

BOARD OF DIRECTORS MEETING

Minutes of February 19, 2014

The regular meeting of the Board of Directors was held in the first floor Conference Rooms 1A, 1B and 1C at 1 Aviation Circle. The Chairman called the meeting to order at 9:03 a.m. Twelve Directors were present during the meeting:

Frank M. Conner III, Chairman
Warner H. Session, Vice Chairman
Earl Adams, Jr.
Lynn Chapman
Thomas M. Davis III
Anthony H. Griffin

Shirley Robinson Hall
Barbara Lang
William Shaw McDermott
Caren Merrick
Nina Mitchell Wells
Joslyn N. Williams

The Secretary and Executive Management were present:

John E. Potter, President and Chief Executive Officer
Margaret E. McKeough, Executive Vice President and Chief
Operating Officer

Mr. Conner reported that he had read a well-written article by Lori Arantani of the Washington Post that described staff's efforts to clear the runway at Dulles International during the recent snow storm to allow scheduled landings of two international flights that had not been diverted. The pilot who had landed the first international flight on the cleared runway had later told the air traffic controllers that the runway's condition had been perfect. Mr. Conner said that the article had been a great tribute to all employees who worked daily to perform their duties in a perfect manner.

I. MINUTES OF THE JANUARY 15, 2014 BOARD OF DIRECTORS MEETING

The Chairman then called for the approval of the Minutes of the January 15, 2014 Board of Directors Meeting, which were unanimously adopted.

II. COMMITTEE REPORTS

a. Business Administration Committee – Warner H. Session, Co-Chair

Mr. Session reported that the Business Administration Committee had met that morning and on January 15. At the day's Meeting, staff had presented the quarterly acquisition report.

On January 15, Mr. Session reported that staff had presented the recommendation to award a contract for a radio system technology refresh to Motorola Solutions, Inc. The Committee had approved the staff recommendation and the Board had approved the award at its January 15 Meeting.

b. Dulles Corridor Committee – Anthony Griffin, Co-Chair

Mr. Griffin reported that the Dulles Corridor Committee had last met on January 15. Staff had presented the Dulles Corridor Metrorail Project Phase 1 Monthly Cost Summary.

c. Finance Committee – Caren Merrick, Co-Chair

Ms. Merrick reported that the Finance Committee had met that morning and on January 15. She noted that a committee report for the day's agenda items would be presented at the March 19 Board Meeting. At the January 15 Committee Meeting, the Financial Advisors had presented the routine monthly reports for the Aviation and Dulles Corridor enterprises. Staff had also presented a recommendation paper to approve the proposed resolution authorizing the substitution of liquidity provider for the Aviation Enterprise's Commercial Paper Two Program, which the Committee had approved. Later in the day's meeting, Ms. Merrick stated that the Board will consider the authorizing resolution, which required a recorded vote of at least 10 Directors' approval. Staff had also presented the November 2013 Financial Report for both enterprises.

III. INFORMATION ITEMS

a. President's Report

Mr. Potter reported that it had been a busy month across the Authority, noting that the winter weather the prior week had kept employees extremely busy at both Airports. He stated that Ms. McKeough would provide a report on the weather-related operations, as well as an update on the US Airways – American Airlines (new American) merger, later in the Meeting. Mr. Potter thanked the Authority employees for their efforts in dealing with the snow and all the other challenges associated with the winter weather.

Mr. Potter also reported that a great deal of work was underway inside the terminals, including work to transform and update the Authority's concessions offerings, particularly in Terminal A, which is undergoing a major renovation of its lobby, ticketing and baggage claim areas. Several photos were shown of the finished "banjo" section of Terminal A depicting the completed renovations and new concessions once finalized. With respect to concessions, Mr. Potter reported that the Authority had accepted the recommendation of MarketPlace Development to award the Terminal A concessions development and operations to the joint venture of two companies, OTG and BMG, which would create a food and retail experience featuring restaurants affiliated with well-known chefs. He noted that OTG had more than 17 years of experience in 10 airports and that BMG would be a 35 percent partner under the Disadvantaged Business Enterprise program. The Authority hoped to have the new Terminal A facilities in place by the spring of 2015, and staff would keep the Board updated on the progress.

In other airport developments, Mr. Potter reported that after filing for approval, Air China had received an authorization from the Department of Transportation on February 10 to operate four nonstop flights per week between Dulles International and Beijing, which are targeted to begin this summer. Air China is expected to make an official announcement in March.

Mr. Potter reported that it had also been a very busy month for the Dulles Metrorail Project. Since the February Board Meeting, the Authority had received a notification of substantial completion from its Phase 1

contractor, Dulles Transit Partners, LLC (DTP), which began a 15-day review period. During the review period, the Authority would work with the Washington Metropolitan Area Transit Authority (WMATA) and other partners to determine whether it agreed with DTP's declaration of substantial completion. If the Authority concurred, it would set the stage for transferring Phase 1 to WMATA, which would then undertake additional testing and other work to get the Silver Line Metrorail ready for its opening to passengers.

While all are aware that the Silver Line Metrorail is one of the largest public works projects being built in the nation today, Mr. Potter reported that the efforts of DTP and its lead company, Bechtel, are getting national recognition for their work, especially in the area of hiring military veterans. Mr. Potter noted that Larry Melton, Project Executive Director, DTP, had recently shared the stage with U.S. Secretary of Labor Thomas Perez and First Lady Michelle Obama as part of a nationwide effort by the construction industry to hire 100,000 veterans. Staff then showed a brief video clip from the February 10 event, where both Mr. Melton and Mrs. Obama had mentioned the Dulles Metrorail Project. Mr. Potter congratulated Mr. Melton and Bechtel for their participation in the nationwide effort to hire veterans.

Mr. Potter reported that the Authority's Office of Finance, led by Andy Rountree, Vice President for Finance and Chief Financial Officer, had once again been recognized for the quality of the Authority's financial reports. He stated that the Government Finance Officers Association of the United States and Canada (GFOA) had awarded the Certificate of Achievement for Excellence in Financial Reporting for fiscal year 2013 to the Authority for its Comprehensive Annual Financial Report. GFOA had also awarded the Authority's finance team a Distinguished Budget Presentation Award for fiscal year 2013. Additionally, the Office of Finance, in conjunction with the Office of Communications, had won the Award for Outstanding Achievement in Popular Annual Financial Reporting for the 2012 Annual Report, which is posted on the Authority's website for the general public. Mr. Potter thanked and congratulated Mr. Rountree and the entire finance team that had had a role in these achievements.

Mr. Potter reported that Leo Schefer, who had been one of the Authority's most visible and effective advocates and supporters through the years,

had announced his retirement as President and Chief Executive Officer of the Washington Airports Task Force (Task Force). During his leadership since 1988, Mr. Schefer had been instrumental in promoting new air service at Dulles International, especially in the international area; helping to bring the Smithsonian's Udvar Hazy Center to the Dulles campus; supporting the re-opening of Reagan National after September 11, 2001; promoting roadway projects to improve airport access; and being a leading voice for construction of the Silver Line. Unfortunately, Mr. Schefer was unable to attend the day's Meeting but Mr. Potter said that the Authority would honor him prior to his April 1 official retirement date. Mr. Potter reported that Keith Meurlin, former Airport Manager of Dulles International, had been elected as Mr. Schefer's successor and that the Authority looked forward to working with him and the Task Force in the years ahead.

Mr. Potter saluted everyone on the Authority team for such excellent progress in so many important areas and most recently, the effort in removing snow. He said that he was proud to work with dedicated staff that demonstrates that service is their number one mission.

Mr. Conner congratulated Mr. Rountree and Rita Alston, Budget Manager, on the recent awards for the Office of Finance, noting that they had set a fairly high precedent by receiving these awards annually. He also acknowledged Mr. Schefer and stated that he had been an extraordinary advocate of transportation efforts in this region. While Mr. Schefer would be missed, Mr. Conner stated that he looked forward to a productive relationship with Mr. Meurlin. Mr. Conner congratulated Mr. Melton on his well-deserved tribute.

b. Executive Vice President's Report

Mr. Conner noted that he had learned that Jet Blue had announced service that day to Savannah.

Mr. Session inquired about the timeline for the completion of the slot divestiture process. Ms. McKeough responded that once the new American received the paperwork from the carriers projected to receive the slots, it would submit the information to the Department of Justice (DOJ) for its review. She anticipated that the airlines' paperwork would likely be

completed in March and that services resulting from the slot divestiture process may begin in phases during the summer of 2014.

Ms. McKeough noted that the recent winter weather season had been unprecedented for the entire aviation system in the United States. During the past 12 weeks of winter, staff had responded to 20 weather events at the Airports and on the Dulles Toll Road, 15 of which had involved snow removal. Ms. McKeough reported that the February 13 storm had produced the largest snow fall that had occurred in the area since the 2010 Snowmageddon. She noted that Authority staff, which is predominantly responsible for all snow removal at the Airports, had done a superb job with the 13-inch and seven-inch accumulations at Dulles International and Reagan National, respectively. With respect to the Dulles Toll Road, while a large outsourced contractor is used for snow removal, Authority staff is responsible for on-site monitoring efforts. Ms. McKeough also thanked the employees in the Office of Public Safety who responded to the passengers' needs, as well as the Office of Communications, who kept the public informed. She noted that the Authority's Twitter account had gained over 1,000 new followers during the recent snow storm. Ms. McKeough acknowledged staff and congratulated all employees for their hard work during the recent snow weather events.

Ms. McKeough reported that staff is continuing to monitor the impacts from the recent merger, expected to cause short-term impacts at Reagan National. The new American would have to divest slots for 52 roundtrip flights at Reagan National. Ms. McKeough noted that since the February Board Meeting, the new American had reviewed proposals and financial offers from interested airlines. Subject to the DOJ approval, Ms. McKeough reported that it appeared that 1) Southwest Airlines will receive additional slots to fly 27 more roundtrip flights; 2) JetBlue will receive additional slots for 12 additional roundtrip flights; and 3) the four remaining slot pairs would likely be awarded to Virgin America. Presently, none of the airlines have announced their schedules or markets but staff is carefully reviewing potential space allocations to accommodate additional airlines' functions needed to continue to serve the passengers efficiently. Ms. McKeough reported that staff would keep the Board informed.

With respect to the final 2013 air traffic statistics, Ms. McKeough reported that more than 42 million passengers had been served at both Air-

ports, representing a slight growth of less than 1 percent over the prior year. For the third consecutive year, Reagan National had set a new record of activity, serving 20.4 million [instead of 22.4 million reported at the Meeting] passengers in 2013. Additionally, for a full decade, records had been set relative to the growth of international passenger activity at Dulles International. Ms. McKeough reported that more than 7 million international passengers had been served in 2013 at Dulles International. She also reported that cargo tonnage for 2013 at Dulles International had decreased by 5 percent over the prior year.

IV. NEW BUSINESS

a. Recommendation Paper for the Substitution of Liquidity Provider for the Aviation Enterprise's Commercial Paper Two Program

Mr. McDermott stated that he had a conflict of interests in this matter because his wife owns a Substantial Financial Interest, as defined in Section 3(e) of the Code of Ethics, in one of the businesses that will be affected by the action of the Board on this agenda item. He stated that he was, therefore, recusing himself from participating in the Board's consideration of this matter. Mr. McDermott reported that he had executed a recusal agreement with Naomi Klaus, the Ethics Officer, and the Secretary to the Board. He had asked the Secretary to file his recusal agreement in the Board's official records; a copy is attached. Mr. McDermott stated that he would step back from the Board table while this matter is considered.

Ms. Merrick then moved the adoption of the following resolution, which was unanimously approved by ten Directors (excluding Mr. McDermott who was not present at the Board table):

WHEREAS, The Board of Directors of the Metropolitan Washington Airports Authority (the "Airports Authority") by Resolution No. 00-1, as amended by Resolution No. 05-1, authorized the issuance, from time to time, of commercial paper notes (the "Notes") in an aggregate principal amount not to exceed \$500,000,000 outstanding at any one time, to pay or provide for (i) certain capital improvements at the Ronald Reagan Washington National Airport and Washington Dulles International Airport, (ii) the principal of, and interest on, ma-

turing Notes and refunding other forms of indebtedness outstanding, from time to time, of the Airports Authority, (iii) obligations to any provider of credit enhancement or liquidity support for the Notes, and (iv) costs of issuance of the Notes;

WHEREAS, By Resolution No. 05-1, as amended by Resolution No. 07-7, and as further amended by Resolution No. 09-29, the Airports Authority authorized the issuance of a series of Notes designated as Airport System Revenue Commercial Paper Notes, Series Two, Subseries A-1 (Non-AMT), Subseries A-2 (AMT), Subseries B-1 (Non-AMT), Subseries B-2 (Non-AMT) and Subseries C (Taxable) (collectively, the "Series Two Notes") in an aggregate principal amount not to exceed \$200,000,000 outstanding at any one time constituting a series of Bonds under, and for purposes of, the Amended and Restated Master Indenture of Trust, dated as of September 1, 2001 (as heretofore amended and supplemented, the "Master Indenture"), as supplemented by the Twenty-Second Supplemental Indenture of Trust, dated as of January 1, 2005 (as heretofore amended and supplemented, the "Twenty-Second Supplemental" and, together with the Master Indenture, the "Indenture"), each between the Airports Authority and Manufacturers and Traders Trust Company, successor by merger to Allfirst Bank, as trustee (the "Trustee");

WHEREAS, The Airports Authority authorized the issuance, from time to time, of its Airport System Revenue Commercial Paper Notes, Series One (the "Series One Notes"), in one or more subseries, in an aggregate principal amount not to exceed \$250,000,000 outstanding at any one time by Resolution No.02-5, as amended by Resolution No. 04-28, under the Master Indenture and an Amended and Restated Eleventh Supplemental Indenture of Trust, dated as of November 1, 2004 (the "Eleventh Supplemental"), as amended, each between the Airports Authority and the Trustee;

WHEREAS, Credit enhancement and liquidity support for payment of the Series One Notes is provided by a direct pay letter of credit (the "JPM LOC") issued by JPMorgan Chase

Bank, N.A. (“JPMorgan”), which expires on March 13, 2014 and no Series One Notes are currently outstanding;

WHEREAS, The Airports Authority will not secure a substitute letter of credit for the JPM LOC to support the issuance of Series One Notes and will suspend the issuance of additional Series One Notes upon the expiration of the JPM LOC until such time as a substitute LOC is provided for the Series One Notes;

WHEREAS, Credit enhancement and liquidity support for payment of the Series Two Notes is provided by a direct-pay letter of credit (the “LBBW LOC”) issued by Landesbank Baden-Württemberg, acting through its New York Branch (“LBBW”);

WHEREAS, The Airports Authority desires to substitute for the LBBW LOC a direct-pay letter of credit (the “SMBC LOC”) to be issued by Sumitomo Mitsui Banking Corporation, acting through its New York Branch (“SMBC”), that will support the issuance of up to \$200,000,000 principal amount outstanding at any one time of Series Two Notes; and

WHEREAS, There have been presented at this meeting the form of the following documents that the Airports Authority proposes to execute in connection with the substitution of the SMBC LOC for the LBBW LOC for the Series Two Notes, copies of which documents shall be filed in the records of the Airports Authority:

(a) Amendment No. 3 to the Twenty-second Supplemental Indenture of Trust;

(b) the Reimbursement Agreement, dated as of March 1, 2014 (the “Reimbursement Agreement”), by and between the Airports Authority and SMBC, including the form of the direct-pay letter of credit attached as an exhibit to the Reimbursement Agreement;

(c) the Fee Agreement, dated as of the Closing Date (as defined in the Reimbursement Agreement), between the Airports Authority and SMBC (the “Fee Agreement”);

(d) the Bank Note executed and delivered by the Airports Authority to SMBC and issued pursuant to the terms and provisions of the Reimbursement Agreement (the “Bank Note”) bearing interest at the rate provided in the Reimbursement Agreement;

(e) the Amended and Restated Offering Memorandum (the “Amended Offering Memorandum”); and

(f) Amendment No. 3 to the Commercial Paper Dealer Agreement, dated as of January 1, 2005, between the Airports Authority and Merrill Lynch, Pierce, Fenner & Smith Incorporated (the “Dealer”) (the “Amendment No. 3 to the Commercial Paper Dealer Agreement”); now, therefore, be it

RESOLVED, that Amendment No. 3 to the Twenty-second Supplemental Indenture of Trust, the Reimbursement Agreement, the Fee Agreement, the Bank Note, the Amended Offering Memorandum and Amendment No. 3 to the Commercial Paper Dealer Agreement shall be and hereby are approved in substantially the form submitted to the Board of Directors at this meeting, with such completions, omissions, insertions and changes necessary to reflect the transactions to be accomplished by such documents or as otherwise may be approved by the persons executing them, their execution to constitute conclusive evidence of the Board of Directors’ approval of such completions, omissions, insertions and changes;

2. That SMBC shall be the new provider of the credit facility for the Series Two Notes in the form of a direct-pay letter of credit issued pursuant to the terms and provisions of the Reimbursement Agreement;

3. That each of the Chairman, the Vice Chairman, the Chairman of the Finance Committee, the President and Chief Executive Officer and the Vice President for Finance and Chief Financial Officer is hereby appointed as an “Authorized Representative” and is authorized and directed to execute the documents identified in paragraph 1, on behalf of the Airports Authority, with such completions, omissions, insertions and changes as are necessary to reflect the amendments to be accomplished by the documents, and that the execution of the documents by any such officer shall constitute conclusive evidence of the approval of the Board of Directors of any such completions, omissions, insertions and changes, and that the Secretary is authorized and directed to affix the seal of the Airports Authority on such executed documents as required, and to attest the same;

4. That each of the Authorized Representatives is authorized and directed to take any other actions on behalf of the Airports Authority to make effective the documents identified in paragraph 1 and to execute any ancillary documents on behalf of the Airports Authority related to changes effected by the documents in paragraph 1;

5. That any authorization herein to execute a document shall include authorization to deliver it to the other parties thereto;

6. That the Dealer is authorized and directed to distribute the Amended Offering Memorandum to prospective purchasers of the Series Two Notes;

7. That the Bank Note is a Bond for purposes of the Master Indenture and payment of amounts owed to SMBC under the Bank Note is secured under the Indenture and payable from (a) Net Revenues on a parity with all other Bonds and Commercial Paper Notes (as defined in the Twenty-second Supplemental) outstanding thereunder from time to time and (b) Pledged Funds, and all other amounts owed to SMBC un-

der the Reimbursement Agreement will constitute Operating and Maintenance Expenses under the Master Indenture;

8. That any acts of an Authorized Representative that are in conformity with the purposes and intent of this Resolution and in furtherance of the execution of the documents identified in paragraph 1 are hereby approved, ratified and confirmed;

9. Except as modified by the foregoing, the prior resolutions recited herein are otherwise ratified and confirmed and to the extent there is any conflict between the provisions of this Resolution and those of the prior resolutions, the provisions of this Resolution shall prevail; and

10. That this Resolution shall take effect immediately upon its adoption.

The final resolution filed in the Board of Directors Office includes a copy of the staff recommendation paper.

b. Approval of the Selection of the Vice President for Engineering

As a result of a competitive search and selection process, Mr. Potter reported that he was pleased to propose Ginger Evans to fill the position of Vice President for Engineering, formerly held by Frank Holly, who had retired earlier this year. He stated that Ms. Evans is a highly regarded engineer who has great familiarity with the Authority and its major projects, including the design of the fourth runway at Dulles International and work on the Dulles Metrorail Project. Ms. Evans had also served as Senior Vice President at Parsons Corporation; had held positions that involved the Transportation Security Administration, American Airlines and airport projects in Abu Dhabi, Portugal, Ecuador, Mexico and Canada; and as a former Director of Aviation at Denver International Airport. Mr. Potter then requested that the Board approve the appointment of Ms. Evans as the Authority's new Vice President for Engineering. Mr. Conner reported that he and other Directors had had the pleasure of interviewing Ms. Evans and that they had been impressed with her extraordinary strategic sense. He then moved a motion to approve the selection of Ms.

Evans as the Vice President for Engineering, which was unanimously approved. Mr. Conner welcomed Ms. Evans, who said that she was very pleased to join a strategically-important transportation agency that is involved in all modes. She stated that she is particularly delighted to re-join the public service, which she considered the most gratifying of her career. Ms. Evans said that she is anxious to add her leadership to the remaining challenges at the Authority, which she believes holds a bright future.

V. UNFINISHED BUSINESS

There was not any unfinished business.

VI. OTHER BUSINESS & ADJOURNMENT

The Meeting was thereupon adjourned at 9:31 a.m.

Respectfully submitted:

Quince T. Brinkley, Jr.
Vice President and Secretary

MWAA Board of Directors Recusal Agreement

FROM: William Shaw McDermott

TO: Naomi Klaus, Ethics Officer

This is to affirm that I am disqualified from participating in the following Authority matter(s) due to my substantial financial interest in the business below:

Authority Transaction or Matter	Disqualifying Interest
Substitution of Liquidity Provider for the Aviation Enterprise's Commercial Paper Two Program	Spouse holds ownership interest greater than \$15,000 in one offeror
Pre-Solicitation Terms to Select Underwriters Roles for the 2014 Plan of Finance for the Aviation Enterprise	Spouse holds ownership interest greater than \$15,000 in one offeror

In accordance with the Authority's Code of Ethics for Members of the Board of Directors, I am recused from participating in the above-listed matters. My recusal prohibits me from approving, disapproving, making, undertaking, influencing, or attempting to influence any action or decision of the Authority with regard to the above-listed Authority matters, or any other Authority matters that may involve or affect the particular offeror.

For the purpose of this recusal, the Board Secretary has been advised of the identity of the particular entity and to screen incoming matters to ensure that such matters relating to the above-listed interests are not brought to my attention.

I will seek the assistance of the Ethics Officer if I am ever uncertain whether or not I may participate in a particular matter.



Signature of Director



Date



Signature of Board Secretary



Date



Signature of Ethics Officer



Date