airports. The Authority had done a good job in managing its Capital Program; new debt authorized in the 2013 Budget had been held to a minimum, representing only a $1.4 million net increase. Steve Baker, Vice President for Business Administration, and the Chief Executive Officer would provide details about pursuing longer-term strategies for non-aeronautical revenues later in the presentation. Assuming that a new Use and Lease Agreement would be negotiated, Mr. Rountree reported that staff would also pursue opportunities throughout the airport system. Mark Treadaway, Vice President for Air Service Planning and Development, would also provide information about opportunities for increasing activity. Lastly, Mr. Rountree noted that approximately $200 million in existing debt would likely be refinanced and net savings in the near future.

Mr. Crawford complimented the art work displayed at Dulles International and inquired about the status of the advertising in the corridor, including branding the airline gates and placing ads on the walls. Ms. McKeough responded that Mr. Baker would provide details shortly about advertising and branding during his presentation regarding non-aeronautical revenues.

Mr. Session noted that Ms. McKeough had referred to the Use and Lease Agreement being managed as one airport system as one of the challenges at Dulles International and asked for additional details. Ms. McKeough responded that the existing 25-year Use and Lease Agreement with the airlines is approaching its expiration date and does not provide the Authority the flexibility to combine its revenue. The contractual obligation treated each Airport as a separate economic entity. Ms. McKeough reported that staff had expressed to the airline carriers the Authority's ambitions to change the existing model to one system wide model. Mr. Session asked if cross subsidization would be an option, to which Ms. McKeough responded affirmatively.

3. Dulles International Customer Experience

Mr. Browne reported that the Capital Program had created facilities that had allowed the Authority to enhance and improve the customer's experience at Dulles International. Words he likened to the Dulles customer service experience were contemporary, predictable, satisfying and reliable. He said that staff took great pride in maintaining the Dulles Access Highway and Dulles Toll Road, which provided unimpeded access to its customers. The future Dulles Metrorail would also add tremendous benefits. Once customers entered the terminals, they were faced with security line waits, staffed by the Transportation Security Administration (TSA). Mr. Browne reported that Dulles International was the first Airport in the nation to provide passengers with real-time information on security line wait times, which were displayed in the terminals. He noted that the predictive, pro-active tool measured the number of people in the queue and with other information, can predict the length of wait times. This information regarding real-time security line wait times can be accessed on the Authority's website and on mobile devices. Mr. Browne noted that he had periodically checked the wait times while he attended the day's meetings. This information was shared with TSA so that it could use it to help balance its staffing needs between mezzanines.

He noted that another added benefit offered to passengers is a pre-check opportunity, which provides expedited screening. All frequent flyers or participants in a Global Entry Program can use a new pre-check lane offered in the center of the security mezzanine to expedite security. Mr. Browne noted that the Authority had also worked with Customs and Border Protection to install an enrollment center for Global Entry on the departure level of the terminal to help to market the Program.

For those passengers who used the AeroTrain, Mr. Browne reported that the transit system had maintained 99.85 percent availability in 2012, exceeding its required performance standards.

Compared to other airports on the east coast, passengers at Dulles International could also take advantage of flights with some of the lowest taxi times and least likely impact caused by weather delays. Using data provided by the Federal Aviation Administration, Conde Nast Traveler had ranked Dulles International the eighth best airport in the nation in terms of on-time performance and cancelled flights. Mr. Browne said that Dulles International had also out performed every major airport to the north and east. He reported that passengers at Dulles International also enjoyed the latest generation of aircraft, noting that its facilities were able to accommodate A380, Boeing 787, and Boeing 747-8i. Another asset resulting from the Authority's investment in construction at Dulles International is the Authority's construction of the largest on-airport fuel holding facility in the world. Mr. Browne reported that 38 million gallons of fuel, which provided a 30-day supply, was available on the Airport. The on-airport facility relieved the airlines from having to lease tanks to hold fuel, which resulted in an important cost savings to the airlines.

Mr. Browne also reported that two of Dulles International's runways are 2,000 feet longer than the longest runway at Andrews Joint Air Force Base. As a result, President Barack Obama had traveled through Dulles International four times in 2012.

Mr. Browne reported that Dulles recently completed the International Arrivals Building, which is a world-class, state-of-the-art facility. This facility benefits international and U.S. travelers returning to the country. Mr. Browne reported that all of the Student Ambassadors assigned at Dulles International are college students. Ninety percent of the students are bilingual, representing 16 different languages and provided translation services and other added benefits to the international passengers.

Mr. Browne noted that customer surveys had been conducted for several years. He noted that the most recent survey had revealed that noticeable improvements had occurred since last year. Mr. Browne stated that 97 percent of passengers at Dulles International had expressed their satisfaction with the cleanliness of the terminal and restrooms.

Mr. Browne reported that Dulles International would continue to be a part of history and referred to some of the year's highlighted events, including the Space Shuttle Discovery arrival on April 17 and Air France A380 Arrival on June 6. Dulles International would continue to be a trend-setting Airport, positioned for growth.

Ms. Hall inquired about the use of mobile lounges. Mr. Browne said that mobile lounges were used to service international passengers flying into Dulles International as their final travel destination. Since those passengers were required to clear customs, it was necessary to keep them segregated from other passengers. Mr. Browne also noted that mobile lounges were also used to provide assistance when airlines experienced tarmac delays.

4. Dulles International Capital Program Planning

Frank Holly, Vice President for Engineering, reported that the Federal Aviation Administration regulations required all airports that received federal grants to develop a master plan. He noted that the Authority had developed a master plan for each Airport since its creation in 1987. A master plan served as a template to ensure that an airport's available land would be developed in a manner to maximize the airport's ability to transport passengers as future growth occurred. Mr. Holly said that staff had followed the Authority's Master Plan throughout the years, with some modifications. He noted that Board approval was required for all major modifications to the Master Plan. The existing Master Plan would allow the development of Dulles International to accommodate up to 70 million passengers annually or 35 million enplanements. Mr. Holly reported that facilities had been constructed or expanded over the past 10 years to accommodate, with some exceptions, up to 45 million annual passengers.

Mr. Holly reported that Dulles International's existing configuration includes four runways, one terminal, and two concourses (one permanent and one temporary). Potential development of the facilities could increase the Airport's capacity to five runways, two terminals and four permanent concourses. With this potential for development, the gate capacity would increase from 135 operations to a maximum of 250. Mr. Holly noted that 4,000 passengers presently processed hourly through International Arrivals area could increase to 8,000 passengers hourly.

While great capacity for future development existed, Mr. Holly reported that the existing facilities at Dulles International, with minor modifications, would sufficiently accommodate passengers for many years to come. Mr. Holly referred to a slide on the current Main Terminal capacities. As he had previously noted, the existing overall terminal structure would accommodate 45 million passengers. However, he stated that one limitation of an existing facility involved an outbound baggage facility, which presently accommodated 27 million passengers. The location of this facility would expand the size of the Airport's outbound baggage facility, and a new location had been identified on the Airport; however, the passenger demand for this facility did not warrant its development at this time. Mr. Holly reported that space was currently available in the Main Terminal to increase passenger screening capability and expand checkpoints. He noted that ticketing, baggage screening and baggage claim functions were now adequate to accommodate the 45 million passengers projected annually. Ms. McKeough stated that Dulles International currently serviced approximately 23 million passengers annually.

As Dulles International is further developed, additional terminals would be needed. Mr. Holly reported that Concourse D/C presently served as a temporary concourse. As development occurred, a new configuration would be introduced whereby the Main Terminal would be assisted by the construction of a south terminal. With that development, four permanent midfield concourses would be utilized. Development would also occur to extend service of the AeroTrain from the Main Terminal to a new south terminal, with two new stations at each concourse. With these additional services, the Airport would increase its operating gates to 250.

With respect to airfield capacity, Mr. Holly reported that there were four existing runways, which could support 125 hourly operations under inclement weather operations. If an additional runway was added, the hourly operations would increase to 180. Mr. Holly reported that under normal conditions, the existing four runways could accommodate 600,000 operations annually. With a future fifth runway, more than 1 million operations could occur annually. Mr. Holly noted that Dulles International presently accommodated 336,500 annual operations.

Mr. Holly reported that forecasted increases in annual passenger and cargo levels would impact surface access. With the increased demand, improvements to the roadways and access to the Airport would need to occur. He noted that future plans to expand the Dulles Loop, which involved three roadways (Route 606, Route 28 and Route 50), were being considered. These roadway improvements would provide better access to commuters, as well as passengers traveling to Dulles International. Mr. Holly noted that while significant improvements had already occurred on

Route 28, future plans for further expansion still existed. With Route 606, the Commonwealth had conducted a substantial amount of preliminary engineering to determine how the roadway could be expanded to increase the existing two-lane road to six lanes. Mr. Holly noted that with the opening of the Dulles Metrorail in five years, Route 606 would be an essential roadway. Route 50, currently at capacity, needed to be expanded; studies were currently underway. Other planned expansion included Tri-County Parkway, which connects Interstate 95 South and Interstates 66 and 81 to the north. The Authority had reserved property for a spur on the western side at Dulles International to accommodate these future improvements, if needed. Mr. Holly also noted that it would be essential for the Authority to have access to the western lands, which had been purchased.

The Silver Line, which would be extended from Reston through Dulles International to Loudoun County, would provide seamless access. Mr. Holly reported that a commuter could travel from Washington, D.C. directly to Dulles International. The Silver Line would merge with the Orange Line, but a commuter would not be required to transfer trains. The Silver Line, scheduled to be completed in 2013, will be a huge improvement for access to Dulles International.

Mr. Holly noted that he had failed to mention the Dulles Access Road when he reported on surface access improvements. He said that the Authority had reserved land, which would allow a third lane to be added in each direction; the existing Road had two lanes in each direction.

Mr. Holly reported that the Authority was well positioned to meet the current demand at Dulles International. The Master Plan for Dulles International would allow the Authority to further develop the Airport, if needed.

5. Air Service Development

Mr. Treadaway provided information regarding various tactics that the Authority used to increase air service at Dulles International. He reported that the Air Service Development team is generating new service and working with existing carriers to maintain current service. Staff provided statistics and other data to airline route planners on an ongoing basis as part of its effort to convince them to add air service at the Airports, with the prospect of expanding profitability. Mr. Treadaway reported on the 2013 air service development objectives for Dulles International: maintain existing air service; grow existing carriers; pitch new destinations to airlines that passengers were flying to via other gateways or hubs; and continue to establish Dulles International as a cargo gateway. He noted that some of the slides used at the day's meeting were the same as those used for presentations to route planners. Mr. Treadaway referred to a slide that identified how passengers were served by the regional airports. Using data provided in June 2012, he reported that Dulles International is the largest Airport in the region; it had serviced 23.3 million passengers. Baltimore Washington International (BWI) Airport had carried the most local domestic passengers at 15.5 million, compared to 13.8 million at Reagan National and 8.3 million at Dulles International. Mr. Treadaway noted Dulles International's strong international passenger market, with a total of 7.5 million plus passengers, which was larger than Reagan National and BWI combined.

Mr. Treadaway reported that six economic indicators had been ranked and added to produce a composite score, which had indicated that Washington is the strongest market in the United States. He noted that this type of data was especially meaningful to route planners.

With respect to international passengers, Mr. Treadaway reported that no other airport in the U.S. had grown as much as Dulles International. It had realized a 71.9 percent growth in the past ten years compared to JFK, Atlanta and other airports. He clarified that while other airports had grown more in passenger numbers, Dulles International had had the highest percentage of growth over the past decade.

Mr. Treadaway then referred to a slide which identified the international air service presently provided at Dulles International. He reported that 24 international carriers served Dulles International for a total of 438 weekly departures to 47 different destinations across the world. Three airlines, Porter, Aeromexico and Emirates, had added international service within the past year, as well as several new destinations recently added by United. Etihad had also announced it would launch its daily nonstop service to Abu Dhabi in March 2013. Mr. Treadaway pointed out that international airlines were a major contributor of revenue, noting that Emirates, which began its operation at Dulles International in September 2012, would contribute approximately $2.2 million annually in direct Airport revenues. He noted that Etihad is also building an airline club, which would generate nearly $1 million annually. In addition to the jobs and the stimulation that international air service contributed in terms of trade, it was important to be aware of its contribution to the Authority's earnings.

Mr. Treadaway reported that while domestic air service was robust, it had begun to contract, consistent with industry trends. He noted that seven carriers serviced 83 destinations for a total of 305 daily departures at the Airport.

He also reported that staff was working diligently to promote cargo advantages at Dulles International, which included the Airport offering growth opportunities; having world-class facilities and cost advantages compared to other east coast cargo hubs; and a catchment area, which covered the entire east coast and certain parts of Canada, within a one-day drive.

As part of its efforts to promote cargo, Mr. Treadaway stated that the Authority enjoyed productive cooperative partnerships with Fairfax County and Loudoun County economic development agencies, the Greater Washington Board of Trade, and the Virginia Department of Economic Partnership. These partners were aware of the cargo opportunities at Dulles International, and were essential in promoting them.

Cargo development supported new international markets helping to ensure that cargo would be transported in the belly of the large aircraft. It added revenue and profitability for airlines having wide-bodied aircraft that crossed the Atlantic Ocean. Mr. Treadaway stated that the Asian and Latin American markets were vital and noted the growth of Ethiopian Airlines with its 787s transporting flowers.

Mr. Treadaway reported that cargo growth supported facility developments, helped the economy and built niche market developments. He indicated that the Authority would increase its efforts to build particular niche markets in the coming year, particularly with regards to perishable, cold storage items.

The Authority offered a Cooperative Marketing Program, which is extremely important to cargo carriers. The Program matched dollars to airlines that invested money to promote cargo development. The Program also provided an incentive to freighters. Mr. Treadaway noted that a freighter is expected to come aboard in mid-2013.

Mr. Treadaway then referred to a couple areas where aviation supported revenue opportunities. These areas included fixed base operators, who operate the private, chartered aircraft, and maintenance repair overhaul (MRO) facilities. He noted that United had recently broken ground for its new MRO facility and other opportunities for additional airlines to provide the same service existed.

6. Business Opportunities

Steve Baker, Vice President for Business Administration, stated that he would provide insight as to how the Authority grows non-aeronautical revenue produced by food and beverage and retail concessions, specialty shops, and real estate opportunities. He noted that it was important to increase the Authority's revenue to reduce the cost of operating at Dulles International so that it could be more competitive in attracting customers.

Mr. Baker stated that three business objectives existed for Dulles International – improving concession offerings; expanding the definition of customer; and creating additional opportunity for development. In order to improve offerings, it would be necessary to identify and position concepts to match customer demographics. Mr. Baker noted that visitors usually spent more money at the Airport than local travelers. International customers generally spent more than domestic customers. The more information that can be provided regarding what attracted passengers would allow staff the opportunity to provide assistance to better manage the concessions and to attract and retain revenue by selling what passengers want to purchase. Staff would also need to be aware of how to create concepts for varied passenger interest with limited space. Mr. Baker said that sometimes it is necessary to create stores within stores. He noted that some of the concessions' exteriors may not change over the years, but the goods that were sold would be updated to address passengers' demands. It would also be necessary to design spaces to accommodate the volume of passengers going through the concourses. Mr. Baker stated that statistics had shown that Concourse C/D at Dulles International was very congested during peak times of the day, while Concourse B had more space, but fewer passengers. It was important to determine how to position some of the retail space and transition food courts. Passengers did not want to stand in lines or go through obstacles to make a purchase. Staff would explore the ability to integrate hold room seating into concession operation. Mr. Baker said that research had been conducted to determine emerging trends. It would be critical to maintain the level of seating and space to allow passengers sufficient space to get to gates; adding amenities such as electrical outlets and USB ports would aid in the concession operation. Another possibility to improve the concessions offerings dealt with the expansion of existing opportunities in advertising. Mr. Baker reported that digital advertising currently generated approximately $2.5 million per year at both Airports. Advertising displayed on the AeroTrain yielded $487,000 for a six-month period. Mr. Crawford had inquired earlier in the Meeting about advertising on loading bridges. Mr. Baker said that some of the airlines had reached an agreement regarding the advertising, and that staff would pursue the opportunities with HSBC. The potential income was $1.5 million annually at Dulles International.

Mr. Baker said that the Authority also wanted to expand the definition of customer. Traditionally, airports had focused on passengers as the only source of non-aeronautical revenue. Efforts were being made to expand the conversation to include revenue derived from airport employees, tenants and other service providers. Mr. Baker noted specifically operations off the Airport, such as fueling stations, food operations and hotel facilities. These revenue opportunities could serve airline passengers, as well as those individuals conducting business in and around the Airport.

In terms of creating additional opportunities for development in the terminals and concourses, Mr. Baker said that reprogramming of operational space from boarding levels to ramp levels would be considered, where possible. He noted that staff was working with the airlines to identify operational space on the concourse level that could be repositioned on the ramp level. Mr. Baker said that airline employees could go on the ramp level, while passengers could not. If facility operations could be moved to the ramp level, more space for concessions could become available and possibly generate more revenue.

Mr. Baker said that staff would also explore the reconstruction of former commuter lounge facilities on Concourse C/D to concession space. He noted that years ago United had an operation on Concourse C/D where it positioned passengers from that concourse to a facility it referred to as "G". The unused space was still available and discussions were underway. Similarly, there was a possibility for a conversion of former mobile lounge loading docks to food courts. Mr. Baker reported that since fewer mobile lounges were not used, some of those docks could be used for food courts. He said that staff was working with Mr. Browne and his staff to be able to identify those areas to the new Fee Manager contractor.

Lastly, Mr. Baker said that staff was also exploring other opportunities to create non-aeronautical revenue. He noted that many changes would result from the completion of the Dulles Metrorail. Some of the issues that staff would begin to focus on included: 1) create and evaluate where and how cars would be parked; 2) determine how to shorten travel time for passengers when they existed their vehicles; 3) expand parking areas and services; 4) examine and reposition commercial office space; and 5) augment hotel offerings at the Airport to determine how its position. The Authority would reduce its operating costs by increasing non-aeronautical revenues, which were not paid by the airlines. With the reduction in airline costs, the Airports then become more competitive.

7. Summing Up

Mr. Potter referred to a slide and provided details about land that would be developed at Dulles International. He indentified land that had been designated for future terminals and concourses, cargo and air service. Mr. Potter reported on more than 400-acres of western land that was available for use at Dulles International. Since it was not part of the Federal lease, a substantial amount of flexibility existed in its use. He also noted that the Authority owned approximately 16 acres of land around the future Route 606 Metrorail station that was very attractive for development. Discussions were underway with Loudoun County, and Authority staff had informed the Department of Transportation (DOT) of its desire to pursue non-aviation development. Mr. Potter said that DOT had invited the Authority to continue open discussions providing that open competition would occur to determine the land's purpose, and that any revenue generated would be used to offset costs.

Mr. Potter then referred to a slide that had been used at a Council of Governments Conference regarding future Federal Aviation Administration forecasts for airport passenger traffic. The data indicated that the regional airports had serviced 32 million enplaned passengers in 2011. In 2040, the amount of enplaned passengers was forecasted to increase to 69 million. Mr. Potter stated that Reagan National's limit would continue to be limited and that Dulles International would need to accommodate the expected growth. He said that he believed that the Authority is well positioned to handle future growth at Dulles International. In his opinion, Dulles International was the crown jewel of the Metropolitan area in terms of economic development based on air transportation. The Authority had an obligation to be prudent and pragmatic, but aggressive to ensure that it developed Dulles International in a manner to continue to serve passengers and contribute to economic growth. Mr. Potter said that the Authority would do its part to make sure the growth at Dulles International would be handled in a smart, effective manner.

Mr. Conner commented that the day's presentation had been a good one. He said that it was critical information that the Board should focus on. Mr. Conner suggested that an update be provided in six months.

2013 Annual Air Service Plan and Air Service Development Information Report

Mr. Crawford said that the reports would not be reviewed at the Meeting and that Directors should let Mr. Treadaway know if they had any concerns or questions about the reports.

Mr. Session commended Mr. Crawford for the work he had done over the years as former Chairman and Chairman of the Business Administration Committee. He said that he personally appreciated Mr. Crawford and noted that he had met him about 30 years ago when he was a young staffer at the DC City Council. Mr. Session said that he was gratified that he had had the opportunity to be Mr. Crawford's peer. He appreciated his efforts to bring the Airports to the District of Columbia, particularly east of the river. It was important to ensure that the DC residents are aware of the Authority's opportunities and are able to participate in them. Mr. Session wished Mr. Crawford well.

The meeting was thereupon adjourned at 11:32 a.m.