



## BOARD OF DIRECTORS MEETING

Minutes of December 12, 2012

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 11:48 a.m. Twelve Directors were present during the meeting:

Michael A. Curto, Chairman	H.R. Crawford
Thomas M. Davis III, Vice Chairman	Anthony Griffin
Earl Adams, Jr.	Shirley Robinson Hall
Richard S. Carter	Elaine McConnell
Lynn Chapman	Caren D. Merrick
Frank M. Conner III	Warner H. Session

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

The Chairman welcomed everyone to the December Board of Directors Meeting. He officially welcomed Tony Griffin as a participating Member, succeeding Mike O'Reilly. The Chairman noted that Mr. Griffin had a long history of public service, including 13 years as the Fairfax County Executive, and a former City Manager of Falls Church, Virginia. He had also served on the Board of the District of Columbia Water and Sewer Authority, and currently served as a Member of the Fairfax County Water Authority.

The Chairman also noted that the day would be the final Board Meeting for former Chairman H.R. Crawford, who had first joined the Board in 2002; Mr. Crawford had served as Chairman in 2008 and 2009. Presently, Mr. Crawford chaired the Strategic Planning and Development Committee. He represented the District of Columbia and had served with passion and an eye toward the District's residents, especially those east of the River. Mr. Crawford had always been a notable presence through-

out his tenure at the Airports Authority. On behalf of the Board and everyone at the Airports Authority, the Chairman thanked Mr. Crawford for his service.

The Chairman also acknowledged the November 16 event commemorating the 50<sup>th</sup> anniversary of Dulles International. It had been an evening to celebrate history and honor accomplishment. The Chairman thanked and congratulated everyone involved for a truly memorable event.

The Chairman reported that the Board would be considering a number of important issues, including its top priority of assuring that both Airports are well-prepared to serve the traveling public now and in the future. At the day's earlier Strategic Planning and Development Committee Meeting, staff had presented a report on the challenges and opportunities at Dulles International. At a previous meeting a similar update had been provided on issues at Reagan National. Both presentations served as reminders of the effort and the resources required for keeping the Airports up to date and assuring world-class service for passengers.

The Board would also discuss the Authority's budget for 2013 and the Transportation Lease Agreement with the U.S. Department of Transportation (DOT). An update on the Dulles Rail Project would be presented. The Chairman noted that the Board would receive an update on the continued progress in addressing the issues and concerns raised in DOT's IG Report. The Chairman stated that a detailed report on the Authority's efforts had been submitted to the Deputy Secretary of Transportation; a copy of the report had been posted on the Authority's website. As part of that progress, the day's agenda included the appointment of a newly formed Ethics Review Committee, and the approval of a small revision to the new Authority Travel Policy. The Authority continued to move ahead to strengthen its transparency, accountability and public trust. The Chairman stated that staff would continue to provide updates on activities at each monthly Board Meeting. He said that 2012 had been an extremely challenging year for the Authority and he extended his thanks for everyone's hard work and dedication. The Chairman wished everyone a happy holiday season.

## I. INFORMATION ITEMS

### a. President's Report

Mr. Potter also welcomed Mr. Griffin. He stated that he had learned a lot from Mr. Griffin about the rail system as he had led the charge for Fairfax County's efforts. Mr. Potter acknowledged Mr. Crawford for his years of service on the Board. He said that the Authority was grateful for his positive contributions.

As the Chairman had noted, the Authority is engaged in an ongoing effort to address the issues and concerns raised by the DOT Inspector General (IG) and others.

Mr. Potter provided an update on the Authority's progress thus far in responding to the DOT IG report. The Bylaws had been revised to increase the Authority's transparency, resulting in more open meetings and more information made available to the public about Board and Authority operations – with much of it posted on the Authority's website. Additional information would be posted as future requests were made.

The new Freedom of Information Policy clarified how the public can obtain information from the Authority. A Freedom of Information Officer had also been designated to help assure greater transparency and public access to information.

A new Travel Policy, which included detailed procedures for pre-authorization of travel and clear guidelines and daily limits for meals and expenses, had been approved. The procedures would be clarified further in the day's meeting, which demonstrated the willingness to modify policies based on input.

The Board had also approved a new Code of Ethics policy for employees and Directors, with mandatory ethics training required for everyone at the Authority to ensure that all clearly understood and followed the new policy. Presently, over 1,400 employees had participated in the training; the remaining 10 employees would soon complete the required training. The new policy prohibited Board Members from being employed or having contracts with the Authority during, and for two years following, their

terms. It also expanded the definition of family to address nepotism concerns, which had received some recent media attention. The policy also strengthened financial disclosure requirements, tightened rules designed to guard against conflicts of interest, and clarified rules regarding gifts. An Ethics Officer had been designated to provide guidance and oversight to employees and Board Members.

Mr. Potter reported that revisions had been made to the Authority Contracting Manual and other procedures to reflect best practices, and promote fair and open competition. The manual is a lengthy and highly technical document because of the wide variety of complex contracts needed to operate the Airports and the Dulles Toll Road. Mr. Potter noted that the Authority is required to comply with the Federal Aviation Administration (FAA), Federal Transit Administration (FTA), and others. The procurement and finance staff had worked hard to revise the Manual, which would be discussed later that day in the Business Administration Committee Meeting. Mr. Potter noted that staff was requesting the Committee's input simultaneously as the Authority sought comments from the Government Accountability Office, FAA, FTA and others. Staff expected to have a new Contracting Manual containing clear and efficient guidelines optimizing competition for the Board to consider in the first quarter of 2013. Management had set an aggressive goal of February 2013.

Mr. Potter also reported that exceptions to full and open competition in the areas of legal, financial, audit and legislative professional services are not being allowed. Staff insists on a full and open competitive process wherever practical. He noted that all non-competed and employment contracts involving former Board Members had been terminated.

In the Human Resources area, Mr. Potter reported that guidelines for hiring, compensation and benefits structures had been tightened to assure that they are consistent with best practices.

As he had previously reported, Mr. Potter had temporarily assumed the day-to-day management of the vacant position of the Vice President of Human Resources. He stated that staff had embarked on a review of all personnel practices, including the awards program, compensation systems, and hiring controls and practices. Staff is working on individual

policies, which will ultimately be compiled into a new Human Resources Manual. Mr. Potter stated that the extensive effort should be completed by June 2013. The management guidance for the Authority Student Employment Program had been revised to address all concerns. Later in the day's meeting the Board would consider a revision to Authority regulations to permit its police department to pursue additional regulatory authority for conducting criminal background checks to aid its personnel process.

To help monitor and enforce compliance with all policies, an Internal Control Group had been established to track actions necessary to assure accountability in contracting and all policies across the organization. Mr. Potter anticipated introducing the new manager of the Group in January 2013.

In all these areas, Mr. Potter stated that the Authority is working closely with the Federal Accountability Officer, who is providing valuable guidance and counsel as the Authority moves forward. The Authority is gratified that the IG and several government leaders have acknowledged its progress thus far. Many dedicated employees throughout the Authority were working together to reach the goal to be regarded as an organization of unquestioned integrity. Mr. Potter recognized and thanked Authority employees for their excellent work, and their continued focus on customer service, as it moved forward with this process. He believed that employees were doing a great job to serve the traveling public. Those jobs were getting even more demanding as the holiday travel season and winter weather approached – and as preparations were being made for the extra air travel associated with the upcoming Presidential Inauguration; staff would be prepared. Mr. Potter wished Directors, Authority employees and all supporters a very happy and merry holiday season.

Mr. Carter stated that management and staff had continued to make remarkable progress regarding concerns identified in the IG Report. He asked about the status of the vacant position of the Vice President for Human Resources. Mr. Potter reported that the position had been posted and that applications would be accepted through January 4, 2013; vetting and interview processes would follow shortly thereafter. He stated that filling the vacant position was one of his top priorities.

Ms. Hall inquired about the recent nepotism articles, and asked Mr. Potter to provide an analysis regarding the issue. As he had indicated at the recent congressional hearing, Mr. Potter stated that he planned to be very deliberate about analyzing the nepotism situation. One of his concerns had been to share the definition of nepotism with employees. It was important for employees to understand that nepotism only applied if some hiring preference had been given to them because of their relationship with someone else. Mr. Potter said that the goal would be to eliminate any preferential treatment to ensure that full and equal opportunity is given to all applicants when applying for positions at the Authority. He stated that the Authority did not presently have a data base containing information about relationships among employees. A new survey had been distributed to all employees, which required them to disclose relationships with employees or Directors. For the purposes of the survey, the definition of relative had been broadened to include domestic partner. The completed survey would be included in all employees' personnel folders for appropriate use in determining eligibility for reassignment or promotion opportunities. Potential nepotism concerns regarding existing employees would be reviewed on a case-by-case basis. Mr. Potter indicated that the review would be a pragmatic, careful one.

## II. MINUTES OF THE NOVEMBER 14, 2012 ANNUAL BOARD OF DIRECTORS MEETING

The Chairman called for the approval of the Minutes of the November 14 Annual Board of Directors Meeting, which were unanimously adopted.

## III. COMMITTEE REPORTS

### a. Audit-Legal Committee – Shirley Robinson Hall, Audit Chairman

Ms. Hall reported that the Audit-Legal Committee had met on November 14 and again on November 19. On November 14, the Committee had first approved a staff recommendation to increase Audit Committee transparency.

Valerie Holt, Vice President of Audit, had presented the Calendar Year 2013 Risk Assessment and Audit Plan. She had discussed the Airports

Authority's evolving risk profile and the key risks considered in developing the Calendar Year 2013 Risk Assessment and Audit Plan. The Committee had also been informed about follow-up plans to ensure that the new policies and procedures put in place in response to the DOT/IG audit are being followed.

Ms. Holt summarized some of the more significant audits conducted during her tenure and shared the results of each, including: a cleaning company contractor that had overcharged the Authority by more than \$3 million and the Authority had recovered \$1.4 million; a parking contractor that had to repay the Authority \$735,000; an audit that had supported a \$1.2 million judgment against a surface transportation company; a general aviation company that had returned over \$1 million to the Authority; a second general aviation firm that had not reported additional earnings estimated to be as high as \$3.2 million and that revenue had not been recovered; an audit of the contingency fund for the Dulles Rail Project that had revealed a shortfall in the contingency fund; an audit of a project associated with the D<sup>2</sup> Program to assess the reasons for a substantial cost overrun that had been required to complete the project; a very recent audit that had resulted in invoicing a subcontractor for over \$670,000 for unallowable indirect cost charges.

Ms. Holt had then briefly described the results of two overhead audits.

Staff had referred to a Controls Enhancement Dashboard document to be used to provide the Committee with detailed information on the status of the auditors' recommendations. Ms. Hall had informed the staff that it was very important that they adhere to the task completion schedule as the Authority would soon begin another audit year.

Ms. Hall reported that in executive session, the Committee had discussed the plans for the Calendar Year 2012 Financial Statement Audit. In compliance with the newly-adopted resolution, professional standards applicable to such auditors require that these discussions be held in executive session. Kelly Thornton, PricewaterhouseCoopers' partner in charge of conducting the audit, had led the discussion and had responded to inquiries about some of the key differences between the work conducted by PricewaterhouseCoopers and by internal auditors and other governmental auditors and investigators.

Also in executive session, Phil Sunderland, Vice President and General Counsel, had presented information regarding the consideration of the protest relating to the contract for the marketing, leasing and management of the food service and retail concessions at both Airports.

Former Director Mike O'Reilly had co-chaired the November 19 Audit-Legal Committee Meeting. The Committee had met solely to consider the Westfield Management LLC (Westfield) protest appeal. Mr. O'Reilly had outlined the appeal process that led the Committee to its decision. The Committee had reviewed the complete record and had had an opportunity to obtain all evidence it needed to reach a decision. The Committee had approved and adopted the written decision to deny the protest and staff had sent a copy of the decision to the attorneys representing Westfield in the appeal.

Mr. Carter asked when the new concession contract would begin. Mr. Potter responded January 1, 2013.

b. Business Administration Committee – Warner H. Session, Chairman

Mr. Session reported that the Business Administration Committee had last met November 14. The Committee had begun the meeting with a report on Small Business Contracting. Staff had indicated that early next year the new Enterprise Resource Planning computer system will be able to generate detailed reports sorted as determined by staff. For the present, however, the analysis and reporting is currently being done manually. Mr. Session provided a summary of the 15 largest construction contracts, the 15 largest goods and services contract, and the three Dulles Corridor Metrorail contracts being monitored by staff:

Non-federal construction -- LDBE awards of \$34 million were 27 percent of a total \$123 million.

Federal-aid construction -- DBE awards of \$2 million were also 27 percent of a total \$7 million.

Goods & services – LDBE awards of \$48 million were 55 percent of a total \$87 million.



Rail – DBE awards of \$.3 billion were 13 percent of a total \$2.1 billion. Staff had recommended eight incumbents and one nominee for a two-year term, which would expire January 31, 2015, to serve on the Employee Relations Council (ERC). These members, eligible for reappointment, have no limits on the number of terms they can serve. They are paid \$1,200 per diem for services performed on an as-needed basis, and are selected based on their labor relations experience and expertise. Mr. Session said he would offer a resolution later in the day's meeting for the Board to consider the reappointment.

The Committee had then considered a proposed contract award for Radio Network Technical Support Services to L-3 STRATIS of Reston, Virginia. The incumbent, L-3 STRATIS, had been the only firm to submit a proposal.

Mr. Session reported that the contract would run for one base year, with four one-year option periods. The cost of the contract was \$2.69 million the first year; and \$13,310,537 for all five years. Mr. Session said he would offer a resolution later in the day's meeting for the Board to consider the contract award.

Finally, staff had proposed a business agreement between the Authority and JetBlue Airways (JetBlue) to construct approximately \$6 million near-term baggage handling facility improvements in Terminal A to accommodate increased air service, consistent with section 1.2.5 of the Contracting Manual. JetBlue would be obligated under an Authority agreement to competitively complete the work and to achieve the Authority's LDBE goal. Funding is included in the draft 2013 budget that will be considered by the Board later in the day's meeting. Mr. Session said he would offer a resolution later in the day's meeting for the Board to consider the recommendation.

c. Dulles Corridor Committee – Tom Davis, Chairman

Mr. Davis reported that the Dulles Corridor Committee had last met November 14.

For the monthly Phase 1 Metrorail Project Cost Summary, Pat Nowakowski, Executive Director of the Metrorail Project, had reported that

Phase 1 expenditures had been \$47 million in September, bringing the total up to \$2.154 billion, with the total project budget at \$2.905 billion.

The Committee had inquired about the process for delivery of the Phase 1 Metrorail Project to the Washington Metropolitan Area Transit Authority, potential contingencies and liabilities that could occur, and other complications that could delay WMATA accepting the Project, staff would present a detailed report early next year.

The Committee had heard the Dulles Corridor Enterprise October Financial Report. The federal government had closed October 28 and 29 due to Hurricane Sandy, resulting in a decrease of approximately 440,000 transactions, equivalent to about \$450,000. Revenues on the Toll Road were up from 2011, but still slightly below budget. Year-to-date, the revenue amount had been \$85.4 million. Expenditures, at \$20.3 million, were well below budget and down .1 percent from 2011. Cash-on-hand had decreased to 1,144 days.

d. Finance Committee – Frank M. Conner, Chairman

Mr. Conner reported that the Finance Committee had last met on November 14. [At the November 14 Special Joint Finance and Dulles Corridor Committee Meeting, the Committees had approved a recommendation increasing the tolls rates on the Dulles Toll Road in January 2013 and January 2014. The Board had acted on the Committees' recommendation at its November 14 Meeting.]

The Committee had discussed the 2013 Budget and some of the differences in the proposed budget that had been presented in October. Mr. Conner said he would offer a resolution later in the day's meeting for the Board to approve the 2013 Budget.

Mr. Conner reported that the Committee had also discussed authorizing the extension and substitution of various letters of credit that supported variable rate bonds as liquidity facilities. He noted that letters of credit for four series (Series 2003D, 2009D, 2010C and 2010D) would soon expire in 2013. Mr. Conner said that he would offer a resolution later in the day's meeting to extend the letters of credit and offer a couple substitutions.

Mr. Conner reported that the Committee had also discussed the issuance of a Full Funding Grant Agreement (FFGA) Note for Series 2012, which would allow the Authority to borrow from the FTA approximately \$288 million, the outstanding amount of the FFGA. He said it was a great opportunity for the Authority and that he would offer a resolution to approve the transaction later in the day's meeting.

Mr. Carter inquired about the negative outlook bond rating Moody's had assigned to the Authority. Andy Rountree, Vice President and Chief Financial Officer, reported that three rating agencies assigned ratings to the Authority. The other two agencies, Standard & Poor's and Fitch, had assigned stable outlook ratings. Mr. Rountree explained that the Moody's rating, which had been in place for more than a year, had been attributed to the high cost per enplanement and existing debt level at Dulles International. He stated that discussions with Moody's were ongoing and that it is probable that Moody's may change the Authority's rating in connection with its next bond issuance. Mr. Rountree said that staff continued to work to maintain all ratings.

## I. INFORMATION ITEMS (cont'd)

### b. Executive Vice President's Report

Ms. McKeough said that Thanksgiving had been a successful travel period. She stated that while reported airline statistics for the Thanksgiving holiday were not yet available, the volume of travelers who entered the security checkpoints and the garages at Reagan National had signaled a robust growth in November – potentially as high as 8 percent. The increased amount of travelers at Reagan National had not caused any operational challenges, and Ms. McKeough congratulated Paul Malandrino, Vice President and Airport Manager; Elmer Tippett, Vice President for Public Safety, and other employees at Regan National. She noted that the economy parking lot had been filled to capacity November 16 through November 18, but that parking had been available in the garage facilities.

At Dulles International, passenger activity level during the Thanksgiving holiday was projected to be consistent with the prior year; there had been no growth challenges with security lines or parking inventory. Ms. McKeough thanked Chris Browne, Vice President and Airport Manger,

and other employees at Dulles International for their efforts in handling the passenger traffic during Thanksgiving.

Ms. McKeough stated that preparation was underway for the December holiday season and January inaugural activities. In working with school partnerships, students had helped to display holiday decorations throughout the terminals and regional students would participate in live choral performances at both Airports. The winter holiday season was a fun time of year at the Airports and presented the students throughout the community an opportunity to share their art and talents with travelers. Ms. McKeough also encouraged Directors to use the Airports' concessions for last-minute gifts.

Ms. McKeough reported that an increase in general aviation, as well as chartered bus activity, would occur at both Airports in association with the January 21 inaugural events. She said that activity from the fixed base operators was still being gathered and details about the operations would be provided at the January 16 Board Meeting. Both Airports would be very busy with travel associated with the Inauguration.

Ms. McKeough noted that some of the facility improvements in Terminal A were underway, including the lobby renovations. In January 2013, improvements to the baggage system and expansion to security checkpoints would also begin in Terminal A.

With regards to the October air traffic statistics, Ms. McKeough noted that both Airports had experienced limited flight activity on October 29 and 30 due to Hurricane Sandy. Air traffic statistics had been impacted by disruption of air service on the East Coast caused by Hurricane Sandy. At Reagan National, October passenger activity levels had increased 3 percent compared to 2011. The passengers served at Dulles International in October had declined almost 10 percent, compared to the prior year.

More than 19 million passengers are projected to be served at Reagan National in 2012, which would be a record level of activity. At Dulles International, a slight decline of 2.5 percent in passengers was forecasted in 2012. Ms. McKeough noted that the aviation industry had forecasted a decline of approximately 1 percent for passenger activity level in 2012.

With respect to cargo, Ms. McKeough reported that activity had decreased 14 percent compared to October of the prior year. A 10-percent decline was projected for cargo activity in 2012.

Mr. Adams asked if the Authority Public Safety staff participated in the security aspect of planning for the inaugural events. Mr. Tippet responded that Authority staff was assigned to the Operations Center and that Authority police officers would be assigned duties downtown. As part of the Mutual Aid Agreement, Authority police officers provided assistance at the inaugural events.

Mr. Chapman inquired whether the cargo decline had been related to Hurricane Sandy. Ms. McKeough stated that cargo at Dulles International had declined throughout most of the year. She noted that it had been consistent with the industry trend, and that the economic challenges had contributed to the decline.

#### IV. NEW BUSINESS

##### a. Reappointment of the Employee Relations Council

Mr. Session moved the reappointment of eight members and appointment of one new member to the ERC. The ERC membership was approved by a unanimous vote.

A copy of the staff recommendation paper was filed in the Board of Directors Office.

##### b. Recommendation to Award a Contract for Radio Network Technical Support

Mr. Session moved the following resolution, which was unanimously adopted:

WHEREAS, The contract for radio network technical support services to the Airports Authority expires December 31, 2012;  
WHEREAS, The Business Administration Committee concurred in a pre-solicitation report on a competitive procure-

ment process to select a firm for the next contract period at its May 2012 meeting;

WHEREAS, Only a single proposal was received from the incumbent contractor, L-3 STRATIS;

WHEREAS, The Procurement and Contracts Department contacted other vendors from its plan holder list and verified that the requested work in the published Request for Proposals is beyond their capacity;

WHEREAS, Staff has recommended that the contract be awarded to L-3 STRATIS of Reston, Virginia;

WHEREAS, L-3 STRATIS will contract with Astegic, Inc., of Vienna, Virginia to meet the contract's 30 percent Local Disadvantaged Business Enterprise participation requirement;

WHEREAS, The contract will be for one year with four one-year extension options, for a five-year combined value of \$13,310,537, including potential supplemental services; and

WHEREAS, The model used to support the entire radio program will be reviewed and analyzed during the first contract year prior to the option year consideration;

WHEREAS, At its November 2012 meeting, the Business Administration Committee reviewed and accepted the staff recommendation; now, therefore, be it

RESOLVED, That the President and Chief Executive Officer is authorized and directed to enter into a contract with L3-STRATIS to provide radio network technical support services to the Airports Authority, consistent with the terms presented to the Business Administration Committee at its November 14, 2012 meeting.

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

c. Recommendation to Execute Agreement with JetBlue Airways for Facility Improvements at Reagan National

Mr. Session moved the following resolution, which was unanimously adopted:

WHEREAS, Staff have proposed that the Airports Authority enter an agreement with JetBlue Airways (JetBlue) under which JetBlue will construct and initially fund needed near-term facility improvements to Terminal A at Reagan National Airport to accommodate JetBlue's increased air service needs, and the Airports Authority will reimburse JetBlue for the cost of this construction in 2013;

WHEREAS, Staff have identified a facility improvement plan that preserves future development flexibility at Terminal A and meets JetBlue's needs;

WHEREAS, The construction cost of the improvements to be undertaken by JetBlue is estimated not to exceed \$6 million, and funds to reimburse JetBlue are included in the Airports Authority's 2013 budget;

WHEREAS, The Airports Authority's execution of a agreement with JetBlue for this purpose is consistent with Paragraph 1.2.5 of the Contracting Manual;

WHEREAS, This agreement with JetBlue was presented to the Business Administration Committee on November 14, 2012, and the Committee recommended its approval to the Board of Directors; now, therefore, be it

RESOLVED, That the President and Chief Executive Officer is authorized and directed to execute an agreement with JetBlue to provide for improvements at Reagan National Airport, consistent with the terms presented to the Business Administration Committee at its November 14, 2012, meeting.

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

d. Recommendation on Authority's Proposed Regulation for Pre-Employment Criminal History Records' Checks

Mr. Session moved the following resolution, which was unanimously adopted:

WHEREAS, Staff believes that conducting criminal background checks on all applicants for Airports Authority employment is an essential component of a suitability for employment investigation conducted by the Airports Authority Police department's Employee Standards Unit and is a crucial tool in the continued efforts of the Airports Authority to hire employees who meet the desired level of professionalism and integrity;

WHEREAS, On October 17, 2012, the Business Administration Committee authorized staff to initiate the process of adopting a new regulation to obtain criminal history record information based on an applicant's fingerprints from the Virginia Central Criminal Records Exchange for the conduct of investigations to determine an applicant's suitability for employment;

WHEREAS, On November 4, 2012, notice was published in *The Washington Post* that the Airports Authority is considering adopting a regulation to authorize the Airports Authority Police Department to conduct criminal history record checks on all applicants to whom a conditional offer of employment has been made, to set the criteria for determining whether a criminal record relates to the position for which the person applied, and to require that the criminal history record information be kept confidential;

WHEREAS, The November 4, 2012, notice also stated that the Airports Authority would hold a public hearing on the proposed regulation on November 14, 2012, at a specified loca-



tion, and would accept written comments through November 19, 2012;

WHEREAS, The notice and the text of the proposed regulation was also posted on the Airports Authority's website;

WHEREAS, No individuals appeared at the public hearing on November 14, 2012, and no comments on the regulation were submitted;

WHEREAS, After considering the staff recommendation, the Board has determined that it is in the interest of the public welfare and safety to adopt the proposed regulation, as set forth below, with the force and effect of law; now, therefore, be it

RESOLVED, That a new Section 9.11 of the Metropolitan Washington Airports Regulations is hereby adopted and shall read as follows:

**§ 9.11. Criminal History Records Check of Applicants for Authority Employment**

- (1) In the interest of public welfare and safety, all applicants to whom a conditional offer of employment with the Authority has been made shall be investigated to determine if the past criminal conduct of a person with a conviction record would be compatible with the nature of the employment under consideration. Accordingly, the President or his or her designee shall request from the Virginia Central Criminal Records Exchange and the Federal Bureau of Investigation, a criminal record check of each such applicant for Authority employment.
- (2) Each applicant required to undergo a criminal background check, upon receiving a conditional offer of employment, shall submit to fingerprinting and provide personal, descriptive information to be forwarded along with the applicant's fingerprints through the Central Criminal

Records Exchange to the Federal Bureau of Investigation for the purpose of obtaining criminal history record information regarding such applicant.

- (3) Criminal history record information considered in accordance with this section shall include outstanding warrants, pending criminal charges, and records of conviction.
- (4) The President or his or her designee shall review the criminal history record information to determine whether the conviction record, if any, of the applicant is compatible with the nature of the Authority employment under consideration. In making this determination and in determining whether a criminal conviction directly relates to a position, the President or his or her designee shall consider the following criteria:
  - (a) the nature and seriousness of the crime;
  - (b) the relationship of the crime to the work to be performed in the position applied for;
  - (c) the extent to which the position applied for might offer an opportunity to engage in further criminal activity of the same type as that in which the person had been involved;
  - (d) the relationship of the crime to the ability, capacity, or fitness required to perform the duties and discharge the responsibilities of the position being sought;
  - (e) the extent and nature of the person's past criminal activity;
  - (f) the age of the person at the time of the commission of the crime;
  - (g) the amount of time that has elapsed since the person's last involvement in the commission of a crime;
  - (h) the conduct and work activity of the person prior to and following the criminal activity; and
  - (i) evidence of the person's rehabilitation or rehabilitative effort while incarcerated or following release.

- (5) Any applicant who is denied employment on the basis of criminal history record information obtained pursuant to this section will be notified in writing and will be given an opportunity to inspect the information for the purpose of clarifying, explaining, or denying the information.
- (6) The criminal history record information provided in accordance with this section shall be confidential, shall be used solely to assess eligibility for Authority employment and for access to restricted areas of the Airports in compliance with 49 U.S.C. § 44936 and its implementing regulations, and shall not be disseminated except as provided in this section.

2. That this Resolution shall be effective upon its adoption.

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

e. Recommended 2013 Budget

Mr. Conner moved the following resolution, which was unanimously adopted by all twelve Directors present:

WHEREAS, The Finance Committee held a September 18 session, at which it provided direction to the staff regarding major challenges that the 2013 Budget would need to address;

WHEREAS, The Finance Committee considered an initial draft, prepared by the staff, of the proposed 2013 Budget at its October 17 meeting;

WHEREAS, The Finance Committee considered a draft, prepared by the staff, of the proposed 2013 Budget at its November 14 meeting and recommended its approval to the Board;

WHEREAS, To benefit the airlines serving Dulles International by reducing the level of debt service included in the 2013 airline rates and charges, the 2013 Aviation Enterprise Fund

Budget incorporates the prior restructuring of the Passenger Facility Charges Program to pay \$42.0 million of debt service attributable to the AeroTrain; and

WHEREAS, The 2013 Budget presents a reasonable level of expenditures, to be made or accrued in 2013, (a) from the Aviation Enterprise Fund, to operate Ronald Reagan Washington National and Washington Dulles International Airports, to repair and maintain the facilities at these Airports, and to undertake needed capital improvements at the Airports, and (b) from the Dulles Corridor Enterprise Fund, to operate the Dulles Toll Road, to repair and maintain Toll Road facilities, to undertake capital improvements for the betterment of the Toll Road and otherwise within the Dulles Corridor, and to continue construction of the Metrorail Project, and that there will be sufficient revenues in 2013 and other funds to cover these expenditures; now, therefore, be it

RESOLVED, That the 2013 Budget, as presented at this meeting, is hereby adopted:

1. That the following sums, totaling \$967,005,000, are hereby authorized to be expended from the Aviation Enterprise Fund in 2013 for the operation, maintenance, care, improvement and protection of Ronald Reagan Washington National and Washington Dulles International Airports:

- (a) \$670,192,000 for the Aviation Operation and Maintenance Program, including \$322,829,000 of this total for debt service;
- (b) \$60,911,000 for the Aviation Capital, Operating and Maintenance Investment Program; and
- (c) \$235,902,000 for the Aviation Capital Construction Program;

2. That the following sums, totaling \$795,126,535, are hereby authorized to be expended from the Dulles Corridor Enterprise Fund in 2013 for the operation, maintenance,

care, improvement and protection of the Dulles Toll Road and for the planning, design and construction of the Dulles Rail Project:

- (a) \$88,754,000 for the Dulles Corridor Operation and Maintenance Program, including \$60,509,000 of this total for debt service;
- (b) \$12,624,530 for the Dulles Corridor Renewal and Replacement Program;
- (c) \$657,123,005 for the Dulles Corridor Capital Improvement Program, consisting of \$61,264,005 for Corridor Improvements and \$595,859,000 for the Dulles Rail Project; and
- (d) \$36,625,000 to be transferred to reserve accounts within the Dulles Corridor Enterprise Fund, as identified in the 2013 Budget;

3. That any revenue received or accrued by the Dulles Corridor Enterprise in 2013 that at the conclusion of 2013 has not been expended, obligated or transferred to a reserve account pursuant to this Resolution, or to a reserve fund or account under the Master Indenture of Trust Securing Dulles Toll Road Revenue Bonds dated as of August 1, 2009, shall be transferred to the Dulles Corridor Capital Improvement Reserve;

4. That the President and Chief Executive Officer is hereby authorized to modify or adjust expenditures within each of the six Programs identified in this Resolution, so long as the total expenditures within any such Program in 2012 do not exceed the level authorized herein; that any such reprogramming exceeding \$10 million in a calendar year for any project in the COMIP, CCP, R&R, or CIP shall be submitted to the Finance Committee for recommendation to the Board of Directors for approval before it takes effect. All other material budget reprogramming shall be reported to the Finance

Committee on a quarterly basis, two months after the end of each quarter at the May, August, November and February Committee meetings and shall include year-to-date cumulative material budget reprogramming equal or greater than the following:

- (a) Aviation Operation and Maintenance (\$250,000);
- (b) Aviation Capital, Operating and Maintenance Investment Program (\$500,000 or any new project, regardless of dollar amount);
- (c) Aviation Capital Construction Program (\$500,000 or any new project, regardless of dollar amount);
- (d) Dulles Corridor Operation and Maintenance Program (\$250,000);
- (e) Dulles Corridor Renewal and Replacement Program (\$500,000 or any new project, regardless of dollar amount); and
- (f) Dulles Corridor Capital Improvement Program (\$500,000 or any new project, regardless of dollar amount).

5. That the new and expanded projects identified in the 2013 Budget in the amount of (i) \$ 33,850,000 within the Aviation Capital Operating and Maintenance Investment Program, (ii) \$131,424,000 within the Aviation Capital Construction Program, (iii) \$2,285,000 within the Dulles Corridor Renewal and Replacement Program, and (iv) \$8,741,000 within the Dulles Corridor Capital Improvement Program pertaining to the Dulles Toll Road, are hereby approved, and hereafter shall be considered a part of their respective approved programs.

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

- f. Recommendation to Approve the Proposed Authorizing Extension and Substitution of Letters of Credit and Direct Purchase of Bonds for Airport System Revenue Variable Rate Bonds, Series 2003D, Series 2009D, Series 2010C and Series 2010D

Mr. Conner moved the following resolution, which was unanimously adopted by all twelve Directors present:

WHEREAS, The Metropolitan Washington Airports Authority (“Airports Authority”) issued its Airport System Revenue Variable Rate Bonds, Subseries 2003D-1 Bonds (the “2003D Bonds”) pursuant to the Amended and Restated Master Indenture of Trust, dated as of September 1, 2001, as amended (the “Master Indenture”), as supplemented by an Amended and Restated Sixteenth Supplemental Indenture of Trust, dated as of March 1, 2008, (the “Sixteenth Supplemental”), each between the Airports Authority and Manufacturers and Traders Trust Company (formerly Allfirst Bank), as trustee (the “Trustee”);

WHEREAS, The Series 2003D Bonds currently bear interest at a weekly rate, payment of the Series 2003D Bonds is secured by a bond insurance policy issued by Syncora Guarantee Inc., formerly XL Capital Assurance Inc. (the “Syncora Bond Insurance Policy”), and a direct-pay letter of credit (the “Wells LOC”) provided by Wells Fargo Bank, National Association (“Wells”), as successor to Wachovia Bank, N.A.;

WHEREAS, The Airports Authority desires to amend the Sixteenth Supplemental to provide that the Series 2003D Bonds may bear interest at a rate based on the LIBOR Index or the SIFMA Index (collectively, an “Index Rate”), to terminate the Syncora Bond Insurance Policy and the Wells LOC, to have the Series 2003D Bonds bear interest at an Index Rate and to have Banc of America Preferred Funding Corporation (“BofA Preferred”) directly purchase the Series 2003D Bonds;

WHEREAS, The Airports Authority issued its Airport System Revenue Variable Rate Bonds, Series 2009D, consisting of the Subseries 2009D-1 Bonds and the Subseries 2009D-2 Bonds (the “Series 2009D Bonds”) pursuant to the Master Indenture, as supplemented by a Thirty-fourth Supplemental Indenture of Trust, dated as of July 1, 2009, between the Airports Au-

thority and the Trustee and payment of the Series 2009D Bonds is secured by a direct-pay letter of credit issued by Bank of America, N.A. (the “BofA LOC”);

WHEREAS, The Airports Authority desires to substitute the BofA LOC with a direct-pay letter of credit (the “TD LOC”) provided by TD Bank, N.A. (“TD Bank”) for the Series 2009D Bonds and to revise the fees payable to Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPFS”), successor to Banc of America Securities LLC, as remarketing agent for the Series 2009D Bonds;

WHEREAS, The Airports Authority has issued its Airport System Revenue Variable Rate Refunding Bonds, Series 2010C, consisting of the Subseries 2010C-1 Bonds and the Subseries 2010C-2 Bonds (the “Series 2010C Bonds”) under the Master Indenture, as supplemented by a Thirty-seventh Supplemental Indenture of Trust, dated as of September 1, 2010, between the Airports Authority and the Trustee;

WHEREAS, Payment of the Series 2010C Bonds is secured by a direct-pay letter of credit (the “Barclays LOC”) issued by Barclays Bank PLC (“Barclays”) that expires by its terms on September 23, 2013 and the Airports Authority desires to extend the stated expiration date of the Barclays LOC to September 23, 2015;

WHEREAS, The Airports Authority issued its Airport System Revenue Variable Rate Bonds, Series 2010D (the “Series 2010D Bonds”) under the Master Indenture, as supplemented by a Thirty-eighth Supplemental Indenture of Trust, dated as of September 1, 2010, (the “Thirty-eighth Supplemental”) between the Airports Authority and the Trustee, and the Series 2010D Bonds bear interest at a rate based on the LIBOR Index in the manner described in the Thirty-eighth Supplemental for a period that extends to September 22, 2013;

WHEREAS, Wells directly purchased the Series 2010D Bonds pursuant to a Continuing Covenants Agreement, dated as of



September 1, 2010, between the Airports Authority and Wells (the "Wells CCA") and the Airports Authority desires to extend the Initial Index Rate Period (as such term is defined in the Wells CCA) to December 18, 2015 during which Wells will remain the direct purchaser of the Series 2010D Bonds; and

WHEREAS, There has been presented to the Board of Directors the form of the documents described below that the Airports Authority proposes to execute in connection with the direct sale of the Series 2003D Bonds to BofA Preferred, the substitution of the BofA LOC with the TD LOC for the Series 2009D Bonds, the extension of the Barclays LOC which secures the Series 2010C Bonds, and the extension of the Initial Index Rate Period in which Wells is the direct purchaser of the Series 2010D Bonds, copies of which documents shall be filed in the records of the Airports Authority:

(a) the Second Amended and Restated Sixteenth Supplemental Indenture of Trust (the "Second Amended Sixteenth Supplemental"), between the Airports Authority and the Trustee, relating to the Series 2003D Bonds;

(b) the Continuing Covenants Agreement relating to the Series 2003D Bonds between the Airports Authority and BofA Preferred (the "BofA Continuing Covenants Agreement");

(c) the Policy Cancellation Agreement (the "Bond Insurance Cancellation Agreement") among the Airports Authority, the Trustee, Wells and Syncora Guarantee Inc.;

(d) Amendment No. 1 to the Thirty-fourth Supplemental Indenture of Trust (the "Amendment to the Thirty-fourth Supplemental"), between the Airports Authority and the Trustee, relating to the Series 2009D Bonds;

(e) the Reimbursement Agreement between the Airports Authority and TD Bank relating to the Series 2009D

Bonds (the “TD Reimbursement Agreement”), including the irrevocable, direct-pay letter of credit attached as Exhibit A to the TD Reimbursement Agreement;

(f) the Official Statement Supplement for the Series 2009D Bonds (the “Series 2009D Official Statement Supplement”);

(g) Amendment No. 1 to the Remarketing Agreement between the Airports Authority and MLPFS for the Series 2009D Bonds (the “Amendment to the MLPFS Remarketing Agreement”);

(h) the Amendment to the Reimbursement Agreement and Fee Letter between the Airports Authority and Barclays relating to the Series 2010C Bonds (the “Amendment to the Barclays Reimbursement Agreement”);

(i) Amendment No. 1 to the Thirty-eighth Supplemental Indenture of Trust (the “Amendment to the Thirty-eighth Supplemental”), between the Airports Authority and the Trustee, relating to the Series 2010D Bonds; and

(j) the Amended and Restated Continuing Covenants Agreement relating to the Series 2010D Bonds between the Airports Authority and Wells (the “Amended Wells Continuing Covenants Agreement”); now, therefore, be it

RESOLVED, That the Second Amended Sixteenth Supplemental, the BofA Preferred Continuing Covenants Agreement, the Bond Insurance Cancellation Agreement, the Amendment to the Thirty-fourth Supplemental, the TD Reimbursement Agreement, the Series 2009D Official Statement Supplement, the Amendment to the MLPFS Remarketing Agreement, the Amendment to the Barclays Reimbursement Agreement, the Amendment to the Thirty-eighth Supplemental and the Amended Wells Continuing Covenants Agreement shall be and hereby are approved in substantially the form submitted to the Board of Directors at this meeting, with such comple-

tions, 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 the Series 2003D Bonds shall be converted to bear interest at an Index Rate and sold to BofA Preferred, as the direct purchaser of such Series 2003D Bonds, and the Syncora Bond Insurance Policy for the Series 2003D Bonds shall be terminated;

3. That TD Bank shall be the new provider of the TD LOC for the Series 2009D Bonds;

4. That the stated expiration date of the Barclays LOC shall be extended pursuant to the Amendment to the Barclays Reimbursement Agreement;

5. That Wells shall remain the direct purchaser of the Series 2010D Bonds pursuant to, and for the term provided in, the Amended Wells Continuing Covenants Agreement, and such Series 2010D Bonds shall bear interest at in an Index Rate Mode in the manner provided by the Amendment to the Thirty-eighth Supplemental;

6. That the Chairman and the Vice Chairman of the Board of Directors are each authorized to execute the Second Amended Sixteenth Supplemental, the BofA Preferred Continuing Covenants Agreement, the Bond Insurance Cancellation Agreement, the Amendment to the Thirty-fourth Supplemental, the TD Reimbursement Agreement, the Series 2009D Official Statement Supplement, the Amendment to the MLPFS Remarketing Agreement, the Amendment to the Barclays Reimbursement Agreement, the Amendment to the Thirty-eighth Supplemental, the Amended Wells Continuing Covenants Agreement, and any official statement supplement or other document (including any letter of credit termination agree-

ment, remarketing agent termination agreement and/or mandatory tender notices to holders of the Series 2003D Bonds and the Series 2009D Bonds), and to take any further action that the Chairman or Vice Chairman determines to be necessary or desirable to complete any of the transactions addressed and authorized by this Resolution;

7. That the Secretary or Assistant Secretary is authorized and directed to affix the Seal of the Airports Authority on any document executed pursuant to paragraph 6 of this Resolution, and to attest the same;

8. That the President and Chief Executive Officer and the Vice President for Finance and Chief Financial Officer are each authorized and directed to execute, deliver and file, as applicable, a tax certificate and all other required notices, certificates and instruments with respect to the actions addressed and authorized by this Resolution, including Internal Revenue Service Form 8038 or 8038-G, on behalf of the Airports Authority and to take any further action as the officers may consider necessary or desirable in connection with such actions;

9. That all other acts of the Chairman and the Vice Chairman of the Board of Directors, the President and Chief Executive Officer and the Vice President for Finance and Chief Financial Officer, whether before or after the adoption of this Resolution, that are in conformity with the purposes and intent of this Resolution are hereby approved, ratified and confirmed; and

10. That any authorization provided in this Resolution to execute a document shall include authorization to deliver the document to the other parties thereto.

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

g. Recommendation to Approve the Proposed Resolution Authorizing Issuance of Full Funding Grant Agreement Notes, Series 2012

Mr. Conner moved the resolution, which was unanimously adopted by all twelve Directors present:

WHEREAS, Effective March 10, 2009, the Metropolitan Washington Airports Authority (the "Airports Authority") and the United States Department of Transportation, Federal Transit Administration ("FTA") entered into a Full Funding Grant Agreement (the "FFGA" or "Grant Agreement") relating to phase one of the Dulles Metrorail Project, pursuant to which the FTA agreed to provide to the Airports Authority up to \$900,000,000 in financial assistance in accordance with the terms of the Grant Agreement;

WHEREAS, The Airports Authority desires to advance the use of such financial assistance by issuing short-term obligations secured primarily by the future receipt of such financial assistance under the Grant Agreement;

WHEREAS, The Airports Authority desires to authorize the issuance of notes (the "Notes") in an aggregate principal amount of up to \$200,000,000 to (i) finance a portion of the costs of the Dulles Corridor Metrorail Project; (ii) fund the Series 2012 Debt Service Reserve Account in the Debt Service Reserve Fund, and (iii) pay certain costs of issuance of the Notes;

WHEREAS, The Notes constitute a series of notes under the Trust Indenture, dated as of December 1, 2012 (the "Trust Indenture"), as supplemented by the First Supplemental Indenture of Trust, dated as of December 1, 2012 (the "First Supplemental Indenture" and together with the Trust Indenture, the "Indenture"), each by and between the Airports Authority and Manufacturers and Traders Trust Company, as trustee (the "Trustee"), designated as Full Funding Grant Agreement Notes, Series 2012;

WHEREAS, The Finance Committee gave consent to the Airports Authority to enter into negotiations with the Bank of America, N.A. (the "Bank") in September 2012 to determine the terms of the Noteholder Agreement (defined herein) pursuant to which the Bank will purchase the Notes from the Airports Authority on the terms and conditions set forth in the Noteholder Agreement;

WHEREAS, There have been presented at this meeting the forms of the following documents that the Airports Authority proposes to execute in connection with the issuance of the Notes, copies of which documents shall be filed with the records of the Airports Authority:

- (a) the Trust Indenture;
- (b) the First Supplemental Indenture;
- (c) the Notes, the form of which is attached as Exhibit B to the First Supplemental Indenture;
- (d) the Noteholder Agreement, dated as of December 1, 2012 (the "Noteholder Agreement"), by and between the Airports Authority and the Bank; and
- (e) the Secured Custodial Agreement, dated as of December 1, 2012 (the "Custodial Agreement"), by and among the Airports Authority, Manufacturers and Traders Trust Company, in its capacity as custodian (the "Custodian") and the Trustee, relating to the Notes, and attached as Exhibit A to the Trust Indenture; and

WHEREAS, The Board of Directors desires to appoint Manufacturers and Traders Trust Company as the Trustee under the Indenture and as Custodian under the Custodial Agreement;

WHEREAS, All capitalized terms used but not defined in this Resolution shall have the meaning given them in the Indenture; now, therefore, be it

RESOLVED, That Manufacturers and Traders Trust Company shall serve as the Trustee under the Indenture and the Custodian under the Custodial Agreement;

2. That the Notes shall be issued pursuant to the First Supplemental Indenture, from time to time, in an aggregate principal amount not to exceed \$200,000,000, as the proceeds thereof are needed to (i) finance a portion of the costs of the Dulles Corridor Metrorail Project; (ii) fund the Series 2012 Debt Service Reserve Account in the Debt Service Reserve Fund, and (iii) pay certain costs of issuance of the Notes;

3. That the Notes shall be repaid primarily from the payments by the FTA to the Airports Authority under the Grant Agreement and from certain other "Pledged Funds" as described in the Trust Indenture and, to the extent that amounts received under the Grant Agreement are insufficient to pay the principal of and interest on the Notes in full, from the proceeds of bonds issued under the Dulles Toll Road Bonds indenture of trust;

4. That the Notes shall be issued in fully registered form as a series of Notes pursuant to the Indenture and purchased by the Bank pursuant to the Noteholder Agreement, all upon the terms and conditions specified herein, in the First Supplemental Indenture and in the Noteholder Agreement;

5. That, when executed, the Trust Indenture, the First Supplemental Indenture, the Notes, the Noteholder Agreement and the Custodial Agreement shall be in substantially the forms submitted to the Board of Directors at this meeting, which are approved, with such completions, omissions, insertions and changes as are necessary or desirable or as otherwise may be approved by the persons executing them, their execution to constitute conclusive evidence of the approval by the Board of Directors of any such completions, omissions, insertions and changes, subject to the limitations

and restrictions set forth in paragraph 7 below;

6. That the Chairman or the Vice Chairman is authorized and directed to execute the Trust Indenture, the First Supplemental Indenture, the Notes, the Noteholder Agreement and the Custodial Agreement, and the Secretary or Assistant Secretary is authorized and directed to affix the Seal of the Airports Authority on any or all of such documents as required and to attest to the same;

7. That each of the Chairman and the Vice Chairman, the President and Chief Executive Officer, the Executive Vice President and Chief Operating Officer, the Vice President and General Counsel, the Vice President for Finance and Chief Financial Officer and the Manager of Treasury (the President and Chief Executive Officer, the Executive Vice President and Chief Operating Officer, the Vice President and General Counsel, the Vice President for Finance and Chief Financial Officer and the Manager of Treasury being collectively referred to herein as the "Executives") is hereby appointed as an "Airports Authority Representative" under the Trust Indenture and each is authorized to take the following actions in the name of and for the benefit of the Airports Authority that are necessary or desirable to accomplish the issuance and sale of the Notes from time to time:

8. To determine the date of issuance, principal amount, interest rate and maturity of any Note issued hereunder and under the Indenture, all within the parameters and limitations set forth herein and in the Indenture; and

9. To execute and deliver such closing certificates, including a tax certificate and Internal Revenue Service Form 8038 or 8038-G returns and any closing certificates required pursuant to the Noteholder Agreement, and take such actions as shall be necessary or desirable in connection with the closing or issuance from time to time of the Notes.



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

h. Appointment of Members to the Ethics Review Committee

Mr. Curto reported that the Board had recently adopted a revised Code of Ethics for Board Members, effective December 1. As part of the policy guidelines, the Board was required to designate an Ethics Review Committee. Mr. Curto moved that the following Directors be nominated as members of the Ethics Review Committee: Earl Adams, Jr.; Barbara Lang; and Caren Merrick. Once the Federal Directors joined the Board, an additional member would be appointed to the Committee. The Board approved the Committee composition.

i. Recommendation to Approve the Revised Authority Travel Policy

Mr. Curto moved that the Authority Travel Policy be revised to limit reimbursement for lodging expenses to economy or business class hotel standard single occupancy room rates. The revised Authority Travel Policy was unanimously approved; a copy is attached to these Minutes.

j. U.S. Department of Transportation Lease Amendment

Mr. Curto moved the adoption of the following resolution:

WHEREAS, The Airports Authority leases the land at Washington Dulles International and Ronald Reagan Washington National Airports from the United States pursuant to a lease agreement executed by the parties in 1987 (Lease);

WHEREAS, The Lease was executed on behalf of the United States by the U.S. Secretary of Transportation (Secretary), pursuant to the Metropolitan Washington Airports Act of 1986 in which Congress agreed to lease the two federally-owned airports to the Airports Authority and authorized the Secretary to negotiate and execute the Lease;

WHEREAS, Since 1987 the Lease has been amended on three occasions;

WHEREAS, The Secretary has proposed a fourth amendment to the Lease (attached hereto) which calls for the Airports Authority to establish policies and procedures in a number of identified areas, and to do so in consultation with and with the concurrence of the Secretary or his designee;

WHEREAS, The amendment also calls for the Airports Authority, upon the receipt of reasonable notice, to provide access to the Secretary and his representatives to personnel and records of the Airports Authority;

WHEREAS, The amendment amends the Lease's definition of "Airport Purposes" to implement an amendment of that same term enacted by Congress as part of the 2012 FAA Reauthorization Act;

WHEREAS, The Executive and Governance Committee has considered the Secretary's proposed amendment and has recommended its approval to the Board of Directors; now, therefore, be it

RESOLVED, That the amendment to the Lease, which has been proposed by the Secretary and as attached hereto, is approved, and the Chairman of the Board is authorized to execute the amendment on behalf of the Airports Authority.

The resolution was thereupon adopted; Mr. Session voted no.

The Chairman said he hoped that the day's action on the lease amendment would be viewed as a good faith decision that reflects the Authority's commitment to continue forward in terms of best practices and the type of progress made thus far. It had been the sense of the Board to direct the CEO and General Counsel to communicate to DOT as soon as possible its hopeful desire that the Authority be able to operate once again in the future without the day's Lease amendment. The Chairman said that the Board had decided to adopt the Lease amendment in good faith. Mr. Adams affirmed his support of the amended lease and stated that he believed it was necessary. He requested that an update regarding the DOT conversations relative to a potential sunset provision be pro-

vided to the Board at its January 2013 Meeting or some appropriate time. Ms. Merrick said that the sense of Board, and certainly management, was that the Authority had shown that it was meeting, and in some cases exceeding, the expectations that had been placed on it. The Authority's goal to continue to be forthright and exceed expectations would hopefully demonstrate in the future that the lease provision would no longer be needed.

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

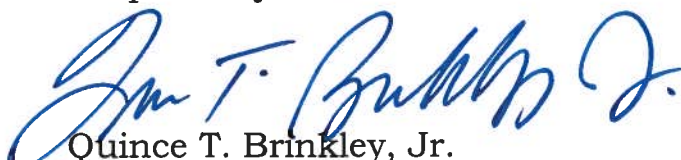
#### V. UNFINISHED BUSINESS

The Chairman reported that one brief item pertaining to actual or potential litigation would need to be discussed in executive session. A motion was offered and accepted to go into executive session. At 12:40 p.m., the Board began its executive session.

#### VI. OTHER BUSINESS & ADJOURNMENT

At 1:00 p.m., the Chairman reconvened the Meeting. No other business was discussed. The Meeting was thereupon adjourned.

Respectfully submitted:

A handwritten signature in blue ink, appearing to read "Quince T. Brinkley, Jr.", is written over the typed name.

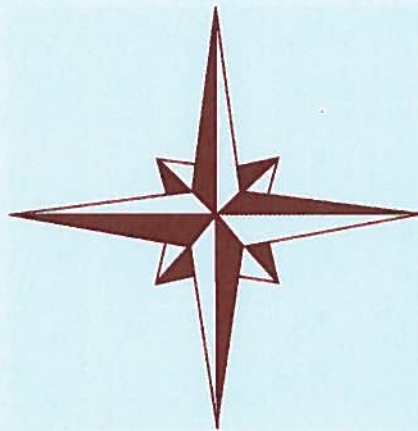
Quince T. Brinkley, Jr.  
Vice President and Secretary

**DIRECTIVE**

FI-004

Change 1

**Metropolitan Washington Airports Authority**



**Travel Policy**

DISTRIBUTION: 1, 9

OPI: MA-20


DATE: 12/12/12

## Foreword

This Directive sets forth the Airports Authority Travel Policy, including the procedures for travel authorizations, travel advances, and expense reimbursements. This Policy applies to all Airports Authority employees and Directors, as well as non-employees traveling on behalf of the Airports Authority.

The Board of Directors voted to approve this Travel Policy as applicable to Directors at a Special Board of Directors Meeting held September 5, 2012. Changes to Section 5.7 (Hotel Accommodations) were approved at a Board of Directors Meeting held December 12, 2012.

Periodic updates shall be issued by the Office of Finance, after approval by the President and Chief Executive Officer.

  
\_\_\_\_\_  
John E. Potter

President and Chief Executive Officer

12/21/12  
Date

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## **1. Purpose**

The purpose of this Policy is to outline travel procedures for allowability, fiscal responsibility and consistency in control and reporting. The Policy applies to all Travelers, including all Directors, all employees, and non-employees (such as job candidates, external procurement panel members, etc.) traveling on behalf of the Metropolitan Washington Airports Authority (Airports Authority). Any exceptions for a category of Traveler are explicitly noted in the applicable section.

## **2. Distribution**

This Policy shall be distributed to all Directors and employees and supersede Airports Authority Directive AC-001B, dated April 15, 2005, and the Travel and Business Expense Guidelines for Board of Directors, dated December 3, 2008.

This Policy will be presented to Directors during members' initial orientation and reviewed with Directors annually thereafter and presented to employees during new employee orientation.

## **3. Definitions**

### **3.1. Actual Expenses**

Payment of authorized actual daily expenses incurred, up to the limit prescribed by Section 9.1.3 of this policy, as appropriate. Entitlement to reimbursement is contingent upon the presentment of receipts for actual expenses.

### **3.2. Approving Official**

Those authorized to approve Travel Authorizations or Expense Reimbursement Requests. The Approving Official is responsible for ensuring knowledge and compliance with this Policy.

### **3.3. Board Office**

Includes the Directors, the Vice President & Secretary, and Board staff.

### **3.4. Daily Expenses**

Actual expenses incurred by the Traveler on a daily basis while in a travel status. Allowable Daily Expenses may include the Traveler's meals and Incidentals, Transportation, lodging (including internet connectivity fees, business center fees, and related expenses), and parking.

### **3.5. Domestic Trips**

Trips taken within the continental (contiguous) United States (excludes Alaska, Hawaii, and U.S. Territories).

### **3.6. Expense Reimbursement Request**

The Expense Reimbursement Request is the Traveler's statement to the Airports Authority of costs incurred on behalf of the Airports Authority.

The Board Office and non-employees (such as job candidates, external procurement panel members, etc.) submit the Expense Reimbursement Request using the Form

AC-13, which is available on Livelink, under MA-20 (Finance), in the Finance Forms folder and in the warehouse at each airport. The Vice President & Secretary shall transmit all documentation to Accounts Payable for the Board Office. Employees submit this form electronically through the Oracle EBS system using the appropriate MWAA Employee Expense Entry template (i-Expense).

**3.7. Incidentals**

A Daily Expense that includes: fees and tips given to porters, baggage carriers, hotel staff, and staff on ships.

**3.8. International Trips**

Trips taken outside of the continental (contiguous) United States. Trips to Hawaii, Alaska, and U.S. Territories are also considered International Trips.

**3.9. Local Travel**

Any one-day trip less than 250 miles round trip from the Traveler's work location that does not require an overnight stay. Local Travel may be via personal vehicle, Airports Authority-owned vehicle or public transportation. Use of Airports Authority-owned vehicles is encouraged.

**3.10. Mileage Rate**

The per mile amount reimbursed to a Traveler when using his/her privately owned automobile on official business. Use of a privately owned vehicle is only authorized for Local Travel or as stated in Section 5.6.5 of this Policy. The Airports Authority follows the rate set by the IRS. The Mileage Rate is the same for Local and non-local Travel. The rate shall be updated as required by the Office of Finance and documentation on the current mileage rate is included in Attachment 1.

**3.11. Personal Expenses**

Expenses not considered necessary to conduct official Airports Authority business. Personal Expenses that may not be reimbursed include expenses for movie rentals, health club costs, sundries, non-business related Local Travel, and alcoholic beverages.

**3.12. Personal Travel**

Any travel not considered official business.

**3.13. Transportation**

The means by which a Traveler gets to and from an authorized destination. Transportation may be accomplished by common carrier (e.g. bus, rental car, plane, train, or taxi), privately owned vehicle (if using a car service, only an amount up to a cab fare for an equivalent trip will be reimbursed) and Airports Authority-owned vehicle. Refer to Section 5.6 for Transportation guidelines and restrictions.

**3.14. Travel Advance**

Funds advanced via Form AC-10, Travel Authorization/Advance, to a Traveler prior to traveling on the Airports Authority's behalf. Travel Authorization/Advance forms are available on Livelink, under MA-20 (Finance), in the Finance Forms folder and in the warehouse at each Airport.

**3.15. Travel Authorization**

Written approval for a Traveler to leave his/her work location and incur expenses on behalf of the Airports Authority. Form AC-10, Travel Authorization/Advance, specifies the dates, places to be visited, department, estimated cost for the trip, and other pertinent information. The Travel Authorization/Advance Form shall be completed and approved before the trip, in accordance with Section 5. Travel Authorization/Advance forms are available on Livelink, under MA-20 (Finance), in the Finance Forms folder and in the warehouse at each Airport.

**3.16. Travel Authorization Number**

A sequential number assigned by the Traveler's office that uniquely identifies each Travel Authorization. The format is 4 letters (always MWAA), followed by 2 digits designating the fiscal year, followed by 3 digits (the MA routing number of the Traveler preceded by zeros if less than 3 digits), followed by a 3-digit trip number. The four elements should be separated by dashes, e.g., MWAA-03-022-010. The person preparing the Travel Authorization/Advance Form is responsible for obtaining the 3-digit trip number from the Traveler's office.

**3.17. Traveler**

Any person authorized to travel on behalf of the Airports Authority.

**4. Policy**

**4.1. General Policy**

The Airports Authority shall pay for or reimburse reasonable actual, authorized and properly documented expenses incurred while traveling on official business. Expenses include Transportation, Daily Expenses and other expenses necessary to complete the purpose of the trip in the most expeditious and cost effective manner to the Airports Authority. Expenses claimed that are found to be in violation of this Policy shall be rejected by the Approving Official. If payment or reimbursement occurred and further review by management, accounting staff, or audit determines it was made in error, the Traveler shall be required to make restitution.

**4.2. Prudent Use of Travel Funds**

Expenses incurred relative to the purpose and location of the travel must be reasonable.

**4.3. Trip Summary**

When requested by the Approving Official, the Traveler shall provide a written summary describing any event attended, key business-related activities, and the results and benefits to the Airports Authority.

**4.4. Travel Reporting**

Quarterly, the Airports Authority will deliver to the Board Office a report of all travel activity, which includes the travel of all Directors and employees.

**4.5. Annual Audit**

The Office of Audit shall conduct an annual audit of all travel expenses and present results of the audit to the President and CEO and Executive and Governance Committee of the Board.

**5. Travel Authorizations**

**5.1. Preparing the Travel Authorization/Advance Form**

The Travel Authorization/Advance Form (Attachment 2) shall be prepared to provide an estimate of the cost of non-Local Travel for budgetary purposes.

The Traveler’s office must maintain a copy of the Travel Authorization/Advance Form until it has been submitted to Finance.

**5.2. Approving Officials for Travel Authorizations**

<b>If the Traveler is...</b>	<b>Approval must be made in advance by...</b>
Chairman of the Board	Vice-Chairman of the Board
Board Office (other than Chairman)	Chairman of the Board
President and CEO (“CEO”)	CFO
Executive Vice President and COO (“COO”)	CEO
Vice President	CEO or COO
Air Service Planning & Development Staff	Vice President
Staff or other Traveler not listed above	<u>Domestic Trips:</u> Vice President  <u>International Trips:</u> Vice President, and Either the CEO or COO

Travel Authorization approval by the Chairman of the Board or Vice Chairman of the Board shall be applied consistently and shall not be unreasonably withheld.

The Board Office is not required to obtain a Travel Authorization for travel to Board and Committee meetings and any function, meeting, or event other than conferences for which the invitation has been extended to all Directors or Directors on the same Committee. If there is a vacancy or extended unavailability of an Approving Official on the Board, the Chairman of the Board or other Board Officer shall submit a Travel Authorization to the Board Secretary for approval.

**5.2.1. Responsibility of Approving Officials for Travel Authorizations**

It is the responsibility of the Approving Official to ensure, prior to authorizing travel, that the requested travel is reasonable, in compliance with this Policy, and that sufficient funds for travel are available in the department budget.

**5.2.2. Appeal of Denied Travel Authorization**

If a travel request for the Board Office is declined, the Traveler may appeal the decision to the Executive and Governance Committee.

**5.3. Allowable Costs**

Allowable costs include: round trip mileage to and from the point of common carrier Transportation, standard parking (not including valet parking, unless valet parking is the only option available), taxi fare to and from the point of common carrier Transportation or work location, shuttle bus fares, common carrier Transportation, Daily Expenses, car rental, telephone charges as described hereafter, and conference or meeting fees if appropriate. NOTE: Mileage to or from the airport may not be approved on workdays if the Traveler is required to report to work before or after the trip and works at the airport at which the flight is departing or arriving.

**5.4. Amending a Travel Authorization/Advance Form**

If travel plans change significantly, an amended Travel Authorization/Advance should be prepared. Significant changes are defined as changes that either increase or decrease the number of travel days or vary the estimated cost by 20 percent or more.

A Travel Authorization/Advance may be amended by (a) canceling the original Authorization and preparing a new Authorization using a new Authorization Number; or (b) amending the existing Authorization and initialing the changes; or (c) preparing a new Travel Authorization/Advance with the changes using the same number and stamped or marked "amended". Under "Remarks," the reason for the modification should be explained in detail. The Approving Official shall approve the amended Authorization.

**5.5. Business and Personal Travel Combined**

If a Traveler desires to combine a business trip with personal time, the Traveler shall indicate that in the appropriate section of the Travel Authorization/Advance Form and annotate the dates of personal leave. Approval to combine Personal Travel with business travel is at the sole discretion of the Approving Official. The Traveler shall reimburse the Airports Authority for the difference the Airports Authority would have paid for the most direct route to the business destination. Allowable expenses, as defined, are only reimbursable for the Traveler for the business portion of the trip.

**5.6. Transportation**

If a Traveler wants to use tickets that include weekend days to obtain savings on airfare, the Approving Official must concur and specifically note this on the Travel Authorization before their purchase. Evidence of the savings received from a weekend stay shall be provided in the form of dated quotes from the airline, hotel and estimated subsistence for the weekend stay versus the weekday airline ticket round trip cost.

To minimize costs, Travelers are encouraged to book Transportation as early as possible.

**5.6.1. Air Travel**

Travelers are required to obtain discount fares to the extent possible and purchase economy class tickets. Unrestricted or changeable tickets are allowable. Travelers may upgrade to a different class at their own expense. If travel is outside of the continental (contiguous) United States, the Board Office may purchase the next

higher class over economy without prior approval, unless the next higher upgrade results in first class accommodations which must be approved in advance by the Approving Official. Travelers other than the Board Office may request advance approval from the appropriate Approving Official for the next higher class over economy if travel is outside the continental (contiguous) United States. Travelers may, with advance approval from the appropriate Approving Official, purchase other than economy class when necessary to accommodate a medical disability or other special need. Blanket authorization of other than economy class transportation accommodations is prohibited; authorizations shall be on an individual trip-by-trip basis.

Baggage fees charged by airlines for checked luggage will be reimbursed for up to two bags.

#### **5.6.2. Train Travel**

Travelers are required to purchase economy class or Acela business class tickets for train fares. The appropriate Approving Official may authorize the next higher class or Pullman car fares if the trip is greater than 6 hours or the travel is overnight. Travelers may, with advance approval from the appropriate Approving Official, purchase other than economy class when necessary to accommodate a medical disability or other special need. Blanket authorization of other than economy class transportation accommodations is prohibited; authorizations shall be on an individual trip-by-trip basis.

#### **5.6.3. Car Rental**

Car rental shall be authorized only when local Transportation is not practical or would be more expensive. Car rentals, if authorized, are limited to intermediate size vehicles. The Approving Official shall annotate the justification for use of a rental car in the "Remarks or Special Provisions" section on the Travel Authorization/Advance.

To the extent possible, the Airports Authority encourages Travelers to coordinate Transportation services when two or more Travelers are traveling at the same time to the same destination. Travelers shall not utilize the car rental pre-paid gasoline option.

The Airports Authority maintains insurance for Travelers renting automobiles while on official travel. The Airports Authority will not reimburse the Loss Damage Waiver (LDW) and Personal Accident Insurance (PAI) provisions of a rental car agreement. The Traveler shall use personal funds to purchase LDW or PAI or provide personal auto insurance coverage to cover any Personal Travel. The business portion of the rental car expense shall be a ratio of total business days used to total days of the rental car contract.

If the Traveler is involved in an accident while traveling on official business, he/she shall report the accident to the local authorities, the car rental company, their supervisor, or, in the case of a Member of the Board of Directors, the Chairman of the Board, and follow the Airports Authority's procedures as outlined in the Risk Management Claims Procedure Manual.

**5.6.4. Private Aircraft**

The use of a non-commercial privately owned aircraft is not authorized.

**5.6.5. Personal Vehicle**

Travelers are not authorized to use their personal vehicle for Airports Authority business, except for Local Travel or when authorized by the Approving Official. The Traveler's insurance policy for his/her personal vehicle shall be the primary policy when that vehicle is used on Airports Authority business. The Airports Authority provides coverage for liability in excess of the Traveler's policy.

**5.6.6. Travel Routing**

Travel shall be arranged by the route and Transportation mode that is most cost effective to the Airports Authority, except when otherwise necessary for Air Service Planning & Development purposes and must be authorized in advance by the Vice President of Air Service Planning & Development. The Traveler shall bear any additional cost incurred as a result of deviation from this route for personal reasons. Travelers shall indicate all calculations clearly on the Expense Reimbursement Request to support the amount claimed. If the Traveler is authorized to use a privately owned vehicle, reimbursement is limited to the lesser of actual expense at the current Mileage Rate or the direct route advance purchase ticket.

**5.6.7. Taxis, Shuttle Services and Other Courtesy Transportation**

Transportation expenses in the performance of Airports Authority business travel are reimbursable for the usual fare plus tip for use of a taxi, shuttle service or other courtesy transportation.

**5.7. Hotel Accommodations**

If traveling to an event and a host hotel is provided to all event attendees at a group rate lower than the regular rate for a standard, single occupancy (or equivalent) room, Travelers should stay at the host hotel unless rooms are sold out at the group rate. If rooms are no longer available at the group rate, the Traveler should follow the guidance for a non-host hotel below.

If purpose of the travel is for a meeting or event that does not include a host hotel, reimbursable lodging shall be limited to a standard room at the single occupancy (or equivalent) rate. Lodging should be limited to economy and business class hotels (e.g. Holiday Inn, Hilton, Marriott, etc.). Luxury hotels (e.g. Ritz Carlton, Four Seasons, etc.), private luxury rentals and similar accommodations will not be approved or reimbursed beyond the standard room rate for an economy or business class hotel in the same vicinity.

To minimize costs, Travelers are encouraged to book lodging as early as possible. In addition, the lowest possible (government, conference, corporate) rates at the selected hotel must be obtained when making hotel reservations. Non-standard, premium or deluxe suites will not be approved or reimbursed beyond the standard room rate; travelers may upgrade at their own expense. Travelers seeking approval and reimbursement for non-standard or premium accommodations must provide third party documentation (e.g. quotes from the hotel websites or online booking sites such as hotels.com, etc.) evidencing standard room rates at an economy or business class

hotel in the same vicinity during the same period of stay. Travelers should provide their credit card information at check in to ensure that they are billed directly for all hotel charges. Hotel accommodation costs are only allowable for Airports Authority business travel lasting longer than 12 hours.

## **6. Travel Advances**

### **6.1. General**

The Board Office and employees may request Travel Advances to cover their estimated out-of-pocket expenses while traveling on official business. The requested amount of the Travel Advance may not exceed the total cost estimate authorized in the Travel Authorization/Advance request.

### **6.2. Approval and Submission Requirements**

A Traveler may request a Travel Advance by completing Form AC-10, Travel Authorization/Advance Request (Attachment 2), and having it approved by his/her Approving Official. To allow sufficient time to process the request, Travelers are encouraged to submit the request at least 10 business days before the start of the trip.

### **6.3. Payment of Travel Advances**

Generally, Travel Advances will be paid to the Traveler no sooner than 15 business days before travel commences.

Travel Advances shall not be issued through the Agent Cashier.

### **6.4. Repayment of Travel Advances**

Travel Advances must be settled by completing an Expense Reimbursement Request (see Section 9.0). If the amount submitted in the Expense Reimbursement Request is less than the amount of the Advance, the Traveler must send a personal check payable to MWAA routed to Accounts Payable (MA-22B) with the Expense Reimbursement Request. Travel Advances may also be repaid by returning the original check.

### **6.5. Failure to Repay Advances and Potential Payroll Deduction**

The Traveler shall submit an Expense Reimbursement Request within 30 days after returning from the trip. Any Travel Advance still outstanding 45 days after returning from the trip shall be referred to the Controller who shall notify the Traveler and the Traveler's Vice President that the amount will be deducted from his/her next paycheck within 10 days and future requests for Travel Advances to the Traveler will be denied.

## **7. Making Reservations**

The Traveler may use the Airports Authority travel agents or his/her personal method of payment. If a Travel Authorization is required as defined in Section 5.2, the Traveler MUST obtain the Approving Official's signature and a Travel Authorization number prior to purchasing any tickets. If it is determined a ticket was purchased or reservation requiring a deposit was made prior to approval and receipt of a Travel Authorization number, the Traveler may have to pay for the items purchased.



**7.1. Travel Agent**

The Airports Authority has an established contract with a travel agency (Attachment 3). The Traveler may use the travel agent to make airline or train reservations. Hotel reservations, and/or car rental reservations (if authorized) may be made by the travel agent if a personal data sheet completed by the Traveler is on file with the agent. When making reservations with the Airports Authority's travel agent, Travelers should be as flexible as possible on their departure and return dates to take advantage of discount fares. The travel agent charges a fee for the service, which is part of the total cost of the ticket.

In the event of a national security incident, the travel agent will be able to provide vital information on the Traveler's itinerary and/or current location.

**7.1.1. Problems with Ticketing or the Travel Agent**

The travel agent provides a toll free number to be used during the travel period. The Airports Authority's travel agent and Airports Authority staff making the arrangements can easily remedy most ticketing reservation problems. If a problem cannot be resolved with the travel agent, the details should be reported to Accounts Payable, MA-22B.

**7.2. Using the Internet or Contacting Carriers Directly**

Travelers may use the Internet or contact carriers directly in an effort to obtain better prices. The Traveler is expected to use/obtain discount fares to the extent possible and purchase only economy class tickets.

**8. Local Travel**

**8.1. Reimbursable Expense for Local Travel**

Reimbursable expenses for Local Travel while on Airports Authority business include mileage, standard parking (not including valet parking, unless valet parking is the only option available, public transit (Metrorail), and tolls. Accounts Payable shall reimburse expenses incurred during Local Travel upon receipt of an approved Form AC-13, Expense Reimbursement Request (Attachment 4). Local Travel reimbursements may be signed by the Department Manager or designated official.

Only Travelers on official Airports Authority business on their regular day off shall be reimbursed for meals during normal working hours.

Mileage to and from the workplace on a regularly scheduled day off is not reimbursable if an employee is reporting for work to perform his/her regular duties. Union employees shall refer to their current executed agreement with the Airports Authority.

**8.2. Local Travel From Home Versus Work**

If Local Travel to a meeting or training is from home rather than work on a normal business day, the normal commuting expenses to and from work shall be deducted from the claim.

**8.3. Airports Authority-Sponsored Activities and Events**

Travelers shall not be reimbursed for Local Travel expenses or meals incurred while participating in Airports Authority-sponsored activities and events for which attendance is not mandatory.

**9. Expense Reimbursements**

**9.1. Completing the Expense Reimbursement Request**

**9.1.1. General Guidelines**

The requestor must complete an Expense Reimbursement Request to request reimbursement of travel expenses. Expense Reimbursement Requests must be typed and signed by the requestor or submitted electronically through the i-Expense system. The address used on the form should be the requestor's preferred check mailing address or noted electronic funds transfer for direct deposit. The accounting code on the bottom of the form must be the same as that on the Travel Authorization.

**9.1.2. Receipts**

Requestors shall maintain all receipts related to travel on Airports Authority business. If submitting the Expense Reimbursement Request electronically through the i-Expense system, receipts must be submitted electronically and must be legible. Those not required to submit the Expense Reimbursement Request electronically must attach original receipts to the Expense Reimbursement Request and forward them to Accounts Payable, MA-22B.

Detailed receipts are required for all expenses in excess of \$25.00. For a credit card purchase, the signature page, as well as the detail of the purchase, are required. The requestor shall provide receipts for room/hotel meals that show total daily meal expenses of more than \$25.00 per day. (Hotels will provide this receipt upon request.)

The original itinerary and receipt for airfare shall be provided to document the travel. It is important that the employee's name, method of payment, date, time, airline flight numbers and applicable changes are clearly evident from the documentation provided.

Requestors may submit a per diem claim up to \$25.00 without receipts for total daily meal and Incidentals expenses (including applicable taxes and tips). Reimbursement requests for meals and Incidentals totaling more than the allotted \$25.00 per diem require detailed receipts.

Travelers shall be reimbursed for the actual cost of lodging for the business portion of the trip. The Traveler's lodging receipt must show each night registered. A lump sum billing, covering a number of days, is not acceptable. Online bookings may preclude daily charges from showing on the hotel receipt, however in this event, the Traveler must obtain evidence from the hotel indicating dates of stay. Travelers are discouraged from pre-payment lodging expenses unless clearly documented significant savings is evidenced in the Travel

Authorization/Advance and approved in advance by Approving Official. The Traveler may claim Daily Expenses for the business portion of the trip only.

Receipts for gasoline purchases for a rental car are required regardless of cost.

**9.1.3. Daily Expenses for Meals and Incidentals**

Daily Expenses for meals (including applicable taxes and tips) and Incidentals should be reasonable and must not exceed the authorized limit, as defined in Attachment 5. The Office of Finance shall adjust this limit to remain consistent with federal travel policy.

**9.1.4. Allowed Expenses for Travel**

Tips in excess of the following amounts may be denied:

- \$2.00 per incident for baggage handlers, porters, shuttle drivers
- 20 percent of bill for meals
- 20 percent of trip charge for taxis

A claim for any expense involving tips will constitute a certification on the part of the requestor submitting the claim that those amounts were actually given to the service provider.

Dry cleaning and laundry expenses are allowed only for trips exceeding six (6) nights and seven (7) days. Rental cars are allowed only if approved on the Travel Authorization/Advance Form. Gasoline purchases incurred while traveling on business purposes shall be reimbursed only with receipts, regardless of cost. Work-related phone calls (e.g., to the office, voicemail, or other necessary business calls) as well as reasonable personal phone calls shall be reimbursed.

Meals provided in the prepaid cost of activities will not be reimbursed if the requestor chooses to obtain his/her meals elsewhere. Exceptions may be granted by the Approving Official.

Mileage is reimbursable to and from the destination at the Mileage Rate set by the IRS per mile traveled for business. See Attachment 1.

**9.1.5. Personal Expenses**

Personal Expenses are not reimbursable.

**9.2. Approving Officials for Expense Reimbursement Requests**

<b>If the requestor is...</b>	<b>Approval must be made by...</b>
Chairman of the Board	Vice-Chairman of the Board
Board Office (other than Chairman)	Chairman of the Board
CEO or COO	CFO or Designee
Vice President	CEO or COO
Staff or other requestor not listed above	Vice President or Designee

Expense Reimbursement Request approval by the Chairman of the Board or Vice Chairman of the Board shall be applied consistently and shall not be unreasonably withheld.

If there is a vacancy or extended unavailability of an Approving Official on the Board, the Chairman of the Board or other Board Officer shall submit an Expense Reimbursement Request to the Board Secretary for approval.

**9.3. Currency Conversion**

The Airports Authority will reimburse for out-of-country expenses for approved international travel on the basis of credit card statements and receipts, including currency conversion fees and credit card foreign exchange fees, for business-related transactions. The reimbursement rate is based on the exchange rate used by the Traveler's credit card company in calculating its "local currency" payment. The use of Automated Teller Machines (ATMs) is encouraged to minimize these fees.

**9.4. Submission Requirements**

The Board Office and non-employees (such as job candidates, external procurement panel members, etc.) submit the approved Expense Reimbursement Request using the Form AC-13 (Attachment 4), which is available on Livelink, under MA-20 (Finance), in the Finance Forms folder and in the warehouse of each airport. The Form must be submitted to Accounts Payable (MA-22B) within 30 days after completion of the trip. If a Travel Authorization/Advance is required, a copy should be submitted with the Expense Reimbursement Request.

Employees must submit Expense Reimbursement Requests electronically through the i-Expense system within 30 days after completion of the trip. If a Travel Authorization/Advance is required, a copy should be submitted with the Expense Reimbursement Request. Upon appropriate approvals, the electronic Expense Reimbursement Request will be routed to Accounts Payable.

**9.4.1. Cancellation With Charges Incurred**

If a trip is cancelled and charges were incurred (e.g., airfare or hotel reservations), an Expense Reimbursement Request shall be prepared and approved by the Approving Official. The Traveler shall provide a brief written explanation for the cancellation, submit the Expense Reimbursement Request with a copy of the Travel Authorization/Advance Form clearly marked "CANCELED," and return any Advance money received to Accounts Payable, MA-22B, within 10 business days of the cancellation.

**10. Miscellaneous**

**10.1. Travel Expenses Paid by Outside Parties**

In circumstances when an employee's expenses are eligible for reimbursement by a third party, the employee should submit the Travel Authorization to Accounts Payable (MA-22B) and note on the Travel Authorization the third party reimbursement, including the name and billing contact for the third party. After submitting the Expense Reimbursement Request, Accounts Payable will submit an invoice to the third party directing reimbursement be made directly to the Airports Authority.

**10.2. Personal Injury Accidents**

A Traveler has the responsibility to seek medical attention if he/she is injured while traveling on official business and to notify his/her immediate supervisor as soon as possible. The Workers' Compensation insurance company shall determine if the injury will be compensable under the Virginia Workers' Compensation Act. The Traveler should follow the Airports Authority's internal reporting procedures as outlined in the *Risk Management Claims Procedure Manual*.

A personal accident policy is also in effect for foreign Travelers. The Traveler shall contact the Risk Management Department prior to foreign travel for current policy information.

**11. Exceptions to the Policy**

Exceptions to this Policy shall be explained in detail on the Expense Reimbursement Request. When circumstances arise that are not directly covered in these written procedures, Travelers are expected to use sound judgment and provide detailed documentation on the reimbursement request in support of variances.

Any exception to this policy requested by the Board Office must be approved in writing by the Chairman of the Board of Directors. If denied, the decision may be appealed to the Executive and Governance Committee.

Any exception to this policy requested by staff must be approved in writing by the CEO or COO.

**12. Questions**

Questions regarding this Policy should be directed to Accounts Payable, MA-22B, on (703) 417-8722.

## **Attachment 1 – Mileage Rate**

The IRS standard business mileage rate effective **January 1, 2012** is 55.5 cents per mile. Please use this rate on all expense reimbursement requests for travel beginning January 1–December 31, 2012.

The IRS standard business mileage rate effective **January 1, 2013** is 56.5 cents per mile. Please use this rate on all expense reimbursement requests for travel beginning January 1–December 31, 2013.

For all employees the Oracle i-Expense module will reflect the current mileage rate. For non-users of i-Expense we have updated the appropriate Expense Reimbursement Request forms found in the MA-20 forms folder on Live Link.

Attachment 2 – Form AC-10 (Travel Authorization/Advance)

<b>Metropolitan Washington Airports Authority</b>		Page <u>1</u> of <u>1</u>
<b>TRAVEL AUTHORIZATION/ADVANCE</b>		TRAVEL AUTHORIZATION NO. (MWA-YR-DEPT-AUTH NO.)
NAME (Last, First, MI)		EMPLOYEE CLOCK NO
ADDRESS (Street, City, State, Zip Code)		ROUTING SYMBOL
		DAYTIME PHONE NO
PURPOSE OF TRAVEL		
<b>TRAVEL ESTIMATES</b>		
LOCATION		
From: _____	To: _____	Return To: _____
<small>(Separate multiple destinations by commas)</small>		
DATES		
From: _____	To: _____	
<b>COST ESTIMATES</b>		
ITEM	AMOUNT	REMARKS OR SPECIAL PROVISIONS
Transportation	\$ _____	
Rental Car (must be pre-authorized)	\$ _____	
Lodging	\$ _____	
Meals	\$ _____	
Other	\$ _____	
	\$ _____	
	\$ _____	
<b>TOTAL ▶</b>	<b>\$ 0.00</b>	
<input type="checkbox"/> Personal time requested		Dates of personal time: _____
<b>TRAVEL ADVANCE (OPTIONAL)</b>		
TYPE OF ADVANCE	TRAVEL ESTIMATES	
<input type="checkbox"/> CHECK  <input type="checkbox"/> ACH	Estimated cost of trip (from total Cost Estimate above) \$ _____	
	<b>LESS:</b>	
	Transportation cost charged to the Authority \$ _____	
	Other costs paid directly by the Authority \$ _____	
	<b>TOTAL ▶</b>	<b>\$0.00</b>
ACCOUNTING CODE (insert 0s for project number and LTC if applicable)	Traveler is hereby authorized to perform travel as indicated above and to be reimbursed for necessary expenses for travel in accordance with Authority policy.	
TRAVELER'S SIGNATURE	DATE	
APPROVING OFFICIAL'S SIGNATURE (Please type/print name below signature)	DATE	

**Attachment 3 – Airports Authority Travel Agent**

**Globetrotter Travel Management Services, Inc.**

Phone: (301) 570-0800 (Press 1 for Reservations)  
travel@globetrottermgmt.com



**Attachment 4 – Form AC-12 (Expense Reimbursement Request)**

Metropolitan Washington Airports Authority

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**EXPENSE REIMBURSEMENT REQUEST 2012**

NAME (Last, First, MI)				EMPLOYEE CLOCK NO.	
ADDRESS (Street, City, State, Zip Code)				ROUTING SYMBOL	
PURPOSE OF MEETING OR CONFERENCE:				DAYTIME PHONE NO.	
EXPENSES					
DATE	EXPLANATION OF EXPENSE	MILEAGE	2012 rate \$0.555	OTHER EXPENSE AMOUNT	AMOUNT CLAIMED
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00
ACCOUNTING CODE (Insert 0s for project number and LITC if applicable)				TOTAL CLAIMED	\$0.00
I certify that these expenses were incurred for official business and were not previously reimbursed.					
EMPLOYEE SIGNATURE					DATE
APPROVING OFFICIAL'S SIGNATURE (Please type/print name below signature)					DATE
RECEIVED FROM CASHIER					DATE

**Attachment 5 – Daily Meals & Incidentals Limit**

Daily Expenses for meals (including applicable taxes and tips) and Incidentals must not exceed the authorized limit, which is based on §301-11.18 of the Federal Travel Regulation.

As of August 31, 2012, the authorized limit for daily meals and incidentals is \$71.