



BOARD OF DIRECTORS MEETING

Minutes of May 7, 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 9:05 a.m. Eleven Directors were present during the meeting:

H.R. Crawford, Chairman
James L. Banks, Jr.
William W. Cobey Jr.
Anne Crossman
Michael David Epstein
Weldon H. Latham

Leonard Manning
Michael L. O'Reilly
Mame Reiley
Charles D. Snelling
David G. Speck

The following Officers were present:

James E. Bennett, President and Chief Executive Officer
Margaret E. McKeough, Executive Vice President and Chief Operating Officer
Philip G. Sunderland, Vice President and General Counsel

I. MINUTES OF THE APRIL 2, 2008 BOARD MEETING

The Chairman called for approval of the minutes of the April 2, 2008, meeting, which were unanimously adopted.

II. COMMITTEE REPORTS

a. Finance Committee

Mr. Snelling reported that the Finance Committee Chairman was unable to attend the day's meeting because of other obligations in Ohio, and he had asked that he present the report on the Committee's regular monthly meeting on April 16.

The Committee discussed the 2007 year-end financial statements in detail, including operating revenue of \$510.5 million, operating expenses of \$478.6 million and operating income of \$31.9 million. The financial statements would be printed and presented to the Finance and Audit Committees in May.

Mr. Snelling also noted that copies of the 2007 Annual Report had been provided to the Directors at the day's meeting.

The Committee reviewed, and then approved, changing the remarketing agent for the Series 2002C Bonds from UBS to Bank of America. The Committee also asked that future bond resolutions limit the time that delegations of decision-making authority are in effect.

Mr. Snelling also reported that the financial advisors recommended moving forward with approximately \$400 million in Series 2008A Bonds, with details to be presented at the Finance Committee meeting later in May. The recommended bond sale would take out the Authority's outstanding Commercial Paper and, thereby, increase its construction liquidity. The Committee requested staff to explore obtaining credit support for increasing the Commercial Paper to the full amount previously authorized by the Board (\$500 million). The financial advisors also discussed the fall bond sale and the related \$175 million in swaps.

Mr. Snelling noted that in March the Authority's underwriting team presented ideas for a spring financing. After reviewing material presented by the underwriters, staff and the financial advisors recommended that Morgan Stanley and Siebert Brandford Shank be selected as co-senior underwriters for the spring financing. He reported that later today he would offer, on behalf of the Finance Committee, a resolution for the Board's consideration to name Morgan Stanley and Siebert Brandford Shank as co-senior underwriters.

Mr. Snelling also reported that the Dulles Toll Road Traffic and Revenue Study is continuing, and that the Committee had discussed potential debt structuring for Toll Road bonds.

The Committee also reviewed the March 2008 financial statements, and Mr. Snelling reported that the highlights included: operating revenue through March of \$147.1 million; operating expenses through March of \$135.9 million; and c) operating income through March of \$11.2 million.

b. Planning and Construction Committee

Since Mr. Epstein had been delayed because of traffic, Mr. Cobey reported on the Committee's regular monthly meeting on April 16. He reported that summary minutes were included with the materials for the day's meeting and noted that the Committee had discussed the CCP monthly cost report and the PMC quarterly update report.

c. Public Safety Committee

Mr. Banks reported on the Committee's special meeting on April 16. He noted that the summary minutes were included in the materials for the day's meeting. He noted that the Committee discussed the implementation of the new trespass regulation and the planned update to the Airports' security study. As to the latter, he noted that the procurement process would likely take approximately eight weeks.

d. Executive Committee

The Chairman reported that the Committee had met earlier that day to discuss the approval of the selection of Quince Brinkley as the Vice President and Secretary, which would be presented to the Board later in the day's meeting. The Committee considered certain policy issues which would be presented to the Board in the near future. Lastly, the Committee discussed the possibility of displaying a bust of the Authority's first President and Chief Executive Officer, James A. Wilding, in the lobby of the Historical Terminal A as a symbol of appreciation for his leadership and contributions to the Authority. The Committee also considered recognizing the late Carolyn Boone Lewis, Chairman from January 2001-2002, by placing a photo of her in Terminal A.

III. INFORMATION ITEMS

The Chairman thanked Mr. Bennett, Authority staff and Governor Kaine and his staff for their efforts which had lead to the Federal Transit Administration's (FTA's) decision to move the Dulles Corridor Metrorail extension into final design.

a. President's Report

Mr. Bennett reported on a number of items.

Dulles Metrorail Update. As previously noted, Mr. Bennett reported that the FTA had issued to Congress a 10-day notice of its intent to approve the Dulles Corridor Metrorail project Phase I (from East Falls Church to Wiehle Avenue Terminus Station) into final design. He noted that this was a major step forward in developing the project. With final design approval, the Authority will receive pre-award authority to continue right-of-way acquisitions and utility relocation work, to undertake improvements to Routes 7 and 123, and to begin preparation for construction of the project. The Authority will also receive access to \$158.7 million of federal funding already appropriated for the project. Mr. Bennett reported that project staff are working with our partners to initiate the work authorized by the approval of final design.

A major next step for the project team will be to apply for the full funding grant agreement (FFGA). In order to receive an FFGA from FTA, the Authority must continue to maintain the project's cost effectiveness and demonstrate how to accommodate a \$200 million capital reserve fund that must be created for the project. In addition, the project must update and finalize its financial plan and it's the project management plan, including filling some of the new technical staff positions in the Project Office to help oversee the management and construction of the rail extension.

Mr. Bennett thanked the Board for its continued support and belief in the need to advance this critical project. He also thanked Transportation Secretary Mary Peters, FTA Administrator Jim Simpson, and Governor Kaine for agreeing to a solution to move the project forward. He paid special recognition to the Commonwealth's Deputy Secretary of Transportation, Barbara Reese, for her tremendous effort in working with the Department of Transportation staff.

By common consent, Mr. Snelling suggested that Ms. Reiley, Chairman of the Dulles Corridor Committee, convey to Governor Kaine how grateful the Authority was for all the Commonwealth's efforts.

Federal Aviation Administration Re-authorization Bill. Mr. Bennett reported that the Senate had recently failed to close debate on the FAA re-authorization bill. As a result, he reported that it was unlikely that a re-authorization bill would pass during this session of the Congress.

He also reported that five amendments had been offered to the Senate version of the FAA re-authorization bill that added additional slots at Reagan National, eliminated the perimeter rule at Reagan National, or contained a combination of slot and perimeter provisions. Additionally, there were numerous other proposed amendments on various labor provisions, tax rules, airline mergers and passengers' bills of rights. Reports from the White House had indicated that, even if the bill had passed, it would likely have been vetoed. Mr. Bennett noted that there would likely be a form of continuing resolution to keep the FAA in business for an uncertain period of time. It would be important to ensure that any continuing resolution includes a provision authorizing Authority receipt of airport improvement grant funds.

Mr. Bennett also noted that another major issue of the re-authorization process involved a funding mechanism and modernization program for the nationwide air traffic control system. Without the passage of any re-authorization bill, this improvement to the national air transportation system would be delayed indefinitely.

Construction Updates. Mr. Bennett reported that officials from Ohio University had conducted the flight testing on the fourth runway at Dulles. There had been a few issues identified concerning the alignment of some of the approach lights on the runway, which were fairly standard issues. Authority staff was presently working to make the adjustments. Mr. Bennett noted that the runway dedication remained on schedule to occur later in the year.

Mr. Bennett also reported that the final roof pour on the east end of the Main Terminal's people mover station would soon be completed, which would be a very significant milestone in the Dulles development program. Once the pour is completed, the entire Main Terminal train station, scheduled to be commissioned by the fourth quarter of 2009, will be completely enclosed.

Parking at the Airports. Mr. Bennett reported that adjustments would be made to parking rates at both Airports beginning June 1. He noted that the intent of these adjustments was aimed to manage parking demand. As reported earlier, construction on the additional level of the parking garage at Reagan National was underway. During that construction fewer parking spaces will be available in the garage. Passengers are being encouraged (including through the increases garage fees) to use the economy lot, as well as a temporary parking lot on the south end of the Airport that is being developed as part of the construction project. Parking garages at Dulles were beginning to be quite full during peak times and similar parking rate adjustments would occur at Dulles to encourage passengers to use economy lots. The Authority's website will include information about the parking rate adjustments, and that signs will be posted at the lots to ensure that customers were aware of the new rates.

District of Columbia Public Schools' Art Display. Mr. Bennett reported that the Authority was displaying the art work of more than 300 students from the District of Columbia Public Schools on the baggage claim levels of Terminals B and C at Reagan National. This year marked the Authority's ninth year of displaying the art, which Mr. Bennett encouraged all to visit. The display, which began April 5 would be available until the end of May. Later that evening the Authority would host a reception in the Historic Terminal A honoring all the students who participated, as well as the art teachers of the District's public school system. Both the Chairman and Mr. Manning would represent the Board at the evening's reception.

Registered Traveler Program Update. Mr. Bennett reported that Dulles Airport had been selected by the Customs and Border Protection Agency to be one of its demonstration airports for an international registered traveler (RT) program. He explained that the program would be very similar to the RT program recently approved by the Board for domestic passengers at Reagan National and Dulles Airports.

The international RT program will allow participating U.S. citizens and registered aliens to re-enter the country when arriving from abroad by clearing the immigration formalities through a self-service kiosk at the International Arrivals Facility. Mr. Bennett reported that the international RT program would hopefully improve customer service by reducing wait times for the frequent international traveler at Dulles. If the program proves successful, it may be offered on a nationwide basis and could ultimately be linked with the domestic RT program.

Mr. Latham asked the number of Airports presently participating in the domestic RT program. Mr. Bennett responded that 17 airports were now participating, and several other airports would begin in the near future.

District of Columbia Taxicabs. Mr. Bennett reported that on May 1 the District of Columbia instituted a requirement that all taxicabs be equipped with meters. However, the District has decided not to enforce the meter requirement until June 1. Mr. Bennett reported that the Authority will allow District of Columbia taxicabs without meters to pick up passengers at Reagan National until June 1. Once the District begins enforcing the meter requirement on June 1, the Authority will not allow District of Columbia taxicabs that lack meters to queue or to pick up passengers at Reagan National. Thus far, the transition had gone smoothly. Mr. Bennett noted that the Authority had printed new brochures for its customers using taxicabs at Reagan National.

With the high costs of gasoline, the Chairman asked for the status of the efforts within the Council of Government (COG) to address the issue of regional taxicab reciprocity. Mr. Bennett stated that a COG working group was reviewing the regional reciprocity issue and the challenges associated it. A representative from the Authority's General Counsel Office is a participant in the COG working group.

Ms. Reiley asked how the reciprocity agreement would impact the Authority's existing contracts taxicab companies at Dulles. Mr. Bennett responded that if the region adopted new reciprocity standards, the Authority would have to determine the impact of these new standards on the Authority taxi contracts. However, he noted, the new standards would not allow or justify changes to existing contracts. He added that almost one year of the contracts' three-year period had passed. Ms. Reiley suggested that any new taxicab contracts at Dulles include a provision that would allow for the implementation of a regional reciprocity agreement recommended by COG and approved by regional tax licensing authorities. Mr. Bennett noted that it would likely be a fairly lengthy time before COG reached any resolution or agreement. The Chairman suggested that the Authority begin developing a contingency plan.

Mr. Snelling suggested the possibility of District taxicabs serving Dulles, contingent upon the qualifications. Mr. Bennett reported that the reciprocity issue is an important one that COG would have to address. He noted that once COG addressed that issue, the Board would need to review the Authority regulations dealing with taxicab services at the Airports and, also, that the Commonwealth of Virginia would have to determine whether its laws would permit taxicabs not licensed in Virginia to operate in, and be dispatched from, Virginia. Mr. Bennett reported that, if COG reached a position on taxicab reciprocity, there would be many issues for the Board to address, and that he understood the Chairman's interest in this matter.

Mr. Cobey inquired about the operation of the Dulles taxicab system. Mr. Bennett responded that the new system at Dulles was working fairly well and that the Authority was still working to resolve some transitional challenges, mainly associated with the dispatching function.

United Airlines. Mr. Bennett reported that United Airlines will begin daily service from Dulles to Moscow and Dubai on October 26. The Dubai service will mark the fourth new Middle-East destination from Dulles, and is another indication of the strength of the international market.

b. Executive Vice President's Report

Ms. McKeough reported that the U.S. aviation industry experienced a slight decline of approximately one percent in passenger activity levels in March compared to March 2007. Reagan National and Dulles experienced a decline of 3 percent in March compared to March 2007.

She reported that in March, approximately 1.6 million passengers utilized Reagan National, a decrease of 3 percent (45,000) over March 2007. Year-to-date passenger activity for the first quarter of 2008 had decreased approximately 3 percent at Reagan National compared to the first quarter of 2007. She noted that, as a part of their effort to address the high cost of fuel, carriers are reducing the size of aircraft that are used on many routes.

At Dulles, slightly more than 2 million passengers were served in March 2008, a decrease of approximately 65,000 passengers from March 2007. Nonetheless, increases in international passenger activity were still occurring at Dulles. International traffic increased 13 percent in March 2008, offset by a 7 percent decline of domestic traffic, which resulted in an overall decline of 3 percent. Year-to-date passenger activity for the first quarter of 2008 at Dulles had declined approximately 3 percent, compared to the first quarter of 2007. Cargo activity at Dulles also decreased 3 percent in March 2008 compared to a year earlier. However, freight activity on international flights had increased over the prior year.

IV. NEW BUSINESS

- a. Selection of Underwriters for Series 2008A Airport Systems Revenue Bonds

At the direction of the Finance Committee, Mr. Snelling moved the adoption of the following resolution:

WHEREAS, the Metropolitan Washington Airports Authority has decided to prepare for the issuance of Airport System Revenue Bonds, Series 2008A, in June 2008; and

WHEREAS, these Bonds may be issued in two or more subseries;

NOW, THEREFORE, BE IT RESOLVED

1. That the firm of Morgan Stanley is selected to serve as the Senior Book Running Manager for the Series 2008A Bonds and, if issued in subseries, for each subseries of these Bonds;
2. That the firms of Morgan Stanley and Siebert Brandford Shank & Co., LLC, are selected to serve as Co-Senior Managers for the Series 2008A Bonds and, if issued in subseries, for each subseries of these Bonds; and
3. That this Resolution shall be effective upon its adoption.

The resolution was unanimously adopted.

- b. Consideration of Waiver Relating to Financial Interests in Entities Likely to Participate in ERP Procurement Process

Mr. Latham moved, and Mr. Cobey seconded, that the Board, for the reasons set out in the staff paper, grant a waiver to the President, Executive Vice President and General Counsel, in connection with the upcoming Enterprise Resource Planning procurement, of the prohibition in the Code of Ethics for Employees (based on these officers' ownership of stock in firms that may submit procurement proposals) preventing their participation in the ERP procurement process and in subsequent activities undertaken pursuant to an awarded contract. The motion passed unanimously.

Mr. Latham also moved that the Board request the Legal Committee to review the standards in the Code of Ethics for Employees that define the type and size of "financial interest" in a firm doing business with the Authority that now disqualifies an employee from participating in transactions involving the firm, and report back to the Board with any changes it recommends. The motion passed unanimously.

c. Approval of Selection of Vice President and Secretary

Mr. Manning moved, seconded by Mr. Snelling, that the Board accept the selection of Quince T. Brinkley, Jr., as Vice President and Secretary. The Chairman noted that Arl Williams would work with Mr. Brinkley on his submission of the required security clearance application, which should take approximately one week. Mr. Epstein noted that while he had not had the pleasure of meeting Mr. Brinkley, he looked forward to the opportunity. Mr. Speck stated that he had met with Mr. Brinkley, and noted that he had an impressive resume. They also worked for the same corporation in different entities. While he had no concerns about Mr. Brinkley's selection, he thought it necessary that the Board hold discussions in the near future to define the role and responsibilities of the position. The Chairman noted that services were still being rendered by Greg Wolfe, the Authority's first Secretary for nearly 20 years, and that Phil Sunderland, the new Vice President and General Counsel, would be available as well. The roles can be clearly defined for Mr. Brinkley, as well as others who would fill the position in the future.

The motion passed unanimously.

V. RAIL PROJECT UPDATE

The Chairman reported that the rail project update was provided earlier.

VI. UNFINISHED BUSINESS

The Chairman reviewed the upcoming Board and Committee meeting summer schedule. He reported that no meetings would be held in July, unless a special meeting of the Finance Committee, or any other committee, was needed. Additionally, there would be no August Board meeting. The regularly scheduled August Committee meetings would be held on August 20. If actions dictated, a special Board meeting would be called.

Ms. Reiley complimented the staff on the beautiful 2007 Annual Report and noted the nice tribute to Mr. Wilding and former Secretary of Transportation Elizabeth Dole.

The Chairman encouraged all Directors to attend the May 14 Greater Washington Board of Trade Dinner. He noted that he and Mr. Manning would attend the evening's reception honoring art contributed by the District's public school system. He also noted that he, Mr. Manning and others would be saluting some of the poorer schools in less fortunate areas of the District by donating personal contributions for graduates and band members of Woodson, Cardoza and Ballou High Schools.

Mr. Epstein reported that he had participated in a planning briefing with Mr. Bennett, Frank Holly, Bruce Swanson, Steve Smith and Phil Sunderland, and that he had been very impressed.

The Chairman asked whether Directors will attend the 2008 Commissioners Annual Conference from May 18 -20 in Scottsdale, Arizona. He noted that he and Mr. Bennett were planning to attend the 2008 AAEE Airport CEO and Commissioner Policy Summit, August 3-4 in San Francisco.

VII. OTHER BUSINESS AND ADJOURNMENT

There being no further business, the Chairman adjourned the meeting at 9:55 a.m.

Respectfully submitted,

Lisa Makle-Brooks

Lisa Makle-Brooks
Assistant Secretary