

SUMMARY MINUTES
STRATEGIC DEVELOPMENT COMMITTEE
MEETING OF MARCH 19, 2014

Mr. Chapman chaired the March 19 Strategic Development Committee Meeting, calling it to order at 11:15 a.m. A quorum was present – Ms. Lang, Co-Chair, Mr. Curto, Mr. Gates, Ms. Merrick, Mr. Session, Mr. Williams and Mr. Conner, *ex officio*. Mr. Carter, Mr. Griffin, Ms. Hall, Mr. McDermott and Ms. Wells were also present.

Air Service Development Information Report. Mark Treadaway, Vice President for Air Service Planning and Development, reminded everyone that as a result of a settlement with the US Department of Justice, the new American Airlines was required to divest 52 slot pairs at Reagan National. He noted Reagan National had an all-time record of 20.4 million passengers in 2013. As a result of the divested slot changes, Mr. Treadaway reported that an estimated 2.4 million additional passengers could use Reagan National annually. As Ms. McKeough had reported in the day's Board of Directors Meeting, Mr. Treadaway noted that some of the recipient airlines of the divested slots had announced new flight schedules, and more schedules are expected to be announced in the spring. Jet Blue had announced six of its 12 slot pairs; Southwest had announced one pair; and Virgin America had announced four pairs. Mr. Treadaway then referred to a graph, reviewed the passenger activity, and noted that new flights had been added at Reagan National throughout the years. He stated that staff believed that other events, such as bankruptcies, commencement and dissolution of airlines, Federal Aviation Administration (FAA) reauthorizations and various mergers, as well as slot divestitures, had contributed to the suppression of domestic service at Dulles International. Mr. Treadaway reported that Dulles International would offer new international service to Madrid, Spain; Nassau, Bahamas; and Beijing, Peoples Republic of China within the next several months. He noted that while Air China would begin its service from Dulles International to Beijing in June, an official announcement had not yet been made.

Mr. Treadaway reported that some of the upcoming challenges facing the Authority, as recipient airlines of divested slots begin new service, include the impact on facilities with accommodating growth at Reagan National. He noted that it would be as critically important to preserve, and possibly increase, domestic service at Dulles International and to continue to work to ensure that the perimeter rule would not be further

relaxed and more slots would not be added as FAA reauthorization will be again on the Congressional calendar in FY 2015.

Mr. McDermott referred to the passenger activity graph and inquired about the correlation between the increases in domestic activity levels at Reagan National and decreases at Dulles International. While it is difficult to cite a specific correlation, Mr. Treadaway stated that lower operating costs encouraged carriers to seek operating at Reagan National. Mr. Potter added that perimeter relaxation, slot swaps and other relative activities, which could not be controlled by the markets, had formed some level of correlation.

Mr. Adams inquired whether proactive plans to incentivize carriers for unsuccessful carriers to offer service in certain markets would be implemented. Mr. Treadaway responded affirmatively. Additional information regarding these carriers could be discussed in executive session.

At 12:50 p.m., Mr. Chapman reported that the Committee would go into executive session to receive a confidential update on Use and Lease Agreement Considerations. This is pursuant to Article IX, Section 3(c) of the Authority Bylaws, which permits the Board and its Committees to move into executive session to consider existing or prospective contracts, business or legal relationships to protect proprietary or confidential information of the Airports Authority, any person or company; the financial interest of the Airports Authority; or the negotiating position of the Airports Authority. At Mr. Potter's suggestion, the discussion regarding the incentives offered to airlines to attract domestic passenger traffic at Dulles International, would also be included as a result of Mr. Adams' inquiry.

Once the executive session concluded, the Meeting was thereupon adjourned at 1:45 p.m.