BOARD OF DIRECTORS MEETING

Minutes of April 6, 2011

The regular meeting of the Board of Directors was held in the Board Conference Room at 1 Aviation Circle and was called to order by the Chairman at 10:00 a.m. The following Directors were present during the meeting:

Charles D. Snelling, Chairman
Robert Clarke Brown
Richard S. Carter
H.R. Crawford
William W. Cobey Jr.
Frank M. Conner III
Michael A. Curto
Thomas M. Davis III
Shirley Robinson Hall
Dennis L Martire
Michael L. O'Reilly
Mame Reiley
Warner H. Session

The Secretary and Executive Management were present:

E. Lynn Hampton, President and Chief Executive Officer
Margaret E. McKeough, Executive Vice President and Chief Operating Officer

I. MINUTES OF THE MARCH 2, 2011 BOARD OF DIRECTORS MEETING AND THE MARCH 16, 2011 SPECIAL BOARD OF DIRECTORS MEETING

The Chairman called for approval of the Minutes of the March 2 and March 16 Meetings, which were unanimously adopted.

II. ELECTION OF THE VICE-CHAIRMAN

The Chairman then announced that a Member had raised some concerns about the scheduled election, and called for an executive session. At the conclusion of the executive session, the Chairman announced that the election of the Vice-Chairman would be postponed until a Special Board Meeting on April 20. Notice for the election had been at the minimum 48 hours set in the Bylaws, but Directors were concerned it had not been adequate for an election. The Chairman said he was responsible for the relatively late notice, and had acceded to delaying the election. He noted that there had not been any dispute over candidates for the office or the election procedure; the short notice had been the only concern.

III. COMMITTEE REPORTS

a. Audit Committee

Mr. Cobey reported that the Audit Committee had last met in executive session March 16, to discuss audits and audit policy related to both phases of the rail construction project.

b. Business Administration Committee

Mr. Crawford reported that the Business Administration Committee had last met March 16. The Committee had first heard the regular monthly report of Steve Baker, Vice President for Business Administration. In February, contract awards had totaled $52.6 million. Of that amount, Local Disadvantaged Business Enterprises (LDBEs) had received $6.6 million, or 14.6 percent of the non-federal contracts. Disadvantaged Business Enterprise (DBE) firms had won $4.2 million, or 25.3 percent of the federally funded contracts.

Mr. Baker had then reported on option year contract extensions planned for January through March 2012 that required advanced notice to the Board. Staff had recommended extension of six contracts for that period. Most had been routine, but the Committee had raised two concerns. First, Mr. Crawford said that he had asked that the Fixed Base Operator contract at Dulles International be the subject of further discussion in the Committee. Second, Mr. Brown had asked staff to report on the state of firms available in the airport financial services business, as the current contract had only one extension remaining.

The next staff report had concerned pre-solicitation terms for Electronic Security System Maintenance at both Airports. Mr. Crawford explained that one solicitation would result in two separate contracts for one contractor, one at each Airport. He said the particular contracts were critical to the security systems; the prevailing firm would maintain and support 2800 card readers and 2400 closed circuit televisions, as well as many door contacts, alarm devices and other access devices. The Committee had concurred in the RFP terms.

The Committee had then heard another pre-solicitation report, for Refuse and Recycling Removal Services at Dulles International and on the Toll Road. Again, the procurement would result in two contracts awarded to a single contractor. Recycling would be a key part of the contract, and Mr. Carter, who was familiar with recycling, said the proposed 18 percent recycling goal was too low. The staff agreed to review the matter. The Committee had concurred in the proposed RFP, with the understanding that there might be an adjustment to the recycling goal.

The Committee had reviewed a proposed contract award for Baggage Handling Services Operations and Maintenance at Dulles International. The staff had proposed to award the contract to John Bean Technology of Ogden, Utah, for two years with three single-year extension options. The five-year value of the contract would be $10.5 million. Under the 20 percent LDBE requirement, Eastern Industrial Maintenance of Sterling would be the LDBE partner. Mr. Crawford said he would offer a resolution later in the meeting.

There had been one additional pre-solicitation report, on Elevator, Escalator and Moving Walkway Maintenance and Repair Services at Reagan National. This RFP had been relatively simple, with a one-year base and four single-year extension options. The current contract was costing the Airports Authority $1.8 million per year. The Committee had concurred in the proposal.

Finally Mr. Crawford said that George Ellis, Vice President for Information and Telecommunications Systems, had presented an extensive report on the status of the Enterprise Resource Planning (ERP) program. The program was still going well, but the "go-live" date had been adjusted to a date in May. Ultimately all business data would be moved over to the new system. The cutover process would be very sensitive; there would be no going back. Mr. Ellis had also introduced Kumar Bala, a new manager responsible for all aspects of the ERP, and informed the Committee that additional staff would be in place for the cutover. Because of the critical nature of this major change in how the Airports Authority does business, the Chairman had asked Ms. Hampton to keep in daily communication with Mr. Ellis throughout the transfer period.

c. Dulles Corridor Committee

Ms. Reiley reported that the Dulles Corridor Committee had met on March 16 and again just before the day's Board Meeting.

At the March meeting, Ms. Reiley had opened by pledging that the Committee would minimize the number of times that agenda items were discussed in executive session. The Committee had then considered a request from Frank Wolf, M.C. (10th Va.), that the Airports Authority conduct quarterly audits on the Phase 2 project. The Airports Authority had in fact already planned to do so. Mr. Wolf had also sought a federal audit of Phase 1 because of the contribution of federal-aid funds. Ms. Reiley had suggested a full audit of Phase 1 would be very helpful to the Airports Authority as it would show what could be done better on Phase 2, and had recommended that the Airports Authority commission its own audit; the Committee had agreed. Ms. Reiley said the results of a Phase 1 audit would also help keep costs down on Phase 2.

The Committee had then heard the Phase 1 Metrorail Cost Summary and Project Update. Pat Nowakowski, Executive Director of the Metrorail Project, had explained the financial exposure the project faced from "allowance items", the costs of which had not been fixed in the larger fixed-price contract. Most of the allowance issues had been in the past, but some recent contracts on station finishes had come in high because of increases in commodity prices. All such issues to date had been covered by contingency funds, and it still appeared the project would come in within budget.

The Committee had then heard an extensive presentation on the two alternatives for the Dulles Metrorail station from the Advisory Panel of architects and engineers. Ms. Reiley said she would summarize the basic points as she heard them. The Advisory Panel had expressed concern that the garage alternative station, though consistent with WMATA standards, was under-designed, with a relatively narrow platform interrupted by elevator shafts and escalators, and inadequately protected from the elements. They pointed out that the walk to the garage station was about 600 feet longer than the locally-preferred tunnel option. The Panel had also reviewed costs on 20 percent of the project to be built on-airport, and found about $100 million in savings on the tunnel option, in addition to the $300 million reduction by the staff. In any event, both the Panel and staff had agreed that further review of cost elements should continue.

The Advisory Panel had also presented a strong argument for breaking up the Phase 2 contract into several smaller contracts. The discussion was long and involved, and continued later in the meeting, where contract packaging was on the agenda.

The staff had then presented its conclusions on the station alternatives, recommending either of the two alternatives. Staff analysis indicated that the difference in cost between the two alternatives was less than reported last year, but, without the reductions identified by the Advisory Panel, still significant. They had reported that the tunnel alternative would take 5 years to construct, while the garage alternative would take 4.5 years, assuming environmental and historic preservation requirements could be dealt with quickly.

The Committee next began a second discussion on contract packaging. Staff had been divided on the question of one major contract or several, and each side had presented its own version of the pros and cons. The President had also offered her own proposal, which she characterized as midway between the two. There was not only a question of how many contracts, but also how to divide them. The Advisory Panel had recommended geographic contracts; the procurement staff had recommended functional contracts. In the end, we learned that the differences were principally over the allocation of risks. A decision on this issue should be reached next month.

At its meeting that morning, which all Directors had attended, the Committee had kept its promise to the Chairman by reaching a recommendation on the rail station at Dulles. The Committee had heard from Airports Authority engineers, the Advisory Panel, and the President and CEO on the issue. The Committee had selected the modified Locally Preferred Option, as modified. Ms. Reiley stated that she would offer a resolution later in the day's meeting.

The Committee had also heard a report from Phil Sunderland, Vice President and General Counsel, on the rail project agreement with Loudoun and Fairfax Counties, and from the Corridor financial advisors on overall financing for the project.

Finally, the Committee had considered the advisability of providing for a "project labor agreement" on Phase 2 of the Metrorail project. As the Directors had already heard, such an agreement was in place on Phase 1 of the project, and the Dulles Transit Partners, the construction company building the Metrorail extension, could not have been more pleased with it. They have appeared before the Committee to testify how the agreement had assured both labor peace and a ready supply of the trained and skilled construction craft workers, for substantial savings over the life of the project. A resolution would be offered later in the day's meeting.

d. <u>Executive Search Committee</u>

Mr. Session reported that the new Executive Search Committee had already met twice in its mission to continue the executive search for a new President and Chief Executive Officer.

At a March 22 meeting, the Committee had reviewed the status of the executive search process and had agreed to ask if SpencerStuart, the other highly ranked firm in last year's competitive selection process, would be willing to conduct the next phase.

At the second meeting, on April 1, Michael Bell of SpencerStuart had been present, and the Committee had been able to set a schedule for a review of candidates and interviews for a shortlist. The process would of course be entirely confidential.

Mr. Conner had moved that the Committee Chairman be authorized to take whatever unilateral action might be necessary, in the Committee's name, in order to keep the search on the schedule the Committee had chosen. The Committee had unanimously agreed. The effort was on a fast track, and the Committee hoped to have a decision by the end of the summer, if not sooner.

SpencerStuart had in fact agreed to take on the search. The Committee had therefore voted in public session to recommend the Board approve a contract with the firm. Mr. Session reported that he would offer a resolution later in the day's meeting.

Mr. Session then introduced Michael Bell.

e. Finance Committee

Mr. Brown reported that the Finance Committee had last met March 16. It had heard from the financial advisors for the Aviation Enterprise about the commercial paper program. On March 13, the JP Morgan letter-of-credit, which supports the CP1 commercial paper program, had been increased from $220 million to $250 million, with the term extended an additional year to March 2014. The principal amount of the LBBW bank facility, which supports the CP2 program, had been reduced from $125 million to $21 million. Although the authorized amount of CP remained at $500 million, the available amount was somewhat smaller because bank support was required. The remaining LBBW $21 million facility supports non-AMT private-activity CP2 that could not be refinanced by CP1 on a non-AMT basis. The Board had in March adopted the authorizing resolution for these transactions.

The Committee had also approved the assignment of the $55 million 2002 Merrill Lynch interest-rate swap to Bank of America. This was an intra-corporate activity after the acquisition of Merrill Lynch. The staff expected to present the necessary documents at the Committee's April meeting.

The financial advisors had reported on developing the 2011 Plan of Finance. The expectation was that the Airports Authority would issue $215 million in bonds during the fall for ongoing and routine capital construction program expenditures and to refinance some of the outstanding commercial paper. The issue would occur no later than September 2011, in order to coordinate with a $125 million forward swap that would go live on October 1.

The financial advisors for the Dulles Corridor Enterprise had advised that they were evaluating the establishment of a commercial paper program or some other sort of a short-term financing facility through direct placement to augment the financing program and to provide additional financing flexibility as the Airports Authority worked through the final stages of planning and costing the Phase 2 program. Recommendations about the interim financing program were being developed, and the finance team was putting together an RFP solicitation to be offered to members of the Airports Authority's underwriting syndicate, both airport and toll road.

Financial advisors and staff had submitted a letter of interest for the FY 2011 funding cycle of the Transportation Infrastructure Finance and Innovation Act program. The application had been submitted March 1 for $1.7 billion.

The financial report for the aviation enterprise, year to date, had shown airline revenues higher than 2010, as expected, but still below budget. Expenses had been over budget, but both figures were for only two months. The semiannual review of banking relationships had been postponed to the April Committee meeting.

Mr. Conner asked whether the Request for Proposals for short-term financing ideas would be open to firms outside the existing syndicates. Mr. Brown said it would not, as the Dulles Corridor financing was relatively small, a simpler procurement was desirable, and it provided an additional financing opportunity for the financing syndicate in place. Mr. Conner said he did not think the Airports Authority should automatically continue with the same underwriters that had worked on Phase 1 as some large financings became available. Mr. Brown said the Committee could discuss the matter at its next meeting.

f. <u>Strategic Development Committee</u>

Mr. Conner reported that the Strategic Development Committee had last met March 16. As usual, the entire meeting had been held in executive session. The Committee had discussed three issues: the monthly Air Service Development Report; the proposed planning schedule and timetable for a new Airport Use and Premises agreement with the airlines, which expires in 2014; and the organizational study.

With respect to the Use and Lease agreement, Mr. Conner reported that the Committee had decided that no action would be taken to terminate the current agreement early this year. The Committee expected that negotiations with the airlines would begin in good faith over the summer. The Committee would provide direction to the staff in the near future. If the airlines were unwilling or unable to initiate good faith negotiations and make some progress toward a new agreement, early termination in 2012 might be appropriate.

The Chairman then announced that he had made new Committee assignments to take into account the new Members.

IV. INFORMATION ITEMS

a. <u>President's Report</u>

Lynn Hampton began by assuring the Board that the key federal agencies working on the Airports – the Federal Aviation Administration (FAA), the Transportation Security Administration, Customs and Border Protection, and the immigration people -- would not be affected by any possible federal government shutdown.

Ms. Hampton reported that she and Mr. Crawford had met with several Members of the Council of the District of Columbia, including Kwame Brown, Chairman of the Council and its Committee of the Whole, which oversaw airport matters. He had expressed great interest in the Airports and had challenged the Airports Authority to increase the number of D.C. residents working at the Airports. The Human Resources office was working on additional outreach in the District.

The Airports Authority web site had added a "green" page covering the environmental programs, including saving energy, recycling, air quality initiatives, and water quality initiatives. She pointed out to Mr. Carter that 75 percent of construction material was being recycled. Mr. Carter suggested that the goal be raised to 80 percent.

Ms. Hampton said that the Airports Authority was hosting an accreditation program for the senior management. Six Airports Authority executives would participate – the CFO, the police chief, the concession manager, the government relations manager, the Dulles business manager, and the Reagan National maintenance and engineering manager. Most of the course would be distance learning, which meant a major commitment for the participants. The course, an international program, would also help with succession planning.

The FAA Reauthorization Bill had passed both Senate and House, and was then proceeding to conference. Both bills contained funding for the "NextGen" air traffic control system, and for the contract tower program for smaller airports. The Senate bill provided for 12 new flights outside perimeter at Reagan National, and authorized additional slots in the futures, after a study of the impact of the first 12. The House bill provided for 10 new slot exemptions. These differences would have to be worked out in conference.

With the Loudoun Economic Development Commission, staff had conducted a discussion of cargo development with developer and landowners in the area around Dulles International. A second meeting would be held with freight forwarders. Mr. Manning would be attending. There had also been a meeting with Ethiopian Airlines on shipping roses through Dulles International.

Warner Session noted that in addition to the challenge by the Council Chairman, Councilmember Michael Brown had challenged the Airports Authority to provide for more contracts with D.C. firms.

b. Executive Vice President's Report

Margaret McKeough reported that the FAA was making its spring visits for its annual certification safety reviews. All other airports faced the same scrutiny. The inspectors had been at Reagan National the prior week, and were then at Dulles International. They particularly looked at the airfield and secure areas, fire and rescue response and equipment. The fire department actually conducted a demonstration exercise. So far, the inspectors' response had been positive, and the management expected it to remain so.

April was the time for first responders to be recognized throughout the region by businesses and chambers of commerce. At the Loudoun County Chamber of Commerce event, two Airports Authority firefighters, Officer David Herr and Corporal Patrick Suder, had received valor awards for the rescue of a Dulles International employee who was unconscious and suffering heart failure. The officers were able to stabilize the employee to get him to the hospital.

Chief Steve Hull, of the Airports Authority police, had been selected to chair the Metropolitan Washington Council of Governments Public Safety Committee for the second year.

Ms. McKeough reported that she had met with the entire management team for the ERP program, as well as IBM and Booz Allen, to review the status. They had agreed to reschedule activation of the Oracle system from late April to May. She said that there had been tremendous progress, but that it was in the best interests of the Airports Authority to take a few more weeks to address data consistency issues and to assure IT readiness. There would be some additional costs, which would not exceed the budget.

Ms. McKeough then turned to the February traffic statistics. She reported that February tended to be one of the weakest months of the year, but that there had been about 3.6 percent growth this year for the entire U.S. industry. Both Airports had exceeded that number, chiefly because February 2010 traffic had been severely affected by weather conditions. At Reagan National, passenger traffic had reached 1.2 million, up 22 percent over February 2010, and 2 percent over February 2009. At Dulles International, the 1.5 million passengers' level had been nearly 14 percent over 2010, and 1 percent over 2009. As for cargo, Dulles International had seen 25,000 metro tons of cargo, 3 percent more than last year, and 10.5 percent increase in international freight.

V. NEW BUSINESS

a. Selection of a Firm to Provide Contract Baggage Handling Operations and Maintenance Services at Washington Dulles International Airport

Mr. Crawford moved the adoption of the following resolution, which was unanimously adopted:

> WHEREAS, The contract baggage handling system operation and maintenance services contract at Washington Dulles International Airport expires April 30, 2011;
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> WHEREAS, The Business Administration Committee concurred in the issuance of a Request for Proposals for these services at its April 2010 meeting;
>
> WHEREAS, A Technical Evaluation Committee has reviewed the competing proposals and has recommended the selection of John Bean Technology, of Ogden, Utah; and
>
> WHEREAS, The Business Administration Committee is satisfied with the results of the competitive procurement process, as presented at its March 16, 2011 meeting; now, therefore, be it
>
> RESOLVED, That the President and Chief Executive Officer is authorized and directed to enter into a two-year contract with three one-year extension options with John Bean Technology, for the provision of contract baggage handling system operation and management services, consistent with the terms presented to the Business Administration Committee at its March 16 meeting.

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

b. Retaining the Locally Preferred Alternative, as Modified, for the Washington Dulles International Airport Metrorail Station and Alignment

Ms. Reiley moved the adoption of the following resolution, retaining the Preferred Local Alternative alignment of the Dulles Metrorail station, as modified, in a tunnel in front of the Main Terminal:

WHEREAS, In 2007 the Authority agreed with the Commonwealth of Virginia County to construct the Dulles Corridor Metrorail Extension, from the West Falls Church Station through Washington Dulles International Airport and a new rail yard to a terminal station at Ashburn;

WHEREAS, The Authority's purpose in doing so was to assure construction of a rail line would continue to and through Dulles to serve its passengers, despite possible future disinterest by local governments, even though the Authority would be providing most of the right-of-way along the space reserved for an airport rail line down the center of the Dulles Corridor;

WHEREAS, In July 2007, the Authority entered into an "Agreement to Fund the Capital Cost of Construction of Metrorail in the Dulles Corridor" with Fairfax and Loudoun Counties, under which the Authority and the two Counties agreed to share a portion of the capital cost of the Metrorail project and the project would be managed by the Authority;

WHEREAS, The project to be constructed under the July 2007 funding agreement was described in the March 2005 Federal Transit Administration Record of Decision, as amended, and includes a station at Dulles under the "parking bowl in front of the Main Terminal" with underground approaches, which station and approaches are now called the "Modified Baseline Alternative";

WHEREAS, The Authority has conducted an extensive review of the benefits and costs of several alternative station locations at Dulles, which review has demonstrated to the Board's satisfaction that the alternatives immediately in front of or beneath the Saarinen Terminal, though superior from a transportation perspective, are too expensive, too difficult and too disruptive to construct;

WHEREAS, The review of the above-ground station location adjacent to the North Parking Garage has demonstrated that it is too remote from the terminal, is an outdoor station that would expose passengers to weather, would have a shorter life-cycle because of its outdoors location, and would fail to deliver the quality travel experience that the Authority has always endeavored to provide to Washington Dulles passengers;

WHEREAS, The North Garage station would require additional expenses to the Aviation Enterprise fund to build and maintain a baggage tunnel and automated baggage handling system;

WHEREAS, Although mitigable, the North Garage station and its approaches would permanently damage the historic setting of the iconic Saarinen Terminal, and its selection would be inconsistent with the Authority's historic preservation responsibilities;

WHEREAS, The Modified Baseline Alternative station, to be located under the parking bowl, connects with the existing pedestrian tunnel at the point it divides to send passengers to the east or west side of the Terminal, thus providing indoor access, and excellent service, while sparing the passengers an additional 600-foot walk;

WHEREAS, The Modified Baseline tunnel alignment should not require any additional environmental or historic resource analysis;

WHEREAS, Costs of the Modified Baseline Alternative have been substantially reduced from redesign and continued close review of all costs related to it; now, therefore, be it

RESOLVED, That the Modified Baseline Tunnel alternative, as presented to the Board at its April 6 Meeting, remains the Locally Preferred Alternative for the location of the Metrorail alignment and station at Washington Dulles International Airport;

RESOLVED, That the staff shall continue its efforts to reduce costs throughout the Phase 2 project; and to find additional funding sources to offset the costs of the on-Airport elements of the project.

Mr. O'Reilly said he could not support the resolution, and agreed with the comments of Mr. Conner and Mr. Davis at the earlier Dulles Corridor Committee meeting.

Mr. Crawford noted that Cathy Hudgins, Hunter Mill member of the Fairfax County Board of Supervisors and currently Chairman of the Washington Metropolitan Area Transit Authority, had supported the tunnel alternative.

Mr. Davis pointed out that the Fairfax vote had been 9-1 against the tunnel. He added that when he had been Chairman of the House Committee on the District of Columbia, he had always tried to honor and work with the District when it would have to pay for something. In this case, the Commonwealth of Virginia, Loudoun County, and Fairfax County would be paying for the transit line, and had made it clear where they came out on the decision the Board was facing. He said he understood the Board's decision and respected it, but noted that only 7 percent of the riders on the line would use the station, and of those about 35 percent were airline passengers. The financial burden fell on the Airports Authority's partners.

Mr. Brown said the issue had put good friends on opposite sides of a difficult question. He said Dulles International had been designed in the 1950s. The FAA had selected for that design effort Eero Saarinen, a prominent architect who became one of the most important architects of the twentieth century. The Airports Authority had extended the Saarinen design. When it was time to rebuild National Airport, the Airports Authority had again selected another internationally prominent architect, Cesar Pelli. First-class airports were the kind of airports the Airports Authority had built. Washington Dulles was the international gateway to the capital of the United States of America. The international standard for airport rail connections was to have an internal, integrated station, and that is what the Airports Authority proposed to build.

Ms. Reiley agreed with Mr. Brown, and asked that her presentation to the Committee earlier that morning be included in the record. She also said that she pledged to find every single penny in costs savings, that she recognize the hardship the partners faced, and that the Airports Authority would strive to save money, to get as close to the $3 billion mark as possible. She believed that the Committee's recommendation was correct.

Mr. Conner said he had not changed his position since the previous discussion that occurred at the day's Special Dulles Corridor Committee Meeting. He understood that reasonable people could differ.

The Chairman then called for a vote by show of hands. He announced the results as 9-4 in favor of the resolution. The Directors voting against asked that they be recorded; they were Mr. Cobey, Mr. Conner, Mr. Davis, and Mr. O'Reilly.

The final resolution filed in the Board of Directors Office includes copies of the staff recommendation paper and Mame Reiley's PowerPoint presentation from the April 6 Special Dulles Corridor Committee Meeting.

c. Selection of an Executive Search Firm

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

WHEREAS, The executive search for a new President and Chief Executive Officer has been underway since July 2010;

WHEREAS, At that time, the Legal and Governance Committee had considered applications from several firms, and interviewed a shortlist of firms to conduct an executive search;

WHEREAS, The firm selected from that shortlist has completed its work and is no longer participating in the search;

WHEREAS, SpencerStuart was also on that shortlist, and has agreed to conduct a second search; and

WHEREAS, The Executive Search Committee has recommended that the Board select SpencerStuart; now, therefore, be it

RESOLVED, That the Chairman is authorized to enter into a contract with SpencerStuart, in accordance with the terms recommended by the Executive Search Committee at its April 1, 2011 Meeting.

d. Project Labor Agreement for Phase 2 of the Dulles Metrorail Project

Mr. Curto moved the adoption of the following resolution, which was adopted by a vote of 11-2; Mr. Davis and Mr. Cobey asked to be recorded in opposition.

WHEREAS, The Airports Authority is constructing a 23-mile extension of the existing Metrorail system, to be operated by the Washington Metropolitan Area Transit Authority, from West Falls Church Station west through Washington Dulles International Airport to Ashburn, in Loudoun County ("the Project");

WHEREAS, The Authority and Dulles Transit Partners in March 2008 signed a fixed-price contract to build Phase 1 of the Project;

WHEREAS, Dulles Transit Partners negotiated a project labor agreement that has provided for a well trained and highly experienced workforce and has allowed for flexibility in addressing the working conditions necessary to construct an above-ground heavy rail project in the severely congested area of Northern Virginia;

WHEREAS, A project labor agreement is made between a contractor and one or more labor organizations to establish the terms and conditions of employment for a specific construction project. Under such an agreement, the labor organizations agree to use the dispute resolution procedure and to forego strikes and other work actions in the event of a disagreement;

WHEREAS, Project labor agreements ensure both schedule and budget certainty and enable the contractor to complete projects on schedule and in a cost-efficient manner;

WHEREAS, Dulles Transit Partners has reported to the Authority that the Phase 1 project labor agreement has provided a reliable, stable supply of trained and skilled union construction craft workers, and promoted safety, quality, and productivity, allowing the delivery of a cost-effective project on time and within budget;

WHEREAS, Dulles Transit Partners has also concluded that the agreement has provided for significant labor efficiencies, reduced the labor risks, and enabled it to provide the lowest cost to perform Phase 1 of the Project;

WHEREAS, Dulles Transit Partners has recommended to the Authority that a project labor agreement much like the one employed in Phase 1 also be utilized in Phase 2;

WHEREAS, The Authority continues to seek federal-aid funding from the Federal Transit Administration for Phase 2 and therefore seeks to keep the Phase 2 project compliant with federal requirements and preferences;

WHEREAS, The President in February 2009 issued Executive Order 13502, encouraging the use of project labor agreements on projects built with federal aid of more than $25 million; and