

SUMMARY MINUTES
FINANCE COMMITTEE
MEETING OF NOVEMBER 13, 2013

Mr. Conner called the November 13 Finance Committee Meeting to order at 8:15 a.m. A quorum was present during the meeting: Mr. Carter, Mr. Griffin, Mr. McDermott, Ms. Merrick, Mr. Session and Mr. Curto, *ex officio*. Ms. Hall and Ms. Wells were also present.

As with prior meetings, Mr. Conner stated that he would recuse himself from participating in some of the day's agenda items due to an apparent conflict of interests. Although that apparent conflict no longer exists, Mr. Conner reported that he would be consistent and would continue his recusal from participating in the Committee and Board discussion and selection of the underwriting team for the Phase 2 financing of the Dulles Corridor Metrorail Project.

At 8:25 a.m. Mr. Conner offered a motion for the Committee to move into executive session for a confidential discussion regarding negotiations for a liquidity facility for the Aviation Enterprise's Commercial Paper Program and recommendation regarding assignment of roles for investment banking firms on anticipated transactions for the Dulles Corridor Enterprise. Once the motion was seconded, Mr. Conner left the room and the executive session discussions began.

When the regular session reconvened at 9:26 a.m., Mr. Conner was not seated at the table due to his recusal. A quorum was present: Mr. Carter, Mr. Chapman, Mr. Griffin, Mr. McDermott, Ms. Merrick, Mr. Session and Mr. Curto, *ex officio*. Ms. Hall and Ms. Wells were also present. At that time, Ms. Merrick chaired the Meeting.

Selection of Senior Manager(s) and Co-Managers for the Dulles Toll Road Revenue Bonds, Series 2014. The Committee selected the following firms: J.P. Morgan Securities LLC as bookrunning senior manager; Loop Capital Markets as co-senior manager; and Bank of America Merrill Lynch, RBC Capital Markets, LLC, Morgan Stanley & Co. LLC, Goldman Sachs & Co., Piper Jaffray & Co., Janney Montgomery Scott LLC, Fidelity Capital Markets, and Siebert Brandford Shank & Co., LLC as co-managers. Ms. Merrick would offer a resolution later that day for the Board to consider the selections.

Selection of Firm(s) for Negotiation of Potential Transportation Infrastructure Finance and Innovation Act Anticipation Notes. The Committee authorized staff to engage in negotiations with Bank of America Merrill Lynch, RBC Capital Markets, LLC and Goldman Sachs & Co. Andy Rountree, Vice President for Finance and Chief Financial Officer, noted that staff would present the details to the Committee before final negotiations with one, two or all of the firms concluded. Ms. Merrick would offer a resolution later that day for Board consideration.

Recommendation to Approve the Proposed Resolution Authorizing the Dulles Toll Road Subordinated Lien Revenue Notes, Series 2013. Mr. Rountree explained that the authorization would not exceed \$400 million and would be used for the interim financing for the Dulles Corridor Metrorail Project. In September the Board had authorized staff to negotiate with three firms, which had produced competitive results. With price being the determining factor, staff had presented a confidential status report at the November Committee Meeting. Mr. Rountree then reviewed the structure and terms of the negotiations with JP Morgan Securities, LLC. The Committee approved the recommendation, and Ms. Merrick would offer a resolution later in the day's Board Meeting.

Recommendation to Approve the Submission of the Passenger Facility Charge Application for Reagan National Airport to Fund the Airport Metrorail Station Project at Dulles International Airport and Certain Airfield Projects at Reagan National Airport. Mr. Conner rejoined the Committee and chaired the remainder of the meeting. Mr. Rountree presented the recommendation to submit an application for additional Passenger Facility Charge (PFC) collection authority at Reagan National. He explained that PFCs were devised to supplement the traditional capital funding sources used by airports to fund projects that meet the Federal Aviation Administration's criteria to enhance airport safety and capacity, as well as to reduce noise or increase air carrier competition. Mr. Rountree reported that the Airports Authority is committed to funding 4.1 percent of the Dulles Corridor Metrorail project in support of the Dulles Station. Consistent with ongoing financing plans, PFCs at Reagan National have been targeted for use to fund this commitment. In order to ensure that the PFC application is approved for the \$4.50 collection level, Mr. Rountree reported that the dollar amount of projects meeting the significant contribution test must total 33 percent of requested PFC authority including both capital and financing costs. He provided pertinent background information about prior PFC application approvals, collection amounts and how the funds had benefitted both Airports.

The Committee approved and authorized the submission of the PFC application for Reagan National. Mr. Conner noted that if a change occurred as a result of the submission, staff would present the change to the Finance Committee Chairman for approval. He then reported that he would offer a resolution later that day at the Board Meeting.

The Financial Advisors' Reports, Investment Program Report, and Budget Reprogrammings Report were accepted, as submitted.

2014 Budget Update. Mr. Rountree was joined by Rita Alston, Budget Manager, and Teri Arnold, Rates and Charges Analyst. He reported that the draft budget had been presented at the October 16 Committee Meeting. He reported the following changes to the 2014 Budget since that presentation: a decrease in the health insurance program resulting in a \$104,000 reduction to the estimated cost; a 1 percent decrease in aviation operating revenues; a new authorization of \$35.2 million of the Aviation Capital, Operating & Maintenance Investment Program, and a new authorization of \$44.4 million. There was a decrease in airline cost per enplanement at both Airports -- \$3.41 at Reagan National and \$1.06 at Dulles International. Mr. Rountree noted that the recommended 2014 Budget would be presented to the Committee and Board for consideration on December 11.

Mr. Conner commended staff on its outstanding efforts.

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