



BOARD OF DIRECTORS MEETING

Minutes of April 2, 2008

The regular monthly meeting was held in the Board Conference Room at 1 Aviation Circle and was called to order by the Chairman at 9:00 a.m. Nine Directors were present during the meeting:

H.R. Crawford, Chairman
James L. Banks, Jr.
Robert Clarke Brown
William W. Cobey Jr.
Anne Crossman

Leonard Manning
Mame Reiley
Charles D. Snelling
David G. Speck

The Secretary and the following Officers were present:

James E. Bennett, President and Chief Executive Officer
Margaret E. McKeough, Executive Vice President and Chief Operating Officer
Edward S. Faggen, Vice President and General Counsel

I. MINUTES OF THE MARCH 5, 2008 BOARD MEETING

The Chairman called for approval of the minutes of the March 5, 2008, meeting, which were unanimously adopted.

II. COMMITTEE REPORTS

The Chairman reminded Directors that the method of presenting Committee reports had been modified. Committee Chairmen would present brief summaries, and Directors could raise questions or concerns.

a. Finance Committee

Mr. Brown reported on the Committee's regular monthly meeting on March 19. The Committee received the preliminary year-end 2007 financial reports. Mr. Brown noted that the Committee would discuss the audited 2007 financial reports at its April meeting.

The airports' financial advisors presented their monthly report. Mr. Brown reported that the Airports Authority had closed its refunding of the auction rate securities and that the deal had been nicely executed. The Dulles Corridor financial advisors presented their report. The Committee also received a quarterly report of the Airports Authority's investment program.

The Committee met in executive session to receive a briefing from legal counsel regarding the status of the Airports Authority's contracts related to the Dulles Metrorail project.

b. Strategic Development Committee

Mr. Cobey reported on the Committee's regular monthly meeting on March 19. He referred to the summary minutes of the meeting, and noted that Mr. Treadaway had presented his customary monthly air service development report.

c. Legal Committee

Mr. Speck reported that the summary minutes had been included with materials for the day's meeting.

d. Information Technology Committee

Mr. Brown reported that the RFP for the Enterprise Resource Planning program had been issued and that a pre-proposal conference would be held later that day.

e. Audit Committee

Mr. Manning reported on the Committee's regular monthly meeting on March 19. The Committee had met with PricewaterhouseCoopers, the external auditors, who informed the Committee that all deliverables were timely. The Committee also accepted four internal audit reports submitted by the Vice President for Audit.

III. INFORMATION ITEMS

a. President's Report

Mr. Bennett reported on a number of items.

Ed Faggen. Mr. Bennett thanked all who had attended Ed Faggen's retirement celebration the prior night. He noted that the day marked Mr. Faggen's official last day. Mr. Bennett commended Mr. Faggen for nearly 38 years of extraordinary public service, which included his years with the Federal Aviation Administration prior to the

Airports' transfer, and for his substantial contributions to Reagan National and Dulles Airports. The day's Aviation Daily included a nice story about Mr. Faggen.

Mr. Faggen expressed his appreciation to the Directors for their generous commitment of time serving on the Airports Authority's Board, and for the gift they had presented to him the previous evening. The Chairman said that the attendance at that evening's celebration was indicative of how well Ms. Faggen was thought of, noting that many former Directors, including many of the past Chairmen, had attended.

Fuel Farm Incident at Reagan National. Mr. Bennett reported that the Board had been alerted the prior weekend about an incident at Reagan National with the fuel farm, which had resulted in approximately 30,000 gallons of jet fuel being vented out of the top of one of the storage tanks. Fortunately, all of the fuel had been captured in the retention tank's basin which prevent any fuel from escaping into the Potomac River. Mr. Bennett noted that staff was still investigating the cause of the incident, but it appeared that a series of events led to the malfunction of the tanks' valves. Mr. Bennett thanked those who responded for an outstanding job, and stated that the Directors would receive a complete report of the incident once the investigation had been completed.

Dulles Metrorail Update. Mr. Bennett reported that Commonwealth officials continued to participate in constructive dialogue with the Department of Transportation (DOT) in an effort to advance the rail project.

Mr. Bennett also reported that the Tyson's Tunnel supporters had withdrawn their lawsuit against the Federal Transit Administration challenging the environmental record of decision issued by DOT on the project. He noted that during his recent travel through Tysons Corner, the banners, once prominently displayed on the roads, were no longer visible in the area.

Mr. Bennett also reported that arguments for the pending lawsuit in the Virginia Supreme Court challenging the Commonwealth's authority to transfer the Toll Road to the Airports Authority had been scheduled for April 15.

Slots and Perimeter Rule. Mr. Bennett reported that Senators John Ensign, John McCain and Barbara Boxer had recently submitted a bill in the Senate that would allow airlines that currently use slots Reagan National to access major hubs within the 1,250 mile perimeter, to convert those slots into flights serving any airport outside the perimeter. He noted that it would be a de facto elimination of the perimeter rule at Reagan National. Mr. Cobey inquired about the percentage of flights that would be impacted. Mr. Bennett responded that most of the slots at Reagan National are used by large aircraft to service large hub airports. Mr. Bennett

noted, while this proposal may not succeed as a stand-alone bill, it could find its way into an FAA Reauthorization bill. He indicated that he would keep the Directors apprised of this proposal.

Construction Updates. Mr. Bennett reported that the Airports Authority had begun mobilizing for the construction of the additional parking level on the garages at Reagan National. Construction trailers were in place and temporary roadway modifications would soon occur that would facilitate the traffic flow around the garages. He reported that work was underway on the economy parking lot on the south end of the Airport, which would provide additional temporary spaces in a remote parking facility to compensate for those lost during construction. Mr. Speck inquired when the parking garages would be completed; Mr. Bennett responded that they would be completed in 2010.

Mr. Bennett reported that work on the fourth runway at Dulles was progressing nicely. Within the next couple weeks, flight testing would begin on the approaches to confirm they were operable. In June, the Federal Aviation Administration (FAA) would change runway designations at the Airport. The existing runway 1L/19R would be re-designated 1C/19C, and the new runway would officially become 1L/19R. He reported that the new runway is scheduled to be operational November 20, the same day when Chicago O'Hare International and Seattle-Tacoma International Airports have scheduled new runway openings.

Registered Traveler Program. Mr. Bennett reported that the Registered Traveler Program at both Reagan National and Dulles Airports was operational. He noted that the Chairman had attended a March 19 press conference at Reagan National to inaugurate the service at both Airports. Thus far, the RT Program was working well, with more enrolled participants at Reagan National than at Dulles. Nationwide, over 100,000 people were enrolled in the RT program. Mr. Bennett reported that Department of Homeland Security officials had recently met with industry representatives in an attempt to further expand the RT program to explore its use with other applications, such as the proposed secure identification program, that may be implemented.

District of Columbia Taxicabs. Mr. Bennett reported that effective May 1, all District of Columbia taxicabs are to transition to meters as the method of calculating fares. He noted that Reagan National Airport Manager Paul Malandrino and staff have been working with District officials to ensure that the Airports Authority is aware of all transition details, as well as the new rates. He also noted that the customer information cards that are issued to passengers who use taxis at Reagan National would be reprinted to reflect the District's new fare structure.

b. Executive Vice President's Report

Ms. McKeough reported that in February more than 1.2 million passengers utilized Reagan National, a decrease of about 2 percent over February 2007. Most of the reduction could be attributed to US Airways' shift of aircraft from existing flights, as well as the termination of ATA's slots which have recently been awarded to carriers that would begin service in about a month.

At Dulles, more than 1.6 million passengers were served in February 2008, a slight increase of 1 percent compared to February 2007. Ms. McKeough noted that while domestic activity in February had decreased at Dulles approximately 3 percent, international traffic increased 18 percent in the month over the prior February. Cargo activity at Dulles increased 8 percent in February compared to a year earlier.

IV. NEW BUSINESS

a. Approval of the Selection of Vice President and General Counsel

The Chairman moved the approval of the selection of Philip G. Sunderland as Vice President and General Counsel. The motion was thereupon unanimously approved.

Mr. Snelling noted that he would like to introduce a resolution, hopefully by common consent, proposing that the Legal Committee consider an amendment to the Airports Authority's Bylaws to allow the Vice President and General Counsel to have a dual reporting relationship. He stated that it was his view that the General Counsel should, with respect to administrative and general corporate matters, report directly to Mr. Bennett. However, he noted that many Directors believed that the General Counsel should have a dual reporting arrangement, which would allow him to also serve the Board of Directors. Mr. Snelling requested that the Chairman ask Mr. Latham, Chairman of the Legal Committee, to present the proposal to that committee and obtain a recommendation that would be submitted to the Board.

Mr. Brown reported that he had recently reviewed the Bylaws and learned that they did not address the dual reporting relationship of the Vice President for Audit. He stated that he thought such a relationship had been established by the Board at the time of her hire, but it had not been incorporated into the Bylaws. Mr. Brown suggested that the Legal Committee also consider an appropriate amendment to the Bylaws that would reflect the current reporting relationship of the Vice President for Audit.

Mr. Cobey suggested that it would be helpful for Mr. Banks and Mr. Snelling to briefly outline their thoughts on a dual reporting relationship for the General Counsel. Mr. Banks indicated that he would not support such a dual reporting relationship

because it would vary from the relationship that exists in most non-profit and governmental entities where the General Counsel has a formal reporting relationship to the administrative head of the organization. He noted that as an ethical matter, the General Counsel's obligations run to the organization, not the President or the Board. Therefore, he said, he believed that changing the relationship is not necessary.

Mr. Snelling said he agreed with Mr. Banks' description of the responsibilities of the General Counsel, and noted that the same was true with auditors. He said he wanted to recognize that there was a larger duty expected of the General Counsel, and he didn't believe it mattered whether it was stated in a resolution or in an amendment to the Bylaws. He said he wanted to affirm the duties that the General Counsel had to the Board.

Ms. Crossman asked Mr. Snelling to explain the purpose of his proposal. Mr. Snelling stated that he believed there had been some confusion in past years with the reporting relationship of the General Counsel, such as whether he reported to the Board through the President, or had a direct reporting relationship to the Board. The purpose of proposal was to clarify that, while the General Counsel is primarily responsible to the administration, he also has a specific duty to the Board. Mr. Snelling said he thought it needed to be clear that the General Counsel has a dual responsibility and accountability.

Mr. Banks stated that the General Counsel's primary responsibility as a licensed lawyer is not specifically to the President or to the Board, but rather to the Airports Authority. It is the ethical duty of a lawyer, he indicated, to represent the interests of his or her client, which in this case is the Airports Authority. Thus, the General Counsel's obligation is to reach legal judgments on all matters, whether raised or requested by the President or the Board, on the basis of the Airports Authority's best interests. Ms. Reiley stated that the Board would not expect anyone to perform an action that was not in the best interests of the Airports Authority.

The Chairman stated that this issue would be reviewed again by the Board after it had received a recommendation from the Legal Committee.

V. UNFINISHED BUSINESS

The Chairman reported that Mr. O'Reilly was not in attendance at the day's meeting as he was representing the Airports Authority at the 2008 Airports Council International Airport Business & Trinity Forum. He also reported that Mr. Epstein was not able to attend the day's meeting due to another significant meeting, which he was obligated to attend.

VI. OTHER BUSINESS AND ADJOURNMENT

Mr. Sunderland expressed thanks to the Board for the opportunity to serve as the Vice President and General Counsel, which he hoped would enable him to be of significant value to the Airports Authority. He stated that he had enjoyed his time working in the Board Office, that he had the highest regard for the Directors and their commitment to the Airports Authority, and that he had a world of respect for Lisa Makle-Brooks and Sheryl Edwards. He also thanked Mr. Faggen for his decades of service, and said that he looked forward to continuing the working relationships he had developed with Mr. Bennett, Ms. McKeough and the General Counsel staff.

The Chairman noted that Airports Council International's 2008 Airport Board Members Annual Conference would be held from May 18-20 in Scottsdale, Arizona, and he encouraged the Directors to attend in order to meet directors from other airports.

There being no further business, the Chairman adjourned the meeting at 9:50 a.m.

Respectfully submitted,



Lisa Makle-Brooks
Assistant Secretary

Approved 5/7/08