

RECOMMENDATION PAPER  
TO EXECUTIVE AND GOVERNANCE COMMITTEE

AMENDMENT TO BYLAWS TO INCORPORATE THE  
PROVISIONS OF RESOLUTION NO. 12-30 WHICH DEFINE THE  
AUDIT-RELATED MATTERS THAT MAY BE DISCUSSED  
IN EXECUTIVE SESSION

JANUARY 2013

RECOMMENDATION

That the Executive and Governance Committee recommend to the Board of Directors that it approve an amendment to Article IX, Section 3 of the Airports Authority Bylaws in order to incorporate the provisions of Resolution No. 12-30 which the Board adopted in November 2012 and which defines the audit-related matters that may be discussed in executive session. The proposed amendment to Article IX, Section 3 of the Bylaws is shown on page 10 of Attachment A; Resolution No. 12-30 is attached as Attachment B.

DISCUSSION

In November 2012, the Board adopted Resolution No. 12-30. The resolution addressed a recommendation of the Department of Transportation's Office of Inspector General (OIG) that the Airports Authority define more specifically the audit-related matters that could be considered by the Board and the Audit-Legal Committee in executive session. Executive sessions of the Board and its committees are addressed in Section 3 of Article IX of the Bylaws. At the time of the OIG report, that section provided generally that any "audit matter" could be considered in executive session.

In response to the OIG recommendation, the Audit-Legal Committee recommended and the Board adopted Resolution No. 12-30 (Attachment B) which (i) defines four areas in which matters related to an Airports Authority audit may be addressed in executive session and (ii) provides that other audit-related matters are to be considered in open meetings. The resolution also provides that the Airports Authority's Bylaws will be formally amended to incorporate the provisions of the resolution.

The proposed amendment to Article IX, Section 3 (see page 10 of Attachment A) is intended to incorporate the provisions of Resolution No. 12-30 into the Bylaws. Under the proposed amendment, subsection (g) of Section 3 would allow discussion of audits and audit reports in executive session only when needed to address the following:

Discussion of the following matters and information presented in or by audits or audit reports: matters involving airport security and information security; personally identifiable information or

and information security; personally identifiable information or sensitive information in personnel actions and procurement matters, including vendor proprietary information and employee names, unique titles, or recommendations to discipline or terminate employees; matters related to actual or potential litigation involving the Airports Authority that may invoke the attorney-client privilege; and matters that the professional standards applicable to financial statement auditors and the Vice President of Audit, when conducting a financial statement audit, require to be discussed in executive session.

Adoption of this amendment to the Bylaws will complete the Airports Authority's implementation of the OIG recommendation regarding the discussion of audit-related matters in executive session.

CONCLUSION:

It is recommended that the Committee recommend to the Board of Directors that it approve the attached amendment to the Article IX, Section 3 of the Airports Authority Bylaws.

Prepared by

Office of Audit  
Office of General Counsel  
January 2013

Attachments

**ATTACHMENT A**

**Amended Bylaws**

# BYLAWS

## ARTICLE I

### Organization of the Authority

**Section 1. Board of Directors.** Created on October 18, 1986, by Chapter 598 of the 1985 Virginia Acts of Assembly, as amended, and the Regional Airports Authority Act of 1985, D.C. Law 6-67, as amended, the Metropolitan Washington Airports Authority consists of seventeen Members. All powers, rights and duties of the Authority are thus conferred upon its Members, who are collectively known as “the Board of Directors,” hereinafter referred to as “the Board.” Individual Members of the Authority are known as “Directors.”

a. There are seventeen Directors: seven appointed by the Governor of the Commonwealth of Virginia, four appointed by the Mayor of the District of Columbia, three appointed by the Governor of the State of Maryland, and three appointed by the President of the United States.

b. Directors (i) may not hold elective or full time, non-career appointive public office; (ii) serve without compensation, except that the Directors are entitled to reimbursement of their expenses incurred in attendance at meetings of the Authority or while otherwise engaged in the discharge of their duties, and (iii) reside within the Washington Standard Metropolitan Statistical Area, except that the Directors appointed by the President of the United States are not required to reside in that area, and must be registered voters of states other than Maryland, Virginia and the District of Columbia.

c. Appointments to the Authority are for a period of six years, except as otherwise provided by law for initial appointments.

d. Each Director may be removed or suspended from office only for cause, and in accordance with the laws of the jurisdiction from which he or she is appointed.

e. No Director may serve after the expiration of his or her term, unless reappointed. Any person appointed to fill a vacancy serves for the unexpired term. Each Director is eligible for reappointment for one additional term.

**Section 2. Officers.** The Board shall annually elect from its membership a Chairman and Vice-Chairman and shall elect from its membership, or elect and employ from its staff, a Secretary and a Treasurer or a Secretary/Treasurer, and prescribe the powers and duties of each officer. It may appoint from the staff an Assistant Secretary and an Assistant Treasurer, or an Assistant Secretary/Treasurer, who shall, in addition to other duties, discharge such functions of the Secretary and Treasurer, respectively, as may be directed by the Board. The Chairman and the Vice-Chairman may use any reasonable titles of their own choosing, such as Chair, Chairwoman, or Chairperson.

**Section 3. Term of Office.** The term for each elected office is one year, commencing January 1 of the year following the annual meeting. All officers, as long as they continue to serve as a Director or staff, hold office until the next January 1, or until their successors are elected or appointed and qualified, whichever may be the later.

## ARTICLE II

### Duties of the Board

The Board shall establish policy and provide direction to the President and Chief Executive Officer to acquire, operate, maintain, develop, promote and protect Ronald Reagan Washington National and Washington Dulles International Airports, including the Dulles Corridor, with its Dulles Toll Road and Dulles Metrorail Extension. The Board shall provide world class air transportation facilities with timely improvements at both Airports. The Board shall see that the laws pertaining to the purposes and functions of the Authority are faithfully observed and executed. In carrying out their duties on the Board, Directors appointed by the President shall ensure that adequate consideration is given to the national interest. The Board will employ staff, consistent with Article V, and adopt appropriate procedures to carry out these duties.

## ARTICLE III

### **Powers and Duties of the Officers of the Board**

**Section 1. The Chairman.** The Chairman is the first among equals and is dedicated to advancing the work of the Board and fostering common ground and consensus to move the Board's work forward in support of the Authority's mission. The Chairman is accountable to the Board, and serves as liaison between the Board and the Chief Executive Officer.

The Chairman presides at all meetings of the Board; establishes and appoints all Committees and the Chairmen thereof; determines the jurisdiction of all Committees; serves as an *ex officio* member of all Committees; executes documents on behalf of the Authority as prescribed by the Board; and performs such other duties as the Board may from time to time direct.

**Section 2. The Vice-Chairman.** The Vice-Chairman performs the duties and has the powers of the Chairman during the absence or incapacity of the Chairman from any cause. A certification by any seven Directors as to such absence or incapacity from any regular or special meeting is conclusive evidence thereof. Upon the resignation or death of the Chairman, the Vice-Chairman automatically becomes the Chairman for the unexpired term.

**Section 3. The Secretary.** The Secretary is the custodian of all records and of the Seal of the Authority and keeps accurate minutes of the meetings of the Board and its Committees. The Secretary has the authority to cause copies to be made of all minutes and other records and documents of the Authority and to certify under the official seal of the Authority that such copies are true copies. The Secretary affixes the Seal of the Authority to legal instruments and documents as required. The Secretary gives notice of all meetings of the Authority as required by law or by these Bylaws and distributes the agenda and related materials not less than 48 hours before the regular meetings of the Board. The Secretary is responsible for assuring that the public is fully informed as to the time, place, and agenda of all Board and Committee Meetings, and that records of these meeting are readily available. The Secretary, if a Director, becomes, *ex officio*, the Acting Chairman in the event the offices of the Chairman and Vice-Chairman are both vacant, or in the event that the Chairman and the Vice-Chairman are both unable to perform their duties by reason of absence or incapacity.

**Section 4. The Treasurer.** Except as may be required in any instrument under which any revenue or other bonds are issued by the Authority, the Treasurer shall have the care and custody of and shall be responsible for all monies of the Authority from whatever sources received. The Treasurer shall be responsible for the deposit of such monies in the name of the Authority in a bank or banks approved by the Board and shall be responsible for disbursements of such funds for purposes authorized or intended by the Board. The Treasurer, and any Assistant Treasurer, shall be bonded in an amount and with surety acceptable to the Board and shall make periodic accounting for all such funds as determined by the Board. The Treasurer's books shall be available for inspection by any Director during business hours.

**Section 5. Other Duties.** In addition to the duties and powers herein set forth, the Chairman, the Vice Chairman, the Secretary and the Treasurer have the duties and powers commonly incident to their offices and such duties as may be imposed by law or as the Authority may from time to time by resolution specify.

## ARTICLE IV

### Committees

**Section 1. Committee Roster.** The Chairman shall prepare a list of Committees, their members, and their jurisdiction.

**Section 2. Committee Meetings.** Each Committee Chairman schedules the Committee's meetings and sets the agenda. Except for the Audit Committee, all Committee meetings are normally held in public session.

**Section 3. Subcommittees.** Each Committee Chairman may establish special or *ad hoc* subcommittees that report to the full Committee, with the concurrence of the Chairman.

**Section 4. Attendance.** Any Director may attend and participate in any Committee meeting, but only members of the Committee count towards a quorum and may vote.

## ARTICLE V

### Chief Executive Officer, and Other Employees

**Section 1. Chief Executive Officer.** The Board shall appoint a President and Chief Executive Officer. He or she shall, except as otherwise provided by the Board, be in charge of management and operations of the Airports and any other activities of the Authority as prescribed by the Board. The President and Chief Executive Officer shall sign documents on behalf of the Authority as prescribed by the Board. The President and Chief Executive Officer shall discharge his or her duties in accordance with delegations of authority, and otherwise as directed by the Board.

**Section 2. Chief Operating Officer.** The Board shall appoint, upon the recommendation of the President and Chief Executive Officer, an Executive Vice President and Chief Operating Officer, who shall be initially responsible for the operational activities of the Authority, reporting to and exercising authority delegated to him or her by the President and Chief Executive Officer.

**Section 3. Employees.** The President and Chief Executive Officer shall staff the Authority in accordance with a plan approved by the Board. All selections for managerial positions reporting directly to the President and Chief Executive Officer and the Executive Vice President and Chief Operating Officer are subject to approval by the Board.

## ARTICLE VI

### Offices, Books and Records

**Section 1. Offices.** The Board shall maintain the principal office of the Authority at or near either Ronald Reagan Washington National Airport or Washington Dulles International Airport.

**Section 2. Books and Records.** Except as may be otherwise required or permitted by resolution of the Board, or as the business of the Authority may from time to time require, all of the books and records of the Authority shall be kept at its principal office. Such books and records shall be available during ordinary



business hours for inspection by any member of the public, in accordance with the Authority's Freedom of Information Policy.

**Section 3. Minutes.** All approved minutes of Board or Committee meetings shall be open to public inspection during ordinary business hours.

**Section 4. Documents Posted on the Authority Website.** The Secretary shall post the following documents on the Authority website, with links shown at [http://mwaa.com/board\\_members.htm](http://mwaa.com/board_members.htm):

- a. Schedules of upcoming Board and Committee Meetings, for at least six months
- b. Approved Minutes of Board and Committee Meetings
- c. The Roster of Committees, their members, and jurisdiction
- d. The Bylaws
- e. The Code of Ethical Responsibilities for Members of the Board of Directors
- f. Schedules, Agendas and non-privileged documents prepared for the next meetings, after they have been provided to the Directors

## ARTICLE VII

### Meetings of the Board

**Section 1. Meetings Open to the Public.** All meetings of the Board and its Committees are open to the public, except during executive sessions.

**Section 2. Regular Meetings.** A regular meeting of the Board shall be held at the principal office of the Authority on the third Wednesday of every month. When such day is a legal holiday or for any other reason inappropriate as a meeting day, the regular meeting shall be held on such other day as may be determined by the Chairman. The Secretary shall provide notice of a rescheduled meeting at least one week before the rescheduled date.

**Section 3. Annual Meeting and Election of Officers.** The regular meeting held in the month of November in each year is the annual meeting for the election of a Chairman, Vice-Chairman, Secretary and Treasurer. If the annual meeting is omitted, or the Board fails for any reason to elect a Chairman after repeated ballots, the election shall be on the agenda of each subsequent regular or

special meeting until a Chairman is elected. If a vacancy occurs in any of the four offices, and is not filled under other provisions of these Bylaws, after appropriate notice the Board may at a subsequent meeting elect a successor to complete any unexpired term.

**Section 4. Special Meetings.** Special meetings may be called at any time by the Chairman. Upon receipt of a written request for a special meeting from any seven Directors, the Chairman shall call a meeting. Written notice of each special meeting, specifying the time and place of the meeting, and the purpose or purposes of the meeting, shall be given to the Directors by the Secretary. Notice is sufficient if sent by mail at least seventy-two hours in advance of the date and time of the meeting or by e-mail or otherwise in writing within twenty-four hours before the time of the meeting, if given to the Directors in person. Formal notice to any person is not required provided all Directors are present or those not present have waived notice in writing, filed with the records of the meeting, either before or after the meeting.

**Section 5. Schedule.** While Committee meeting schedules may vary because of unpredictable duration, Board Meetings will begin at the advertised time. Any Committee meeting running into the Board Meeting time will suspend its session until the Board Meeting has been adjourned. Executive sessions, if any, shall be scheduled, if possible, before Committee meetings begin or after the last Committee meeting of the day in order to minimize inconvenience to the public.

## ARTICLE VIII

### Voting

**Section 1. Quorum.** Nine Directors constitute a quorum for the transaction of all business at a regular or special meeting. A majority of the members of a Committee, not including the *ex officio* member, constitutes a quorum for the transaction of all Committee business.

**Section 2. Majority Voting.** Action by the Board is by a simple majority vote of the Directors present and voting except where otherwise provided by the Bylaws. Ten affirmative votes are required to approve bond issues, the annual budget of the Authority, and the appointment of a President and Chief Executive

Officer. Ten affirmative votes are required to grant exceptions to competitive procurement procedures for contracts over \$200,000.

**Section 3. Participation by Telephone.** Directors unable to attend a meeting may participate by telephone, but may not vote.

## ARTICLE IX

### Transaction of Business

**Section 1. Regular, Special and Committee Meetings.** Any business of the Authority may be considered at any regular meeting of the Board. Only items of business identified in the agenda distributed by the Secretary forty-eight hours in advance of the meeting may be acted upon at a regular meeting. Other matters may be acted upon if nine or more Directors vote to waive this notice provision. When notice of a special meeting is sent, only matters specified or described in the notice may be considered at the special meeting, except that with the unanimous consent of the Directors present any other matter may be considered. Business within the jurisdiction of a Committee may be considered at any meeting of the Committee. Only items of business identified in the agenda distributed by the Secretary forty-eight hours in advance of the meeting may be acted upon at a Committee meeting. Other matters may be acted upon if a majority of the Members of the Committee vote to waive this notice provision.

**Section 2. Order of Business.** Unless waived by a vote of seven or more Directors, the order of business at a regular meeting of the Board is:

- a. Approval of the minutes of the previous meeting.
- b. Committee Reports.
- c. Reports of Chief Executive Officer and staff.
- d. Unfinished business.
- e. New business.
- f. Other business and adjournment.

**Section 3. Executive Session.** All regular, special and committee meetings of the Board shall be open to the public, except that at any time the presiding officer may, without objection, order that the Board or Committee consider a matter or matters in the categories described below in executive session closed to the public. Before an executive session begins, the presiding officer shall announce the matters to be discussed. At the discretion of the presiding officer, others who can contribute to the discussion, including appropriate employees, outside counsel and consultants, may attend an executive session, with the understanding that they are honor bound not to divulge what takes place there. Only the following items or matters may be considered in the executive session:

a. Personnel matters such as employment, appointment, assignment, promotion, demotion, performance appraisal, discipline, resignation, salaries and benefits, and interviews of Directors, officers, and employees of the Authority, and applicants for the same.

b. Personal matters not directly related to the Authority's business in order to protect the privacy of individuals.

c. Existing or prospective contracts, business or legal relationships to protect proprietary or confidential information of the Authority, any person or company; the financial interest of the Authority; or the negotiating position of the Authority.

d. Financial matters, including the indebtedness of the Authority and the investment of Authority funds, particularly where competition or negotiation is involved. The annual budget may be discussed in executive session in its earliest stages, but should otherwise be dealt with in open session. From time to time certain sections may be considered in executive session, particularly where public discussion could compromise the Authority's relationships with its employees or tenant airlines.

e. Consultation with legal counsel and briefings by staff, consultants and/or attorneys, pertaining to actual or potential litigation, pending or proposed legislation, compliance with a specific constitutional, statutory or judicially imposed requirement, or other legal matters, and discussions of such matters by the Board without the presence of counsel, staff, consultants, or attorneys.

f. Discussion of security plans and other law enforcement measures for the protection of the public from terrorism and aircraft hijacking.

g. ~~Audit matters~~ Discussion of the following matters and information presented in or by audits or audit reports: matters involving airport security and information security; personally identifiable information or sensitive information in personnel actions and procurement matters, including vendor proprietary information and employee names, unique titles, or recommendations to discipline or terminate employees; matters related to actual or potential litigation involving the Airports Authority that may invoke the attorney-client privilege; and matters that the professional standards applicable to financial statement auditors and the Vice President of Audit, when conducting a financial statement audit, require to be discussed in executive session.

**Section 4. Actions in Executive Session.** No resolution, contract, or motion, adopted, passed or agreed to in an executive session, other than a request to the staff for information, is effective unless the Board or Committee, at an appropriate time following such session, reconvenes in public or open session and takes a vote of the Directors on such resolution, contract, or motion, and the subject of the resolution, contract, or motion is reasonably identified in the open session. This shall not be construed to require the Board or Committee to divulge information that is proprietary or actions that are not final.

**Section 5. Other Business.** After completion of the agenda, the Chairman, Directors, or the President and Chief Executive Officer may, for information purposes, place any matter or matters on the agenda or other business that either deems to require the attention of the Board.

**Section 6. Procedure.** Roberts Rules of Order, as amended, is the authority for all matters of procedure not otherwise covered by these Bylaws. A point of order as to procedure raised by any Director in the course of a regular, special or committee meeting is resolved by a ruling of the Chairman. The vote of a majority of the Directors present is required to overrule the Chairman. The Secretary serves as parliamentarian.

## ARTICLE X

### Directives and Regulations

**Section 1. General.** The Board will adopt, amend and repeal as necessary: 1) internal directives and procedures for operating the Airports, including delegations of authority, and 2) regulations which may have the force and effect of law, pertaining to the use, maintenance and operation of its facilities and governing the conduct of persons and organizations using its facilities.

**Section 2. Regulatory procedure.** Unless the Board determines that an emergency exists by unanimous vote of all Directors present, the Board shall, prior to the adoption of any regulation or alteration, amendment, or modification thereof:

a. Make such regulation or amendment thereof in convenient form available for public inspection in the office of the Authority for at least ten days.

b. Publish a notice in a newspaper or newspapers of general circulation in the District of Columbia, Montgomery County and Prince George's County, Maryland, and in the local political subdivisions of the Commonwealth of Virginia where the Authority facilities are located declaring the Authority's intention to consider adopting such regulation or amendment thereof and informing the public that the Authority will hold a public hearing at which any person may appear and be heard for or against the adoption of such regulation or such alteration, amendment, or modification, on a day and at a time to be specified in the notice, after the expiration of at least ten days from the day of the publication thereof; and

c. Hold the public hearing, or appoint a hearing officer to hold a public hearing, on the day and at a time specified in such notice or any adjournment thereof, and hear persons appearing for or against such regulation or amendment thereof.

d. In accordance with the Metropolitan Washington Airports Act of 1986, adoption by the Board of the regulations of the Federal Aviation Administration that governed the Airports at the time the Airports were transferred to the Authority were not subject to this procedure.

**Section 3. Inspection of regulations.** The Authority's regulations are available for public inspection in the Authority's principal office.

**Section 4. Force and Effect of Law.** The Authority's regulations relating to

a. Air operations and motor vehicle traffic, including, but not limited to, motor vehicle speed limits and the location of and payment for public parking;

b. Access to and use of Authority Facilities, including but not limited to solicitation, handbilling, picketing and the conduct of commercial activities; and

c. Aircraft operation and maintenance;

have the force and effect of law, as do any other regulations of the Authority that contain a determination by the Board that it is necessary to accord the same force and effect of law in the public interest; provided, however, that with respect to motor vehicle traffic rules and regulations, the Board will obtain the approval of the traffic engineer or comparable official of the local political subdivision in which such rules or regulations are to be enforced.

## ARTICLE XI

### Miscellaneous

**Section 1. Code of Ethics.** The Board shall adopt a code of ethics and financial disclosure to assure the integrity of all decisions by the Board and employees of the Authority. The code shall provide that each Director and his or her immediate families may not hold a substantial financial interest in any enterprise that has or is seeking a contract or agreement with the Airports Authority or is an aeronautical, aviation services, or airports services enterprise that otherwise has interests that can be directly affected by the Airports Authority. Exceptions may be made if the financial interest is fully disclosed to the Board and the Director does not participate in decisions that directly affect such interest.

**Section 2. Indemnity.** The Authority shall indemnify each Director and Officer against all costs and expenses (including counsel fees) the Director actually incurs in connection with or resulting from any action, suit or proceeding, of

whatever nature, to which the Director is or shall be made a party by reason of his being or having been a Director or Officer of the Authority, provided (1) that the Director or Officer conducted him- or herself in good faith and (2) reasonably believed that his or her conduct was in the best interest of the Authority. This indemnity shall not apply in actions when the Director or Officer is adjudged liable to the Authority.

**Section 3. Minority and women-owned business participation.** The Board shall maintain a policy for providing minority and women-owned business participation in the contracts of the Authority, and monitor its implementation.

## ARTICLE XII

### Amendments

These Bylaws may be amended or repealed in whole or in part by resolution of the Board adopted by at least ten Directors at any regular meeting or special meeting, provided that notice of intention to present such resolution is given to all Directors at least two days in advance of the meeting at which the motion to adopt such resolution is to be made. Such notice may be given by any Director, or by the Secretary at the request of any Directors, and shall specify the subject matter of the proposed amendment or repeal. The notice of intention to amend or repeal these Bylaws shall include a specific reference to the Article subject to the proposed amendment or repeal, together with the suggested changes, or a “redline” draft showing existing text and suggested changes.

Adopted March 4, 1987

Amended: January 8, 1992; April 1, 1992; September 6, 2000; January 3, 2001; June 5, 2002; August 8, 2007; April 20, 2011; January 4, 2012; February 15, 2012; October 17, 2012; and January 16, 2013.



**ATTACHMENT B**

**Resolution No. 12-30**



**RESOLUTION NO. 12-30**

**Recommendation to Increase Audit Transparency**

WHEREAS, The Bylaws authorize the Audit - Legal Committee to meet on "audit matters" in executive session;

WHEREAS, The Office of Inspector General of the Department of Transportation has recommended that specific audit matters that could be considered in open session be more precisely stated;

WHEREAS, The Office of Audit staff has considered practices with respect to audits at 17 other U.S. airports, and has recommended that executive sessions be limited to a list of topics, as set forth below; and

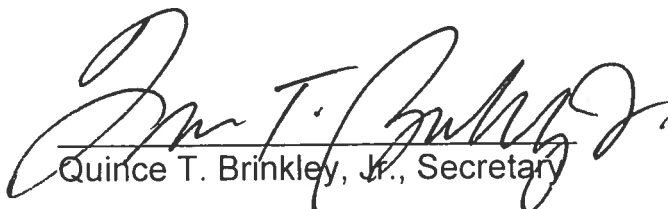
WHEREAS, The Audit-Legal Committee is entirely in accord with the Office of Audit recommendation; now, therefore, be it

RESOLVED, That the Audit-Legal Committee will conduct all meetings in open session, except when the agenda includes any of the following four areas:

1. Airport security and information security audits;
2. Personally identifiable information or sensitive information in personnel actions and procurement matters, including vendor proprietary information and employee names, unique titles, or recommendations to discipline or terminate employees;
3. Matters involving litigation, whether actual or potential, that may invoke the attorney-client privilege;
4. Discussions with the financial statement auditors and the Vice President of Audit where the professional standards applicable to such auditors, when conducting a financial statement audit, require the discussion to be held in closed session; and

RESOLVED, That the Bylaws should be amended to reflect these considerations at the next opportunity.

Adopted November 14, 2012



Quince T. Brinkley, Jr., Secretary