

SUMMARY MINUTES
FINANCE COMMITTEE
MEETING OF MARCH 16, 2016

Mr. Curto chaired the March 16 Finance Committee Meeting, calling it to order at 10:20 a.m. A quorum was present during the Meeting: Mr. Adams, Co-Chair, Mr. Caputo, Mr. Chapman, Mr. Conner, Mr. Gates, Mr. Mims, Mr. Pozen, and Mr. McDermott (*ex officio*). Mr. Griffin, Ms. Hanley, Mr. Kennedy, Ms. Lang, Ms. Merrick, Mr. Session, Ms. Wells, and Mr. Williams were also present.

Financial Advisors' Report – Aviation Enterprise. Andy Rountree, Vice President and Chief Financial Officer, was joined by Marvin Sun of Frasca and Associates, L.L.C. (Frasca) and Jim Taylor of Mercator Advisors LLC. Mr. Sun provided an update on the Series 2016 Bonds Financing. He reported that one of the primary focuses of the transaction is the refunding of outstanding Series 2006A-C Bonds to achieve debt service savings. Mr. Sun reported that the financing team is also evaluating whether to include advance refunding on Series 2007A-B Bonds with a call date of 2017, which can be advanced on a taxable basis. He stated that the finance team is also reviewing the amount of a new money bond issuance that will be needed to fund project costs for the Capital Construction Program (CCP). Additionally, the team is reviewing an opportunity to determine if a portion of the Airports Authority's swap portfolio can be unwound in a cost effective manner. The credit facility in the amount of \$122 million had recently been extended to 2021, which will result in an annual savings of more than \$300,000. Mr. Sun noted that four new credit facilities had been extended since last fall producing an annual savings of \$2 million.

With regard to new funding for the CCP needs, Mr. Curto stated that staff would continue to monitor the situation as the timing to enter the market approached. Mr. Sun stated that the cash flows for the CCP are being refined and that updates would be provided. Mr. Rountree reported that financing approval documents will be presented at the May meeting.

Financial Advisors' Report – Dulles Corridor Enterprise. Mr. Taylor reported that staff and Frasca are taking the lead to consider extending the Commercial Paper Program for the Dulles Corridor Enterprise. He stated that the program, which has been working very well, is scheduled to expire in August 2016. Mr. Taylor stated that the plan is to consider

extending the program for one to two more years. He stated that it is expected to be on the agenda within the next couple of months.

January and February 2016 Financial Reports – Aviation Enterprise. Mr. Rountree was joined by Chris Wedding, Controller, and Mark Adams, Deputy Chief Financial Officer. Mr. Rountree reviewed the major weather events that took place in January and February, as well as their impact on travel and revenue for each Airport. He reported that the total revenue through February was \$122.3 million, with total revenue 3.7 percent higher than the prior year. Mr. Rountree reported that airline revenue was \$66.7 million, 1.6 percent lower than what had been forecast. The non-airline revenue was \$55.6 million, 8.6 percent higher than the prior year.

Mr. Rountree reported that parking was consistent with the financial plan and taxicabs and Transportation Network Companies (TNCs) produced an additional \$1 million and advertising revenue contributions exceeded the budgeted allocation in the financial plan. He reviewed a 2014 – 2016 comparison of airline and non-airline revenue and noted that non-airline revenue is trending well. Expenses through February totaled \$70.7 million, which was 15.1 percent higher than the prior year.

Mr. Rountree provided an overview of the expenses, which were higher than forecast mostly due to weather-related events. He explained that the services contract for snow removal and overtime for personnel resulted in an approximate 4.3 percent increase of the budgeted forecast year to date. Mr. Rountree reported that operating income was \$10.3 million compared to \$14.9 million for the prior year. Debt service coverage through February was 1.52x.

Mr. Curto asked if there were any revenue changes as a result of Uber and Lyft service providers. Mr. Rountree stated that the numbers reported under non-airline revenue included ground transportation (Uber, Lyft and Taxicabs) and that they are performing well. Ms. McKeough added that the TNC activity is on par with Authority expectations. She noted that staff is monitoring the impact on other ground transportation modes during the TNC transition. Ms. McKeough stated that trends would not be declared on the holiday and weather anomalies, rather staff will review the activity after a couple of good months of solid growth.

Mr. Curto inquired how the ground transportation changes had fared logistically. Ms. McKeough reported that operational plans at both

Airports had gone well with the exception of normal adjustments. She noted that the Public Safety team is doing a great job managing the curb, and there has been great utilization of the staging hold lots established at both Airports.

Mr. Curto inquired about the timeline to receive the \$50 million from the Commonwealth that Mr. Potter had reported on during his report. Mr. Rountree reported that several conditions would need to be met before the Authority can receive the funding. Most importantly, Authority would need to conclude the Use and Lease discussions for a longer lease period at Dulles International. Additionally, the Authority would be required to prepare a report providing information that the Commonwealth had requested by the end of this year. Mr. Wedding confirmed that once the funds had been received, they would be considered operating income.

Mr. Earl Adams inquired whether the Authority had allocated a sufficient budget for snow removal. Mr. Rountree stated that there had not been enough operating funds budgeted for a blizzard. Mr. Potter noted that a contingency fund is available. Mr. Rountree explained that there are two elements involved when budgeting for snow. The Operations and Maintenance budget is used for a standard level of snowfall. With regard to the periodic extreme weather-related events in January and February, a Capital, Operating and Maintenance Investment Program budget reserve is available. Overall, approximately \$8 million was spent for snow removal at Dulles International, which is \$3 million in excess; \$1.5 million was spent at Reagan National for snow removal.

January and February 2016 Financial Reports - Dulles Corridor Enterprise. Mr. Mark Adams reported that Toll Road revenue was \$22.2 million year-to-date, which was an increase of 1.0 percent. Toll Road transactions totaled 14.4 million year-to-date, which were 0.2 percent higher than prior year-to-date. Electronic toll collections were up 1 percent at 85.5 percent year-to-date. Expenditures were at \$5.9 million year-to-date, 25.5 percent higher than prior year-to-date in services because of the snow events results in exceeding the budget by approximately \$700,000. He reported that the Commonwealth of Virginia had declared a state of emergency and the Authority had begun submitting expenditures for eligible reimbursement from the Federal Emergency Management Agency.

The meeting was thereupon adjourned at 10:45 a.m.