



BOARD OF DIRECTORS MEETING

Minutes of July 11, 2007

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

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

Mamadi Diané
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 JUNE 6, 2007 MEETING

The Chairman then called for approval of the Minutes of the June 6, 2007, Meeting, which were unanimously approved.

II. ELECTION OF SECRETARY

The Chairman addressed the retirement of the Board Secretary, Gregory Wolfe. She congratulated Mr. Wolfe for his invaluable service of over 20 years on behalf of the Authority and the Board of Directors, and expressed how much his presence would be missed.

Mr. Wolfe conveyed his appreciation to the Board for the opportunity to work with the Authority. Few people, he noted, are given the chance to help define a new organization of the Authority's caliber, and then to actually participate in its development. He expressed his respect and admiration for all the Directors with whom he had worked over the years.

The Chairman then introduced Mr. Wolfe's replacement, Philip Sunderland, and described his background and prior employment, and noted his qualifications for the position of Secretary. The Chairman moved Mr. Sunderland's election as Secretary, and the motion was unanimously passed. Mr. Sunderland briefly addressed the Board.

The Chairman informed the Board that Lisa Makle-Brooks would be promoted to Assistant Secretary and asked for the Board's concurrence. Mr. Crawford moved that the Board approve Ms. Makle-Brooks' promotion to Assistant Secretary, and the motion was passed unanimously.

III. COMMITTEE REPORTS

a. Planning and Construction Committee

Mr. Snelling reported that, at its June 20 meeting, the Committee had received a brief report from Frank Holly on the Capital Construction Program, and a presentation by Dick Whitely of PMC on the expansion of the International Arrivals Building (IAB) at the Dulles Main Terminal.

In his presentation, Mr. Holly identified three new project construction contracts that had been awarded since the Committee's May meeting: new fire stations at Reagan National and Dulles, and the relocation of utility and other facilities in advance of the start of construction on the IAB expansion at Dulles. He reported that paving had started on the taxiways associated with the fourth runway at Dulles and that significant work had been done on the Automated People Mover station at the Dulles Main Terminal. He further reported that cost projections of CCP projects had not changed since his last report to the Committee, and that satisfactory progress was occurring on all projects.

Mr. Snelling reported that Mr. Whitely had presented an instructive power point presentation on the IAB expansion project. The project is at 60% design completion, and a solicitation of construction bids is expected before the end of 2007. Mr. Snelling indicated that the Committee had made one request of staff, which was to be sure that sufficient seating be provided in the baggage claim area of the expanded building for passengers waiting for their luggage.

b. Business Administration Committee

Mr. Crawford reported on the Committee's regular meeting on June 20, 2007, and a special meeting earlier on July 11.

At its June 20 meeting, the Committee received a report from Steve Baker on new construction contracts at Dulles. Mr. Crawford noted that, at the conclusion of the report, he had requested that staff prepare a report showing the location of LD BE-certified firms that have recently been awarded Authority contracts.

The Committee had also received a report from Ed Faggen on a proposed lease of approximately 26,000 square feet of office space in Tysons Corner. The lease would run for five years, with a one-year extension, and the space would house Authority staff and others working on the Dulles Metrorail extension project. Mr. Crawford noted that some Committee members voiced concerns with the proposed lease and, in particular, with its timing. They felt that the Authority should consider delaying the lease until after FTA approval of the rail project's final design. Mr. Crawford indicated that staff identified a number of reasons why it was prudent to

enter a lease at this time. After a good discussion, the Committee voted to recommend to the Board that it approve the proposed lease.

Mr. Crawford reported that the Committee had considered two matters at its special meeting. The first was a contract, with a one-year term and three one-year options, for the purchase of natural gas at Dulles. Staff described the "best price" offers which had been received on July 10 from qualified suppliers, and recommended the contract be awarded to Columbia Gas of Virginia. The Committee accepted this recommendation and voted to recommend to the Board that it approve the selection of this firm for the natural gas supply contract at Dulles.

Mr. Crawford reported that Steve Baker briefed the Committee on an overall DBE participation goal for Phase 1 of the Dulles Corridor Metrorail Extension Project. Mr. Baker presented the staff recommendation of an overall DBE participation goal of at least 15% of total Phase 1 Project cost (which, over the life of Phase 1, translates into approximately \$370 million of contracts), and he explained the derivation of the proposed goal. The committee accepted the staff recommendation, approved the recommended 15% overall DBE goal for use in a 45-day public comment period that federal regulations require, and authorized staff to initiate the comment period by placing appropriate notices in newspapers and other media outlets.

c. Finance Committee

Mr. Speck reported on the Committee's June 20 meeting, and its July meeting that was held earlier on July 11.

At the June 20 meeting, staff reported that Authority revenue for the first half of the fiscal year totaled \$254 million, which exceeded revenue during the same period in 2006 by \$28 million, and that expenses for the first half of the fiscal year totaled \$230.2 million, which exceeded expenses during the same period in 2006 by \$25 million. Mr. Speck noted that the 2007 expense figure included costs the Authority had incurred in connection with the Dulles Metrorail Extension Project which would eventually be reimbursed by the Commonwealth. Staff also reported that, for the first time in five years, no major air carrier was in bankruptcy, and that delinquent accounts were less than \$1 million.

The Authority's financial advisors reported on the July 3 closing of the Authority's Series 2007A Bond issue, which had been sold in 2005 to close in 2007. The rate on the forward refunding was 4.69%.

The financial advisors reported that for the fall bond sale, the Authority would need between \$400 and \$600 million. Mr. Speck noted that the Committee, at its August meeting, would review the proposed final terms of the sale in order to be in a position to proceed with the sale during the week of September 10.

Earlier in the day, Mr. Speck reported, the Committee had reviewed the final term sheet and commitment letter for \$150 million in interim financing from the Bank of America that the Authority would use in the Metrorail Extension Project. These funds would be used for the initial defeasance of outstanding Dulles Toll Road Bonds and provide capital funds pending the issuance of the first Toll Road revenue

bonds, expected in spring 2008. The Committee voted to recommend the Board's approval of this financing transaction and its documents.

Mr. Speck reported that the Committee had also reviewed a proposed 2007 Budget for the Dulles Corridor Enterprise Fund, which identified expenditures for a Dulles Toll Road Operating and Maintenance Program, a Dulles Toll Road Renewal and Replacement Program, and a Corridor Capital Improvement Program, as well as a transfer of funds to reserves. The proposed budget also included the Metrorail extension component of the Dulles Corridor Capital Improvement Program, at approximately \$2.7 billion. The Committee voted to recommend that the Board adopt the proposed 2007 Budget for the Dulles Corridor Enterprise Fund.

Finally, Mr. Speck reported that, on July 10, the Committee had interviewed four firms interested in serving as financial advisor for the Dulles Corridor Project. All firms were well qualified. After deliberations, the Committee had voted to recommend to the Board that Mercator Advisors LLC be named as the Authority's Dulles Corridor financial advisor.

d. Strategic Development Committee

Mr. Brown reported that the Committee did not meet in June.

e. Audit Committee

Mr. Cobey reported on the Audit Committee's meeting of June 6, 2007. PricewaterhouseCoopers presented the results of its audit on the sufficiency of the controls over financial transactions and certain information systems. Clifton Gunderson reported on the results of its audit of the pension funds. It reported that both the Regular Employees and the Police and Firefighters Pension Funds had received "clean" opinions. It also reported that the auditors had recommended a few procedural changes to improve controls over reporting. The Committee decided that the time frame for auditing the pension funds should be formally authorized, and that it would take action at a future meeting to recommend an action to the Board.

IV. INFORMATION REPORTS

a. President's Report

Mr. Bennett reported on the following items:

FAA reauthorization bills. Mr. Bennett reported on the status of the FAA reauthorization bills in the Congress, noting that the House and Senate bills differed in their treatment of slots and exceptions to the perimeter rule at Reagan National and in the increase they authorized in the airport passenger facility charge. In addition, the House bill contained labor provisions that had prompted the threat of a presidential veto. He reported that the Council of Governments had passed a

resolution opposing the addition of slots at Reagan National and that similar statements were expected from local governmental and business groups.

Dulles Toll Road and rail project. Mr. Bennett provided an update on this project. The intergovernmental cooperative agreement between Fairfax County and the Authority had been executed; the intergovernmental cooperative funding agreement among Fairfax County, Loudoun County and the Authority had been executed by the Authority and was in the process of being executed by the other parties.

FTA rail project risk assessment. Mr. Bennett reported that the FTA risk assessment was underway, with FTA consultants meeting that week with Authority staff and other members of the rail project team. The assessment, he noted, was focusing on three areas: project costs, contingency and schedule.

Dulles Corridor Advisory Committee. Mr. Bennett reported on the July 10 initial meeting of the Dulles Corridor Advisory Committee. The Committee reviewed the Authority's proposed regulation establishing toll rates for the Dulles Toll Road that would become effective upon the road's transfer to the Authority, and it was informed of the two upcoming public hearings on the proposed rates. He noted that the rates proposed by the Authority were the same as those in effect today on the Toll Road. He also noted that Chairman Reiley had been selected as the Advisory Committee's de facto chair.

Sully Plantation ceremony. Mr. Bennett reported on the ceremony held on June 26 at the Sully Plantation at which an exchange of access easements took place between the Plantation and the Authority. Reaching an agreement to exchange these easements had been a ten-year endeavor, he noted, and was reason for celebration.

Weather and other unusual recent events impacting airports. Mr. Bennett reported on a number of unusual events that had impacted Reagan National and Dulles during the prior few weeks. One was the many days of bad weather that had caused the cancellation of flights in many parts of the country and considerable passenger delays. Reagan National and Dulles, as a result, had to accommodate thousands of delayed passengers, and this was accomplished in part by providing blankets and ensuring that concessions remained open to provide food and beverages. Another unusual event involved a mobile lounge at Dulles that took a direct lightning hit. While the vehicle was slightly damaged, no passengers were injured. Finally, there had been a few brush fires along the western boundary of Dulles which caused some damage to a couple of private facilities.

Recent AAAE conference. Mr. Bennett expressed his appreciation to the Board and staff for their support of the AAAE conference that took place in Washington, D.C. in June. In particular, he recognized and thanked Margaret Bishop for her work in coordinating the conference on behalf of the Authority. Also, he thanked the

hundreds of volunteers who had served as greeters at the Airports, as well as the convention center site of the conference. The Chairman expressed her appreciation to Mr. Bennett and all the staff for making the Conference such a success.

New air service at Dulles. Mr. Bennett reported on upcoming new air service at Dulles: COPA flights to Panama City beginning on July 15, and Qatar Airways flights to Doha starting on July 19.

New air traffic control tower at Dulles. Finally, Mr. Bennett reported that the FAA would transition to the new air traffic control tower at Dulles during the upcoming weekend, and that by Sunday morning all air traffic functions would be operating out of the new tower.

b. Executive Vice President's Report

Ms. McKeough briefly reported on recent passenger activity at the Airports. In May, 1.7 million passengers traveled through National, an increase of over 13,000 passengers from May 2006, and 2.2 million through Dulles, which represented almost 200,000 more passengers than May 2006. She also reviewed cargo activity data for May.

V. NEW BUSINESS

a. Lease for the Dulles Corridor Metrorail Project Office

Mr. Crawford moved the following proposed resolution:

WHEREAS, The Authority will soon be responsible for construction of the Dulles Corridor Metrorail Extension, Phase 1, on behalf of the future users of that transportation facility and as successor to the Virginia Department of Rail and Public Transportation;

WHEREAS, The existing office space leased by Dulles Transit Partners ("DTP") will no longer be sufficient for the DTP staff as well as the other project offices currently housed there, including those of the Virginia Department of Rail and Public Transportation, the Virginia Department of Transportation, the Washington Metropolitan Area Transit Authority, Fairfax County, Loudoun County, and Carter & Burgess, the Authority's Metrorail Program Management Consultant;

WHEREAS, The staff has successfully negotiated a lease for 26,084 square feet of office space, sufficient for all the non-DTP project offices, in 1593

Spring Hill Road, an office building adjacent to the existing DTP office, with CALSTERS, the California State Teachers' Retirement System; and

WHEREAS, the Business Administration Committee is satisfied with the terms of the six-year lease presented to the Committee at its June meeting; now, therefore, be it

RESOLVED, That the lease of space in 1593 Spring Hill Road, Tysons Corner, Virginia, is hereby approved, as presented to the Business Administration Committee at its June 20, 2007 meeting; and

RESOLVED, That the President and Chief Executive Officer is authorized to execute that lease with CALSTERS.

The motion was passed unanimously, and the proposed resolution was adopted as Resolution No. 07-17.

b. Award of a Contract for Natural Gas Services at Dulles

Mr. Crawford moved the following proposed resolution:

WHEREAS, A Request for Proposals for the provision of natural gas at Dulles was issued May 14, 2007, with the best qualified providers to bid on July 10;

WHEREAS, Natural gas bid prices are valid for only 24 hours;

WHEREAS, The Business Administration Committee has met this morning in special session to review the evaluation of providers and the prices offered;

WHEREAS, The Business Administration Committee is satisfied with the selection process; now, therefore, be it

RESOLVED, That Columbia Gas of Virginia, Columbus, Ohio, is selected to provide natural gas at Dulles from September 1, 2007; and

RESOLVED, that the President and Chief Executive Officer is authorized to contract with Columbia Gas of Virginia for a one-year base and two one-year options.

The motion was passed unanimously, and the proposed resolution was adopted as Resolution No. 07-18.

c. Approval of the Details of the Interim Financing Program for the Dulles Corridor Enterprise

Mr. Speck moved the following resolution:

WHEREAS, By Resolution No. 06-34, the Authority authorized the execution of the Master Transfer Agreement and the Permit and Operating Agreement, each between the Authority and the Virginia Department of Transportation ("VDOT"), to enable the Authority to assume responsibility for the operation of the Dulles Toll Road and apply its revenues to the construction of the Metrorail extension in the Dulles Corridor, as well as related transportation improvements in the Dulles Corridor("the Dulles Corridor Project");

WHEREAS, The Authority and VDOT executed the Master Transfer Agreement and the Permit and Operating Agreement on December 29, 2006;

WHEREAS, The Master Transfer Agreement provides that VDOT will grant to the Authority a permit to operate the Dulles Toll Road and to receive and use the Toll Revenues;

WHEREAS, The Permit and Operating Agreement provides such permit to the Authority and provides further that the Authority shall conduct the operation and maintenance of the Dulles Toll Road for a term of fifty years;

WHEREAS, By Resolution No. 07-2, the Authority selected the Bank of America to provide interim financing for the Dulles Corridor Project;

WHEREAS, By Resolution No. 07-16, the Authority created the Metropolitan Washington Airports Authority Dulles Corridor Enterprise Fund in order to account for the performance of activities related to the Authority's operation and maintenance of the Dulles Toll Road, its construction of the Dulles Corridor Metrorail Project, and other transportation improvements in the Dulles Corridor;

WHEREAS, When it assumes responsibility for the Dulles Toll Road, the Authority expects to issue multiple series of fixed and variable rate taxable and tax-exempt Dulles Toll Road Revenue Bonds (the "Permanent Dulles Toll Road Bonds") in order to finance the Dulles Corridor Metrorail Project, improvements to the Dulles Toll Road and other transportation improvements in the Dulles Corridor;

WHEREAS, Before the issuance of the Permanent Dulles Toll Road Bonds, the Authority desires to authorize the issuance of its tax-exempt Dulles Toll Road Revenue Bond Anticipation Note in a principal amount not to exceed \$150,000,000 (the "Note") to provide funds for the defeasance of certain Dulles Toll Road debt previously issued by the Commonwealth of Virginia and for payment of expenses incurred in conjunction with the Dulles Corridor Project and certain other transportation improvements in the Dulles Corridor; and

WHEREAS, The forms of the following documents that the Authority proposes to execute to carry out the issuance of the Note have been presented at this meeting:

- (a) the Indenture of Trust (the "Indenture") between the Authority and the Bank of America, N.A., as Trustee, relating to the issuance of the Note;
- (b) the Note, attached as Exhibit A to the Indenture; and
- (c) the Commitment Letter relating to the Note (the "Commitment Letter") between the Authority and Bank of America, N.A.; now, therefore, be it;

RESOLVED, That the Note shall be issued pursuant to the Indenture in a principal amount not to exceed \$150,000,000, shall mature and bear interest as provided in the Indenture, and shall be sold to the Bank of America, N.A., pursuant to the Commitment Letter, all upon the terms and conditions specified therein;

2. That the forms of the Indenture, Note and Commitment Letter are hereby approved;

3. That the payment of the Note is authorized and directed in the manner and the amounts set forth in the Indenture and Commitment Letter;

4. That the Chairman, or in her absence the Vice Chairman, is authorized and directed to execute the Indenture and Commitment Letter in substantially the forms presented, with such omissions, insertions, and variations as to any recitals of fact or other provisions as may be required by the circumstances, be required or permitted by the Indenture, or be consistent with the Indenture, and the Secretary or Assistant Secretary is authorized and directed to affix the Seal of the Authority on such documents as required, and to attest the same;

5. That the Chairman, or in her absence the Vice Chairman, is authorized and directed to execute, by manual or facsimile signature, the Note, and the Secretary or Assistant Secretary is authorized and directed to affix the Seal of the Authority or a facsimile thereof on the Note, and to attest the same, by manual or facsimile signature, and either is further authorized and directed to deliver the Note to the Trustee for authentication upon the terms provided in the Indenture;

6. That the Chairman, the Vice Chairman, the President and Chief Executive Officer, and the Vice President for Finance and Chief Financial Officer are hereby individually authorized with respect to the Note to execute a tax certificate on behalf of the Authority in implementation of the covenants and agreements set forth in the Indenture or to make any election permitted by the Internal Revenue Code, and determined by such officer to be to the advantage of the Authority; and the representations, agreements, and elections set forth therein shall be deemed the representations, agreements, and elections of the Authority, as if the same were set forth in the Indenture;

7. That the President and Chief Executive Officer, and the Vice President for Finance and Chief Financial Officer are individually authorized to execute, deliver and file all other certificates, documents, and financing instruments, including Internal Revenue Service Forms 8038 and 8038G; and to take all such further action as they may consider necessary or desirable in connection with the issuance and sale of the Note;

8. That the Authority shall use its best efforts to issue Permanent Dulles Toll Road Bonds in the amount necessary to retire the Note prior to the final maturity of the Note;

9. That any authorization herein to execute a document shall include authorization to deliver the executed document to the other parties thereto;

10. That recourse against the Authority under the Indenture and the Note shall be limited to the Dulles Corridor Enterprise Fund and the Authority's interest in the Dulles Toll Road in accordance with the terms of the Permit and Operating Agreement, and recourse shall not be had against the Authority's interest in any other facility, property, fund or account, including assets used in and revenues derived from the Authority's operations of its Airports; and

11. That recourse may not be had for any claim against the Authority against any member, officer, agent or employee, past, present or future, of the Authority, or any successor body, as such, either directly or through the Authority, or any such successor body, under any constitutional provision, statute, rule of law, or charter provision or by the enforcement of any assessment or penalty or by any legal or equitable proceeding or otherwise.

The motion was passed unanimously, and the proposed resolution was adopted as Resolution No. 07-19.

d. Selection of a Financial Advisor for the Dulles Toll Road

Mr. Speck moved the following proposed resolution:

RESOLVED, That Mercator Advisors, LLC, is selected to provide financial advisory services to the Authority in connection with the Dulles Toll Road; and

2. That the President and Chief Executive Officer is authorized and directed to negotiate and execute a contract with Mercator Advisors, LLC, for these services.

The motion was passed unanimously, and the proposed resolution was adopted as Resolution No. 07-20.

VI. UNFINISHED BUSINESS

There was not any unfinished business.

VII. OTHER BUSINESS AND ADJOURNMENT

There being no other business, the Chairman adjourned the meeting at 10:50 a.m., and the Board moved into executive session.

Respectfully submitted:



Philip G. Sunderland
Vice President and Secretary

approved August 8, 2007
GW