REVISED MINUTES OF JUNE 6, 2007, BOARD MEETING

BOARD OF DIRECTORS MEETING

Minutes of June 6, 2007

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

Mame Reiley, Chairman
H.R. Crawford, Vice Chairman
Robert Clarke Brown
Anne Crossman
William W. Cobey Jr.
Michael David Epstein
Leonard Manning
Michael L. O'Reilly
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 MAY 2, 2007 MEETING

The Chairman then called for approval of the Minutes of the May 2, 2007 Meeting, which were unanimously approved.

II. COMMITTEE REPORTS

a. Planning and Construction Committee

Mr. Snelling reported that the Planning and Construction Committee had last met on May 16. As usual, the Committee had first reviewed the monthly construction cost report. There had not been any surprises. Frank Holly, Vice President for Engineering, had described in some detail the efforts to keep the Dulles automated people mover schedule on track, particularly the construction of the Main Terminal station. Some changes had been required by changing security requirements on the adjacent security screening mezzanine.

The Committee had next reviewed a set of facility planning studies that it would be considering in the future. At Reagan National, they had been (1) an update to the landside plan and (2) runway safety issues. At Dulles, the studies had been for: (1) a consolidated rental car facility; (2) a parking plan update; (3) commercial development of the western land area; (4) expansion of the Dulles Access Highway to six lanes; and (5) improvements to the "Dulles Loop Road", which was made up of Routes 28, 50 and 606.

Mr. Snelling said the Committee would be following the studies and resulting projects as they progressed and reporting back to the Board.

b. Business Administration Committee

Mr. Crawford reported that the Business Administration Committee had held a Special Meeting just that morning. Steven C. Baker, Vice President for Business Administration, had provided the regular monthly contracting report. With $95 million in contracts issued during 2007, the MBE/WBE share had been 29 percent. Local small businesses, known as "LDBEs", had won 50 percent of the non-federally-assisted contracts awarded. Federally-assisted projects had been negligible in 2007.

Mr. Crawford reported that a natural gas contract for Dulles had been the original reason for the day's special meeting. Because of market conditions, the solicitation had produced bids good only for 48 hours, with Board approval required. There had however, been a protest, and the matter had been put off for a month.

Later in the day's meeting, Mr. Crawford said, he would be reporting a resolution to extend the current Dulles taxicab contract, as more time was required to complete the competitive process for the new system. When the new proposal came before the Committee, Mr. Crawford said, he would recuse himself, as he was familiar with several of the applicants. He would therefore ask Mr. Manning to chair the Committee when it considered the taxicab proposals.

Finally, the Committee had heard the report of a selection panel on a contract to provide program management support services for the Dulles Corridor Metrorail Extension. Mr. Crawford said he would offer a resolution later in the meeting to award the contract to Carter & Burgess, Inc. The cost would be about $20 to $23 million for the first year after the notice to proceed. Special expertise was needed for the project, so the staff had chosen to select a new program manager specifically for the rail project.

c. Finance Committee

Mr. Speck reported that the Finance Committee had also last met on May 16. April year-to-date revenues of $167.3 million had exceeded the same period in April 2006 by $20.2 million. Staff had reported that expenses of $149.5 million for the first quarter of 2007 had exceeded the first quarter of 2006 by $13.6 million, without any unusual expenses since the February snow storms. Operating income for the first quarter had been $17.8 million, up $6.6 million from 2006. At one-third through the year, budgeted revenues and expenses had both been at 31.1 percent of the targets.

The Financial Advisors' monthly report had focused on the 2007 Plan of Finance. They had also reported on the response to the request for proposals from underwriters for airport financings, which Mr. Speck said he would address later.

The staff had proposed a $7.6 million amendment to the Capital, Operating and Maintenance Investment Program Budget that would increase the authorization for the Dulles Toll Road and Rail project to $14.6 million. That amount was expected to be adequate through the end of 2007. The Committee had therefore approved a proposed resolution to adopt the budget amendment that Mr. Speck said he would offer later.

In January, the staff had received the concurrence of the Committee of the Whole to solicit proposals for a traffic and revenue consultant for the Toll Road. They reported to the Finance Committee that they had awarded the contract to Wilbur Smith and Associates.

In the first quarter, the Authority's investment activity had achieved an average interest rate on the portfolio of 5.11 percent. Staff had reported that the investment activity had met its benchmarks and targets. Days of cash-on-hand had been down slightly, but were expected to increase with the reimbursement of Dulles Corridor expenses.

Staff had also presented a summary of the retirement plans, reviewing the management and performance, and eleven changes to the Investment Policy for the defined benefit plans. The changes had been recommended by the Retirement Committee, on which Mr. Speck served as the Board's representative. The Finance Committee had concurred in the changes, and Mr. Speck would be offering a resolution to adopt them.

On May 31, Mr. Speck said, several Directors had spent the day interviewing candidates for the bond team for the next financings. At the Committee's Special Meeting that morning, the Committee had agreed to recommend the set of firms included in the proposed resolution, which he would offer later in the meeting.

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

Mr. Brown reported that the Strategic Development Committee had last met May 16. It had first heard the regular air service development report, this time covering two months. The United States and Canada had in March signed an open skies agreement in the Reagan National terminal. For the first time, carriers would be able to pick up and discharge customers in the other nation, that is, U.S. carriers in Canada and Canadian carriers in the U.S. New service developments would be interesting.

Negotiations with the Chinese had not gotten beyond the current designated-market approach, which Mr. Brown said had been typical, as negotiations with the Chinese were always drawn out.

The successful negotiations with the E.U. had already produced results for Washington; Aer Lingus would begin direct Dublin-Dulles service in August. Mr. Brown noted that Mr. Bennett would have additional new services in his report.

The Committee had heard a report on the selection of ACI World, an airport trade association, to benchmark customer service at both Airports for comparison with other airports worldwide. Mr. Brown noted that Mr. Manning had encountered the group at an international conference and had recommended that the staff consider its services. The ACI World approach was to conduct an Airport Service Quality study based on surveys used at all airports in a group. The surveys gauge the customer satisfaction of departing passengers. Although it was not necessary, the Committee had concurred in the selection. Reports would be coming in quarterly, once the program got under way.

Finally, the Committee had heard a report on the status of the FAA reauthorization legislation, particularly amendments aimed at removing the Reagan National perimeter rule and adding slots there. The situation would continue to change through the year, and Mr. Brown said he expected many more reports on the status of the amendments.

e. Audit Committee

Mr. Cobey reported that the Audit Committee had last met on May 2. The Committee had considered internal controls and operating statistics for the excess property program and material management at Dulles. The Committee had also discussed recent improvements in revenue reporting for a group of concessionaires and the results of a recent indirect cost rate review. He urged all Directors to stay for the day's Audit Committee, as the external auditors would be present to discuss the management letter.

III. INFORMATION REPORTS

a. President's Report

Mr. Bennett began with the latest information on the FAA reauthorization legislation. The Senate had already passed its version of the bill several weeks before. At the time, Senators Gordon H. Smith of Oregon and Maria Cantwell of Washington had jointly offered an amendment to add twenty new slots at Reagan National. Twelve would be for flights beyond the perimeter, eight for flights within. The House, however, had not yet introduced its reauthorization bill. It appeared from discussions with House staff that once it was introduced, it would include other additional slots and perimeter exemptions. Mr. Bennett said he had continued to point out that landside capacity did not match runway capacity.

With respect to construction, Mr. Bennett said the projects were on schedule and within budget. Paving had begun on the fourth runway project at Dulles, and might be complete, weather permitting, during the current construction season. The first delivery of four Aerotrain cars had arrived; the next shipment would arrive in late August or early September. At Reagan National, a contract had been awarded for a new aircraft rescue and firefighting station. Construction on an addition to the Authority office building would begin in July.

Beginning the following Saturday, the Authority would serve as the host of the annual conference of the American Association of Airport Executives ("AAAE") at the District of Columbia Convention Center. Nearly 3000 delegates would attend, giving the Authority the opportunity to showcase the construction work at Dulles and the facilities at Reagan National.

Mr. Bennett noted that the Authority's partnership with the Carl Sandburg Middle School in Fairfax County had continued for seventeen years. The week before, he had served as "principal for the day" at Sandburg, as he did each year. Many employees participated in a reading mentor program at the school, and one of the children had won an award for an essay describing the mentoring experience with Rose Bryant of Reagan National.

Mr. Speck noted that the May issue of Airport World, the Airports Council International publication, had featured the WASHINGTON FLYER as the best read and longest established airport magazine in an article on airport communications with the passengers.

The Chairman commended the President and staff on its work on the AAAE convention. Mr. Bennett identified Margaret Bishop as the lead staff person involved.

b. Executive Vice President's Report

Ms. McKeough said that the industry had experienced a 1.4 percent growth rate in April. Although Reagan National had declined slightly from April 2006, with US Airways and Delta reductions, it had been the second busiest April in the Airport's history.

Dulles had served 2.1 million passengers in April, its busiest month since August 2005, a 12.6 percent increase over April 2006. Growth had been both domestic and international, with domestic up 13 percent and international 9 percent. Air cargo had been consistent with last year, up 1 percent. United cargo had increased 5 percent.

Mr. Epstein asked how well the new Beijing flight was performing; Mark Treadaway, Vice President for Air Service Planning & Development, said the passenger loads were exceeding the carrier's expectations.

Mr. Snelling asked whether new services, such as the Beijing flights, usually generated new passengers or simply diverted existing passengers from other airports. Ms. McKeough said the staff kept track of such numbers. Mr. Bennett said the Beijing passengers constituted new traffic. Even if passengers who had previously traveled to China through Chicago had shifted to Dulles, doing so would free up seats in Chicago for new passengers. Overall the U.S. - China market was growing.

IV. NEW BUSINESS

a. Contract Extension for Dulles Taxicab Service

Mr. Crawford moved the following resolution, which was unanimously adopted with a recorded vote of 10 as Resolution No. 07-9:

> WHEREAS, The current Dulles Taxicab Concession Contract, originally scheduled to terminate on July 31, 2005, was extended on a month-to-month basis to May 31, 2006, and was by Resolution No. 06-8 further extended to May 31, 2007;
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> WHEREAS, The procurement process begun with an April 1, 2005 Request for Proposals has since been cancelled;
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> WHEREAS, To implement a new structure for Dulles taxicab services, two Requests for Proposals were issued on January 12, 2007;
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> WHEREAS, Best and final offers with respect to these Requests for Proposals were received May 25, and will not be fully evaluated until the middle of June; and

WHEREAS, It is necessary and appropriate to extend the existing contract for enough time to provide for continuity of service while the analysis proceeds and for a subsequent transition period; now, therefore, be it

RESOLVED, That the President and Chief Executive Officer is hereby authorized to extend the Dulles Taxicab Concession Contract with Dulles Taxi Systems, Inc. through October 31, 2007.

b. Selection of a Firm to Provide Program Management Support Services for the Dulles Corridor Metrorail Project

Mr. Crawford moved the following proposed resolution:

WHEREAS, The Authority is committed to the construction of the Dulles Corridor Metrorail Extension Project, and will assume this responsibility from the Virginia Department of Rail and Public Transportation in the near future;

WHEREAS, The Authority intends to construct that project with the assistance of a Program Manager, consistent with its practice with respect to airport projects;

WHEREAS, The Metrorail project will in addition require substantial rail construction expertise for its duration;

WHEREAS, The Authority therefore in December, 2006 issued a Request for Qualifications for Program Management Support Services; and

WHEREAS, As the result of the competitive procurement, a technical evaluation committee has recommended the selection of Carter & Burgess, Inc.; now, therefore, be it

RESOLVED, That Carter & Burgess is hereby selected to provide program management support services for the Dulles Corridor Metrorail Extension Project; and

RESOLVED, That the President and Chief Executive Officer is authorized and directed to execute a contract with Carter & Burgess, Inc. for the provision of these services.

Mr. Brown asked the term of the contract; Mr. Crawford said it was for five years. Mr. Brown noted that the estimated costs of the contract were about $20 million per year, a substantial amount. He said the contract would likely be renewed at the end of five years. Mr. Brown asked the percentage fixed fee or profit margin in the contract. Mr. Bennett said that number was not available at the moment. Mr. Brown said he wanted to compare the proposed contract with the other program management contract, with Parsons Management Consultants.

Mr. Brown then asked for a brief history of the Authority's dealings with Carter & Burgess. Mr. Bennett said Carter & Burgess was the primary design firm for the Dulles fourth runway project. Before that, he was not familiar with any other significant contract. Mr. Brown noted that Carter & Burgess had been assisting in the Toll Road planning efforts for the past two years, and asked how the firm had been selected. Mr. Bennett pointed out that the Board had approved a sole-source contract with the firm for supporting the Toll Road and rail transition project. Mr. Brown responded that the Board's approval had ratified the staff's choice for that engagement. He asked how staff had selected Carter & Burgess for the transition and how much it had been paid. Mr. Bennett said staff had been familiar with the firm and the quality of its work from the fourth runway project, as well as its particular expertise in rail projects. Including outstanding invoices, Carter & Burgess was due roughly $5.15 million under the transition contract.

Mr. Brown then said that Carter & Burgess had done an analysis of the Tysons Tunnel, Inc. "Preliminary Final Design" for the Commonwealth of Virginia under its contract with the Authority. He asked if the Commonwealth had asked for the assistance. Mr. Bennett said that it had. Mr. Brown noted that the Board had not approved the use of an Authority consultant for this "politically sensitive engagement"; Mr. Bennett agreed. Mr. Brown then asked what Carter & Burgess had been paid for the exercise. Mr. Bennett said he had invoiced the Commonwealth for $253,888.52. Mr. Brown asked why the Commonwealth, which apparently had the funds available, had not contracted with Carter & Burgess itself. Mr. Bennett said the Commonwealth had not had a consultant with the proper expertise under retainer that could do the job immediately. Mr. Brown said Carter & Burgess was not particularly known for expertise in tunnel work. Mr. Bennett said the firm had assembled a team with the necessary expertise.

Mr. Snelling raised a point of order. He observed that the questions were all good ones, but said that they were appropriate for discussion in Committee, not at a Board Meeting. The Chairman agreed, but noted that Mr. Brown was not a member of the Business Administration Committee, and that she understood his need to raise the questions at this point. She also noted that Mr. Brown was not the first Director to raise questions at the time of action on a matter, and urged Mr. Brown to complete his line of questioning promptly.

Mr. Brown asked when Carter & Burgess began work on its report for the Commonwealth; Mr. Bennett said he did not recall. Mr. Brown said the firm's final report had been dated February 26, 2007. He noted that, according to the paper supporting the proposed resolution under consideration, the selection process on the program management services had begun in December 2006. Mr. Bennett said he recalled taking a "look-ahead" paper on the procurement to the Business Administration Committee in 2006. Mr. Brown said the current supporting paper stated that interviews had been conducted January 19. Mr. Brown asked when the staff would have finished the evaluation in favor of Carter & Burgess. Mr. Bennett explained the process. The first step had been solicitation of qualifications, followed by the staff technical panel's evaluation of them. The staff then begin negotiations with the firm they consider best qualified, to define scope, rates and other technical matters before making a final recommendation.

Mr. Brown pointed out that Carter & Burgess had been working on its report for the Commonwealth in January and February, at the same time it was immersed in a competition for the $100-million program management support services. Mr. Bennett agreed that both processes were running in parallel.

The Chairman thanked Mr. Brown and Mr. Bennett and called for a vote on the motion to adopt the proposed resolution. It was thereupon unanimously adopted as Resolution No. 07-10.

c. <u>Amendment to the 2007 Capital, Operating Management and Investment Program Budget</u>

Mr. Speck moved the adoption of the following resolution, which was unanimously adopted with a recorded vote of 10 as Resolution No. 07-11:

WHEREAS, By Resolution No. 05-33, the Authority on December 20, 2005 authorized the acquisition of the Dulles Toll Road;

WHEREAS, By Resolution No. 06-18, the Authority on August 2, 2006 amended the 2006 Budget to authorize $7,000,000 to pay expenses related to the acquisition of the Dulles Toll Road and assumption of responsibility for the Dulles Corridor Metrorail Extension;

WHEREAS, By Resolution No. 06-32, the Authority on December 6, 2006 adopted the 2007 Budget;

WHEREAS, Despite successful negotiation of agreements with the Commonwealth of Virginia to acquire the Toll Road and near-complete negotiations with the Federal Transit Administration, the Washington Metropolitan Area Transit Authority, the Virginia Department of Rail and Public Transportation, Fairfax County and Loudoun County, the transfer of the Toll Road has not yet been effected;

WHEREAS, As the transfer process has grown in complexity, expenses related to the potential acquisition have continued to grow in advance of any Toll Road revenues that may ultimately accrue to the Authority; and

WHEREAS, Such expenses will ultimately be recovered from Toll Road revenues, now, therefore, be it

RESOLVED, That the Capital, Operating and Maintenance Investment Program expenditures authorized by the 2007 Budget are hereby increased by $7,600,000 to a total of $36,900,000.

d. Underwriting Services for the 2007 Series Bonds

Mr. Speck moved the following resolution, which was unanimously adopted as Resolution No. 07-2:

> RESOLVED, That the following firms are selected to provide underwriting services for the Authority's airport financings for up to five years;
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> Book Running Senior Manager: Bear Stearns & Co., Inc.
>
> Co-Managers: Banc of America Securities LLC
> Citi
> Ferris, Baker Watts, Incorporated
> Lehman Brothers
> Loop Capital Markets, LLC
> Merrill Lynch & Co., Inc.
> Morgan Keegan & Company, Inc.
> Morgan Stanley
> Siebert Brandford Shank & Co., LLC
>
> and
>
> RESOLVED, That the Finance Committee is authorized to reassign responsibilities among these firms in future financings.

e. Selection of a Book-Running Senior Manager for the Fall 2007 Financing

Mr. Speck moved the following resolution, which was adopted as Resolution No. 07-13:

> RESOLVED, That Bear Stearns & Co., Inc. is selected to serve as book-running senior manager for the upcoming fall 2007 financing.

f. Amendments to the Statement of Investment Policy for the Retirement Programs and the Welfare Benefits Trust

Mr. Speck moved the following resolution, which was unanimously adopted as Resolution No. 07-14:

WHEREAS, By Resolution No. 96-7 the Authority adopted the Statement of Investment Policy for the Retirement Plans and by Resolution No. 03-2 amended that Policy to establish parameters for the accomplishment of investment goals and objectives;

WHEREAS, By Resolution No. 05-3, the Authority adopted the Metropolitan Washington Airports Authority Employee Welfare Benefits Trust (the "Benefits Trust"), a tax-exempt trust under Section 501c)(9) of the Internal Revenue Code, to provide for the funding and payment of post-retirement health benefits;

WHEREAS, The Retirement Committee has proposed amendments to the investment mix of the holdings for the defined benefits plans to improve the projected rate of return and to add the Benefits Trust to the Investment Policy; and

WHEREAS, The Finance Committee recommends that the Statement of Investment Policy be so amended; now, therefore, be it

RESOLVED, That the Statement of Investment Policy for the Retirement Plans is hereby amended as proposed to the Finance Committee on May 20, 2007 and as attached hereto.

g. Execution of the Design-Build Contract for the Dulles Corridor Metrorail Project and Five Other Related Agreements

Mr. Speck moved the adoption of the following proposed resolution:

WHEREAS, The Chairman and the President and Chief Executive Officer on December 29, 2006 executed the Master Transfer Agreement Relating to the Dulles Toll Road and the Dulles Corridor Metrorail Project as well as the Dulles Toll Road Permit and Operating Agreement, consistent with the authorization to do so in Resolution No. 06-34;

WHEREAS, Implementation of these Agreements with the Virginia Department of Transportation will provide the Authority with control over the Dulles Toll Road for fifty years, making its revenues available to pay a substantial portion of the costs of constructing the Metrorail extension from West Falls Church to Route 772 in Loudoun County;

WHEREAS, Representatives of the Authority and the Virginia Department of Rail and Public Transportation have negotiated a Design-Build Contract for the Dulles Corridor Metrorail Project with Dulles Transit Partners, LLC, a Virginia limited liability company, a near-final draft of which has been presented at this meeting of the Board of Directors;

WHEREAS, Representatives of the Authority have also negotiated the following additional agreements related to the Dulles Corridor Metrorail Project, near-final drafts of which have also been presented at this Meeting of the Board of Directors:

a. The Cooperative Agreement between the Authority and the Virginia Department of Transportation,
b. The Cooperative Agreement between the Authority and Fairfax County,
c. The Cooperative Agreement between the Authority and the Washington Metropolitan Area Transit Authority,
d. The Agreement to Fund the Capital Cost of Construction of Metrorail in the Dulles Corridor among the Authority, Fairfax County and Loudoun County, and
e. The Assignment and Assumption Agreement, assigning the Comprehensive Agreement for the Dulles Corridor Metrorail Project to the Authority from the Virginia Department of Rail and Public Transportation;

WHEREAS, The Master Transfer Agreement, the Permit and Operating Agreement, the Design-Build Contract, the other Metrorail Project Agreements, and the Authority's operation and maintenance of the Dulles Toll Road and construction of the Dulles Corridor Metrorail Project are necessary and desirable to the proper operation of the Airports and the furnishing of service to the traveling public and Airport users;

WHEREAS, The Authority has met regularly as the Committee of the Whole on Toll Road/Metrorail extension issues since 2005, and is familiar in detail in the terms, benefits and risks of these contracts and agreements;

WHEREAS, The Dulles Toll Road and the Dulles Corridor Metrorail Project are "Authority facilities" under the Authority's Authorizing Statutes in that they will improve the quality of service to Dulles International Airport and constitute improvements, additions, extensions, lands, rights in lands, franchises, machinery, equipment, furnishings, landscaping, easements, utilities, roadways, and other facilities necessary or desirable in connection with the Airports;

WHEREAS, The Dulles Toll Road and the Dulles Corridor Metrorail Project are authorized as airport purposes under the provisions of the Authority's 1987 Lease with the U.S. Department of Transportation and 49 U.S.C.A. § 49101-49112 in that they will enhance the capacity of Dulles International Airport and are non-profit, public-use facilities not inconsistent with the needs of aviation; and

WHEREAS, Under the applicable provisions of the Virginia Public-Private Transportation Act of 1995, the Authority is authorized to be a party to the Design-Build Contract because the Authority is a "responsible public entity"; now, therefore, be it

RESOLVED, That the Design-Build Contract for the Dulles Corridor Metrorail Project is hereby approved as presented, subject to editorial changes;

2. That the three Cooperative Agreements, the Agreement to Fund the Capital Cost of Construction, and the Assignment and Assumption Agreement, all as listed above, are hereby approved as presented, subject to editorial changes;

3. That with the concurrence of the Chairman and Vice Chairman in any changes made after the date of this Resolution, the President and Chief Executive Officer is authorized to execute the Design-Build Contract, the three Cooperative Agreements, the Agreement to Fund the Capital Cost of Construction, and the Assignment and Assumption Agreement, in substantially the same form as presented today, his signature to evidence

the approval of any changes, and to the extent required, the Secretary is authorized to affix the Seal of the Authority to any or all of them;

4. That recourse against the Authority under any of the Metrorail Project Agreements shall be limited to the Authority's interest in the Dulles Toll Road in accordance with the terms of the Permit and Operating Agreement, and shall not be available against the Authority's interest in any other facility, property, fund or account, including assets used in and revenues derived from the Authority's operation of the Airports; and

5. That the Members and executives of the Authority are authorized and directed to take such additional actions as may be necessary to carry out the purposes of its Resolutions related to the Toll Road and Metrorail Project.

The Chairman immediately offered a "friendly" amendment. She said she had been concerned about the charges of secrecy that had been leveled against the Commonwealth, the Authority and Fairfax County. She said she could understand the need for secrecy when a price was being negotiated, but that she also understood the need for public officials and the public itself to see what the project was about. The Authority had always tried to operate in a transparent way since it had been established. She therefore thought it essential that the design-build contract and related agreements be made public as soon as possible. She proposed to add the following clause:

> "RESOLVED, That the President and Chief Executive Officer shall assure that the documents approved by this Resolution are posted on the Authority's website not later than June 7, 2007, and shall promptly distribute copies of the Design-Build Contract to the project partners."

As there was not any further discussion, she then called for a vote on the amendment, and it was unanimously adopted.

Mr. O'Reilly noted that there had been some discussion that some elements of the contract, with respect particularly to the "allowances" for subcontracts that would be bid in the future, would be redacted before the documents were made public. He asked if the Chairman's amendment contemplated such action. She agreed that it did.

Mr. Snelling said it should be understood as a matter of record that the Authority would comply with confidentiality requirements within the contract.

Mr. Brown objected to "resolved" clause numbered 5 as too broad a delegation to the staff. Mr. Snelling agreed and moved that the clause be deleted, and the Chairman asked if its deletion would cause any problems. Mr. Faggen said the authority to sign provided elsewhere in the proposed resolution was adequate. The Board thereupon voted unanimously to delete clause 5.

Mr. O'Reilly said he was relatively new to the Board, but that he had been involved with the Dulles Rail project for some time. When he was Mayor of Herndon in 2006, the Town had voted unanimously to disapprove a special tax district meant to support the project. The Town had been told at the time that the rail would never reach Dulles. He was delighted to have a second opportunity to vote on the project.

The Chairman said the vote would be historic, that she doubted the Authority had ever taken an action with such significance for the region, that the purpose had always been rail to Dulles, and that she would be proud of her vote.

Mr. Brown said the other Directors knew that he had long been an advocate of rail transportation, but he was troubled by the design-build contract. He first thanked the staff for a great deal of hard work over the past two years. When they had begun, they already had full-time jobs operating two of the nation's most significant airports. The result had been many evenings, weekends and holidays necessary to get the job done. Mr. Brown said he was not so complimentary of the end result. In fairness, he said, there were two things that had "hamstrung" the process. First, the Virginia Public Private Transportation Act ("PPTA"), which Mr. Brown said had been based on the "foolish" principal that government bureaucrats could negotiate a good price with very sophisticated large contractors. Second, the framework for the negotiation had been set by a "woeful" "Comprehensive Agreement" previously negotiated by the Virginia Department of Rail and Public Transportation. He was grateful that one of the elements of the design-build contract was a categorical statement that Phase 2 of the project would not use the same procurement process.

In addition, there were problems because the Authority was new to the transit business. The Authority's largest contract to date had been $300 million; this contract was six times as large. The purpose of a design-build procurement was to produce a fixed price for the owner; the Authority had not achieved that. Only about 60 percent of the contract price had been fixed. The entire justification under the PPTA and the Comprehensive Agreement for using a sole-source process was that, at the end of the day, there would be a fixed price. This contract was the worst of both worlds; the Authority did not have the benefit of competitive bidding and it did not have a fixed price. Mr. Brown said it troubled him substantially. In the interest of time, he said, he would not go into other concerns. He had grave concerns about the course the Authority was on. He remained an advocate of rail, and the design-build contract with Dulles Transit Partners was the choice the Authority had been given. It was not a choice he liked, but it was now the only choice and he would vote for it. He hoped that none of his concerns and reservations would be borne out.

The Chairman said Mr. Brown's remarks demonstrated how seriously the Board had taken the entire project. It had been discussed at great length, and discussions had occasionally been heated, but the conclusions were in the best interest of the region and of the Airport.

Mr. Speck said he absolutely agreed with the amount of work the project had taken. He added that the Board had spent days and weeks to get to the present point. He thanked the Chairman for her leadership, and the other Directors for their participation.

The Chairman noted that David T. Ralston, Jr., a former Director who had contributed substantially to the Dulles Corridor Rail project. She also acknowledged James A. Wilding, long the President of the Authority, who had established a reputation for the organization that, carried on by Jim Bennett, had made it possible for Governor Kaine to trust the Authority with the project. She thanked Governor Kaine and Virginia Secretary of Transportation Pierce Homer for their support.

Mr. Brown thanked the Chairman for her leadership, saying that she had intervened at critical moments. He particularly credited her for her amendment to the pending resolution restating the Authority's long commitment to transparency.

Mr. Snelling said that after all the Board had been through, it would be remarkable if every issue had been resolved the way the Board wanted it to be. He was convinced the outcome was the right thing for the region, for Virginia, for the Nation and for the Authority.

The Chairman said that it was clear that she and most of the Directors would have preferred a tunnel alignment for the project, but that they were not willing to risk the project.

She then called for a vote. There were ten affirmative votes, and the proposed resolution, as amended, was adopted as Resolution No. 07-15.

Mr. Crawford reiterated that the staff efforts had been extraordinary, and said it was important to get the project moving. The Chairman agreed the staff had been exceptional, mentioning particularly Mr. Bennett, Ms. McKeough, Mr. Faggen and Dennis Dayton, Associate General Counsel.

h. Establishment of an Enterprise Fund for the Dulles Toll Road and the Dulles Corridor Metrorail Project

The Vice Chairman, on behalf of the Committee of the Whole, moved the following resolution, which was unanimously adopted as Resolution No. 07-16:

> WHEREAS, The Chairman and the President and Chief Executive Officer on December 29, 2006 executed the Master Transfer Agreement Relating to the Dulles Toll Road and the Dulles Corridor Metrorail Project as well as the Dulles Toll Road Permit and Operating Agreement, consistent with the authorization to do so in Resolution No. 06-34;
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> WHEREAS, Implementation of these Agreements with the Virginia Department of Transportation will provide the Authority with control over the Dulles Toll Road for fifty years, making its revenues available to pay a substantial portion of the costs of constructing the Metrorail extension from West Falls Church to Route 772 in Loudoun County;
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> WHEREAS, The principal source of Toll Road revenues, available as soon as the Authority assumes responsibility for the Toll Road, will be from tolls, to be set by Authority regulation at a level to generate funds sufficient to operate and maintain the Toll Road and other transportation improvements in the Dulles Corridor and to support any debt service requirements necessary to construct the Dulles Corridor Metrorail Project;