



BOARD OF DIRECTORS MEETING

Minutes of August 3, 2005

The regular monthly meeting was held in the Board Conference Room at 1 Aviation Circle and was called to order by the Chairman at 9:45 a.m. Nine Directors were present during the meeting:

Mame Reiley, Chairman
H.R. Crawford, Vice Chairman
Robert Clarke Brown
Anne Crossman
William A. Hazel
Leonard Manning
David T. Ralston, Jr.
Charles D. Snelling
David G. Speck

The Secretary and the following Officers were present:

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

I. MINUTES OF THE JUNE 1, 2005 MEETING

The Chairman, noting that the regular July Meeting had been canceled, called for action on the Minutes of the June 1, 2005 Meeting, which were unanimously approved.

II. COMMITTEE REPORTS

a. Finance Committee

Mr. Snelling reported that the Finance Committee had met both on June 15th and July 20th, noting that he would deliver a single report on both meetings. Each meeting had begun with the regular monthly Financial Advisors' Report, which had focused on ongoing work, including the potential refunding of certain outstanding bonds.

At the July meeting, the Committee had agreed to add the Series 1997B Bonds to the approved list for the upcoming Series 2005B revenue refunding bonds and to extend the authorization to the end of the year, to coincide with the late fall financing. The resolution proposed for action later in the day's meeting would authorize refunding of the Series 1997A, Series 1997B, Series 1998A, Series 2001B and Series 2002B Bonds, to the extent refunding of each series met the criteria.

The Finance Committee would be working with Financial Advisors and staff to discuss the composition of the financing team and the characteristics of the late fall financing, currently planned for early December. Mr. Snelling added that all members of the Finance Committee would be consulted on the issues as they developed.

With respect to the Passenger Facility Charge ("PFC") Notes, Lynn Hampton, the Chief Financial Officer, had reported that she had been successful in negotiating an expansion of the credit to \$500 million and an extension of its availability to 2017. The Bank of America had reported it had received tentative commitments for \$700 million, significantly higher than current needs. The Bank of America had also agreed to lower the rates on the existing notes to the negotiated rates that had become effective July 1, reducing the letter of credit rate from 50 to 37.5 basis points.

Mr. Snelling said that the Financial Advisors had brought to the Committee's attention that additional outstanding bonds could meet the refunding criteria for inclusion in the Series 2005B refunding. In particular, the Series 1997B Bonds, the interest on which is subject to the alternative minimum tax, could be refunded with a forward delivery date. Mr. Snelling said he would offer for action later in the meeting an authorizing resolution including the Series 1997B Bonds as additional candidates for refunding.

A report on investment benchmarking and arbitrage tracking had also been on the agenda. Mr. Snelling said he wanted all Committee members to have an opportunity to review it and therefore deferred action to a future agenda, if there was interest to pursue it.

Mr. Snelling and Ms. Hampton had provided the Finance Committee with a letter outlining a new protocol to address the drafting error in Resolution No. 05-7 that had kept one of the regular investment bankers from bidding on the May swaps.

Mr. Snelling said that the May and June financial results had been excellent. Ms. Hampton had advised that for the six months ending June 30, revenues had reached \$235.2 million, a significant increase over past years. Revenues had also been slightly ahead of budget, reaching 51 percent of the target.

Operating expenses for the six months had been \$198 million, at 46.4 percent of the budgeted level. Consolidated operating income had been \$37.2 million, continuing to exceed all prior years. Consolidated net income had increased only slightly from May, with a \$6 million non-operating loss offsetting the operating gain.

Aged accounts receivable had reached a new low; delinquencies over 90 days, adjusted for bankruptcies, had been at the lowest level in three years. Construction activity through June, including the purchase of land at Dulles for \$258 million, had tracked the construction budget.

The Authority's strong performance at the half-way point had been evident in a net remaining revenues figure already at 78.6 percent of budget expectations, a trend Mr. Snelling said was continuing.

Mr. Brown said he would have some comments on the benchmarking paper and asked that it be included on the next Finance Committee agenda. He also said that, because he had missed the last Finance Committee meeting, he would have some comments on the authorizing resolution when it was introduced later in the meeting.

b. Business Administration Committee

Mr. Crawford said that the Business Administration Committee had last met July 20; it had not met in June. As a consequence, the agenda had been long.

Fred Seitz, Manager of the Procurement and Contracts Department, had reported that through June 2005 the Authority had contracted with minority firms for \$44 million, 19 percent of the total of \$236 million in contract awards. Local Disadvantaged Business Enterprise ("LDBE") awards had totaled \$70 million, about 33 percent of the \$215 million in contracts without federal aid.

The largest contract awarded since April had been a \$12 million contract to the Lane Construction Company to build the Tier 2 South Aircraft Parking at Dulles. Forty percent of the contract had gone to minority subcontractors.

Mr. Crawford interrupted his report to say that he and Mr. Manning were still a bit upset that, despite all efforts to date, the District of Columbia still remained way behind in Authority contracts, and had decided to undertake some initiatives of their own. It appeared that, even with outreach to encourage minorities to bid on the unarmed security contract at Reagan National, there had only been two bids from District of Columbia firms, which had not made the final list. The problem appeared to be unfamiliarity with the process. Mr. Manning and he had resolved to take the initiative to get D.C. firms more involved in the process.

They had contacted both Southeastern and Howard Universities, and would go so far as to interest some writers to assist contractors with preparing proposals for various public agencies so they can be sure their proposals are just as good as others'. Mr. Crawford said the initiative had begun the week before.

Mr. Manning said that they had met with the Executive Director of Southeastern University, and a board member and the chair of the board of trustees. Southeastern officials would be coming back with a proposal in about ten days to show what they could do to assist, not only with proposal writing but also with the certification process.

The Chairman observed that the statistics presented at the last Board retreat had indicated that D.C. contractors did quite well, second only to Maryland, in Authority contracts.

Mr. Snelling said the program was an excellent one, as it got to the heart of a problem, but more so because it was an entrepreneurial, free-market approach. He hoped Messrs. Crawford and Manning would track the results to determine how many

of those trained would actually make proposals, and how many would actually win contracts.

Mr. Speck asked when the next Business Opportunity Seminar would be held, and whether there were certain areas that Mr. Crawford felt some of the prospective bidders were struggling with that could be addressed during that program with, for example, special workshops. Mr. Crawford said he was suggesting that staff invite an official from the District of Columbia Office of Local Business Development, which administers the Local, Small, Disadvantaged Business Enterprise program, to participate, and have some contractors who had been successful to speak. At the last Business Opportunity Seminar, there had been over a thousand people in attendance. He said he couldn't understand why not many of them had made proposals on Authority contracts.

Mr. Speck said the Authority programs that try to introduce prospective businesses to the work at the Airports tend to be just informational, presenting what contracts were coming up and the process for applying. In certain areas, there needed to be some bolstering of proposals or submissions. The Business Opportunity Seminar was a good place to do it, with concurrent workshops on areas the Authority identified as deficiencies. If writing proposals was a weakness, the Authority should schedule a session on writing proposals. Mr. Speck said it was an obvious place to do such things, when the entire business community from the region was invited to talk about doing business with the Authority.

Mr. Snelling said he saw people like Messrs Crawford and Manning as capable of mentoring in a way the Authority itself couldn't do. That would be the virtue of the program, for the leadership to be able to say, "You can do it, and here's how."

Mr. Manning said Mr. Snelling had mentioned a similar program in Pennsylvania, and asked for information about it. Mr. Snelling agreed to provide it.

Mr. Speck said he did not disagree that there was some real value in the new approach, but when a Director started to conduct outreach, it was important that it did not suggest that someone was getting an inside track on winning contracts.

Mr. Crawford pointed out that Directors really did not control the outcome of procurements.

Mr. Crawford then returned to his report, saying that the Business Administration Committee had reviewed several proposed contract awards that would require Board approval. The Committee had accepted all the selection panel recommendations, so he would be offering resolutions to approve them later in the meeting.

The first had been for unarmed guard services at Reagan National. The entire contract had been reserved for an LDBE firm; the highest ranked firm had been Master Security, of Cockeysville, Maryland. The contract would cover one year, with four possible one-year extensions. The total cost for five years would be \$7.4 million.

The second contract was for operation of the employee shuttle buses at Dulles. The recommended firm was ShuttlePort/CLS, IAD Joint Venture. The term was for one year with four possible one-year extensions; the potential cost of the contract, if it continued for five years, would be \$13.5 million. The LDBE requirement was 25 percent.

Mr. Crawford characterized the third contract as an innovative one, in that it combined landscape maintenance and sidewalk snow removal at Dulles. The ability to use the same crew through the year would provide savings. Professional Landscape Management Services of Silver Spring was the selectee; the contract would cost \$1.1 million per year, with a two-year base and three one-year options, for a possible total of \$5 million.

In addition the staff had reported on the award of a new telephone contract that "bundled" local and long distance services. The award had been to Verizon, for one year at a cost of \$594,000, with three one-year options for a potential total cost of \$2.3 million for four years. That compared to a current annual cost of \$1.56 million. The savings had been so substantial that the contract had fallen below the level requiring Board approval.

The Committee had then heard two presolicitation reports, one on custodial services at Dulles, the other on travel assistance at both Airports.

The Dulles custodial contract had required readvertisement, as only one of the original fourteen applicants had qualified. The point allocations to price, experience and past performance, capacity to perform and staffing levels would be changed.

Travel assistance was provided at both Airports by Travelers Aid International of Washington, D.C. The cost was minimal; the actual staffing of the information booths was done by 180 volunteers. Only a few supervisory personnel were actually paid. The results of this system had been excellent, but the contract was readvertised every five years to allow any competitors to make proposals. Costs were estimated at \$870,000 at Reagan National and \$583,000 at Dulles for the first three years.

Finally, Mr. Crawford announced that the Business Administration Committee would not meet in August. The Committee would next meet September 14.

c. Planning Committee

Mr. Hazel reported that the Planning Committee had met at 8:00 a.m. that morning, and had heard a report on staff plans to deal with the growing parking demand at Reagan National. They had proposed adding decks to the existing parking garages. The Committee had agreed that staff should proceed with the decks currently. He said he would offer a motion to approve the design and construction later in the meeting.

The Committee had then seen and heard the quarterly Parsons Management Consultants report on current construction. He noted that most Directors present had been at the Committee meeting.

In executive session, the Committee had discussed the recent private sector proposal under the Virginia Public-Private Transportation Act to operate the Dulles Toll Road.

d. Strategic Development Committee

Mr. Brown reported that the Strategic Development Committee had last met on June 15, and had not met in July. As usual, much of the meeting had been held in executive session. The regular air service development report had included a discussion of the proposed US Airways - America West merger, which he said was likely to be a positive development for the Authority. Another subject had been the possibility of future all-cargo services at Dulles, now under active consideration by United and a foreign carrier.

The Committee had continued its discussion about slots at Reagan National and the various proposals about their administration and ownership. Staff had advised that the Department of Transportation was currently reviewing the issues. The Committee would watch how they developed from a regulatory standpoint at the federal level, and continue with the staff to monitor developments very closely.

In open session, the Committee had reviewed a breakdown of marketing expenditures over the past several years. These tended to be for discreet projects or contracts to meet identified marketing opportunities, each with a beginning and an end, not an ongoing program activity. The Committee had also heard a report on policy communications developed for regulatory proceedings at the Department of Transportation and judicial proceedings, most recently in bankruptcy court. Staff had agreed to provide notice of these filings, particularly where they involved policy, as many of them did. Many such filings had to be done on very short notice, but on occasion a briefing schedule, usually in a judicial proceeding, allowed for advance notification to the Committee. In the other cases, the staff would continue to provide notification after the fact.

e. Information Technology Committee

Ms. Crossman reported that the Information Technology Committee had met for the first time a month before, and had heard a briefing from George Ellis on the overall information technology situation. The Committee would get into specifics of the various programs at its future meetings, the next of which would be held at Dulles on the afternoon of September 13.

III. INFORMATION ITEMS

a. President's Report

Mr. Bennett began with a report on the status of the Wright Amendment, a provision limiting the distances aircraft may travel nonstop from Dallas Love Field. He had previously advised the Board that the Authority would probably be drawn into the legislative efforts to repeal the Wright Amendment because of the apparent similarity between that measure and the Reagan National perimeter rule. This had in fact occurred: Senator John McCain, with Senator Jon Kyl, his colleague from Arizona, and Senator John Ensign of Nevada, had introduced a bill entitled the "Abolishing

Aviation Barriers Act of 2005", which would eliminate the perimeter rule at Reagan National and affect the perimeter rule at LaGuardia, as well as repeal the Wright Amendment.

The Transportation Security Administration ("TSA") had finally issued an Interim Final Rule setting requirements for the return of general aviation to Reagan National. The Rule provided for 24 arrivals and 24 departures between 7 a.m. and 7 p.m. The flights into Reagan National would have to originate at one of twelve gateway airports. Most of the requirements were imposed on the flight operator, and were quite burdensome, including an armed law enforcement officer on board, clearance of passengers and crew, and a fee paid to TSA. Staff was reviewing the rule to verify that additional requirements had not been imposed on the Authority. Comments were due the following week.

Mr. Snelling said that while the Congress had been interested in reopening the Airport to general aviation, the Secret Service had not been. He had been told at the highest level that the new rule would mean that the TSA could tell the Congress the Airport was now open, but anyone who read the regulations could easily conclude that it was not.

Mr. Bennett said he had testified the week before on behalf of the Airport Legislative Alliance, a joint agency of the Airports Council International - North America ("ACI-NA") and the American Association of Airport Executives ("AAAE"), before the Subcommittee on Management, Integration and Oversight of the House Committee on Homeland Security. The hearing had addressed "improving management of the aviation screening workforce." His testimony had focused on involving the airport operator more in the screening process, specifically allowing airport operators either to contract directly with qualified screening companies or to create their own screening force to screen passengers and baggage. Airport operators should also have the right to decide which alternative was in their best interest. Under the current program, they could only apply. TSA would decide. Finally, liability protection should be extended to the airport operators who do the screening.

The TSA had recently announced a national reallocation of screeners. Reagan National would gain 4 screeners, taking the authorized level from 411 to 415. At Dulles, the increase would be 79, from 645 to 724. In fact, however, neither figure

represented actual staffing levels; currently there were not 645 TSA employees working at Dulles, or 411 working at Reagan National.

Mr. Bennett said that United had recently announced that in December the carrier would be adding 20 new flights from Dulles to Caribbean destinations, including Aruba, Montego Bay, Nassau, Punta Cana, St. Maarten and St. Thomas. United had also recently announced another deferral in the filing of its bankruptcy exit plan. Mr. Snelling observed that United had announced a \$1.3 billion loss in the last quarter, and asked Mr. Bennett to comment. Mr. Bennett said the figure was correct for a net loss, which reflected primarily bankruptcy charges. The carrier had actually shown an operating profit of about \$48 million.

Mr. Bennett said the US Airways - America West merger appeared to be proceeding on track. The Department of Justice and the Air Transportation Stabilization Board had already approved it; the Department of Transportation and the Bankruptcy Court decisions were still pending. In the US Airways bankruptcy, no one had filed a competing plan in the time required, so it appeared there would not be any further obstacles to the merger.

With respect to construction, Mr. Bennett noted that the Z gates at Dulles had opened August 1. They were located at the base of the current air traffic control tower, and US Airways had relocated its operations to them. Later in the year, America West would move its flights to the Z gates as well.

The enormous main terminal people mover station excavation was visible from the windows of the terminal. It would reach grade later in the month. Footings and foundations were already being put in on the west end.

Mr. Bennett concluded with a report on the student summer program, which he characterized as "robust". Over 200 students had been involved; most had served as "student ambassadors", a program begun last year. They were quite visible, wearing yellow shirts, and worked in the public areas of the terminals, assisting the airlines and TSA in getting passengers through the screening process. At Reagan National, they served as runners, bringing the bins used to scan personal effects back to the other side of the scanning machines. At Dulles, they guide passengers to the right lines. In the International Arrivals Building at Dulles, they actually pulled bags off the carousels in the Customs Hall. The program had been very useful, Mr. Bennett

said, and he thanked the Human Resources and Airport staff involved in making the program work.

In the absence of the Executive Vice President and Chief Operating Officer, Mr. Bennett reported on the traffic statistics. There had been a 33 percent increase in June traffic at Dulles over June 2004, while the increase at Reagan National had been 14 percent. On a year-to-date basis, Dulles traffic was up 45 percent and Reagan National up about 13 percent. Reagan National had set a new 12-month record at the end of June with 16,946,153 passengers. Dulles had also set a 12-month record with 27 million passengers. With 2.5 million passengers in June, Dulles has set a monthly record as well. The U.S. industry growth rate for the month had been 2.4 percent.

The Chairman said that she had recently noted a marked improvement in the attitude of the TSA screeners and their relationship with the customers. She added that in flying Northwest she had noticed Terminal A at Reagan National needed a facelift, or at least some updating. She asked what was planned there. Mr. Bennett said a project was already under way to make improvements to Terminal A. He asked Harlan Byers, the Acting Airport Manager to give some details. Mr. Byers said the restrooms were to be upgraded, and the check-in areas would be improved. Mr. Bennett said the Board had approved these projects in the 2005 Budget adopted the previous year. The Chairman asked for an update at the next Planning Committee meeting so all could be aware of what would be done.

The Chairman said she had been hearing comments from many in Northern Virginia about perceived rudeness of the Airport Police when passengers were being dropped off. She said she recognized the situation was difficult; when an officer could not give the answer a passenger wanted, it could often be interpreted as rudeness. She had noticed herself, however, some unusually tough and curt behavior, and asked if anything could be done. Mr. Bennett said management would be sure to reinforce the necessary service skills of the curbside traffic and police officers. For the past few weeks, their jobs had been very stressful because of the events in London and unseen measures that had been taken to increase security. Mr. Bennett agreed that there was nevertheless no justification for rudeness.

Mr. Speck described how a 94-year-old passenger coming off a regional flight had been spotted by a police officer as he headed for baggage claim. The officer, Shawn Latson, had assisted the passenger in obtaining a wheelchair, gone to baggage claim

with him, and waited with him until he got into a cab. The passenger had been Mr. Speck's father; Mr. Speck said, however, that Officer Latson had no idea that was so. Mr. Speck said such things probably happened frequently, but the Board rarely heard about it.

Mr. Brown asked if Mr. Bennett's testimony on behalf of the Airport Legislative Alliance included the position that airports themselves should be permitted to contract for screening services instead of the TSA. Mr. Bennett said the joint legislative program was evolving to that point. The current "opt-out" program was not being used largely because it would not improve the screening process. Airports that want to take it over should be allowed to do so. Mr. Brown observed that there would be many ways of privatizing screening, and that he did not believe that the Board had ever taken a position on it. In view of September 11, that would mean taking on considerable liability. He thought the Board should take a position on the matter, and asked the Chairman to assign the issue to an appropriate committee.

IV. NEW BUSINESS

a. Design and Construction of Additional Decks on the A and B/C Parking Garages

Mr. Hazel said the Planning Committee recommended that the Board authorize the staff to proceed promptly with the design and construction of an additional level on the A and B/C parking garages at Reagan National, with the understanding that the projects would be subject to further approval in the 2006 budget process in the fall. He then so moved.

Mr. Brown said there had been some discussion after the Committee had acted about the precision of some of the cost figures, including some of the numbers relied on for the comparison of alternatives. He said the staff had agreed to come back with updated figures, and added that formal action should therefore be postponed. The Chairman said there would be opportunity to reflect on the numbers and the report in ample time. She did not believe it necessary to defer action. Mr. Snelling said the numbers should be made congruent, but that he was satisfied that the proposed action could be taken without impediment to the report the President would later provide. Mr. Brown observed that this would not be the first instance a decision had been on a rushed basis, where the briefing provided to the Committee was found to have some

gaps that members asked the staff to look at. The Board had agreed to approve the projects in question, with reports to follow. Mr. Brown said that practice was not good governance, and that it would be instructive to send proposed actions back to the staff so proposals would be more fully fleshed out in the future with accurate information. He said that he would vote against the motion.

The Chairman then called for a vote; she announced it had carried, with Mr. Brown and Ms. Crossman opposed.

b. Unarmed Guard Services at Reagan National

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

WHEREAS, The Business Administration Committee is satisfied with the results of the competitive evaluation of firms to provide unarmed guard services, presented to it at its July 20, 2005 meeting; now, therefore, be it

RESOLVED, That Master Security, Inc. is selected to provide unarmed guard services at Ronald Reagan Washington National Airport; and

RESOLVED, That the President and Chief Executive Officer is authorized to negotiate and enter into a contract with Master Security, Inc., consistent with the terms presented to the Business Administration Committee.

c. Employee Shuttle Bus System at Dulles

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

WHEREAS, The Business Administration Committee is satisfied with the results of the competitive evaluation of firms to operate the employee shuttle bus system at Washington Dulles International Airport presented at its July 20, 2005 meeting, resulting in the selection of ShuttlePort/CLS, IAD, Joint Venture; now, therefore, be it

RESOLVED, That ShuttlePort/CLS, IAD, Joint Venture is hereby selected to operate the employee shuttle bus system at Washington Dulles International Airport; and

RESOLVED, That the President and Chief Executive Officer is authorized to negotiate and enter into a one-year contract with ShuttlePort/CLS, IAD for these services, with provision for four one-year extension options, consistent with the Request for Proposals issued and the documentation of the contract terms presented to the Business Administration Committee.

d. Landscape Maintenance and Sidewalk Snow Removal Services at Dulles

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

WHEREAS, The Business Administration Committee is satisfied with the results of the competitive evaluation of firms to provide landscape maintenance and sidewalk snow removal services at Dulles presented at its July 20, 2005 meeting, resulting in the selection of Professional Landscape Management Services, Inc.; now, therefore, be it

RESOLVED, That Professional Landscape Management Services, Inc. is hereby selected to maintain the landscape and remove snow from sidewalks at Washington Dulles International Airport; and

RESOLVED, That the President and Chief Executive Officer is authorized to negotiate and enter into a two-year contract with Professional Landscape Management Services, Inc. for these services, with three one-year extension options, consistent with the Request for Proposals issued and the documentation of the contract terms presented to the Business Administration Committee.

e. Authorizing the Issuance of Airport System Revenue Refunding Bonds

Mr. Snelling moved the adoption of the following resolution and summarized its contents.

WHEREAS, The Metropolitan Washington Airports Authority (the "Authority") desires to authorize the issuance of one or more Series of Airport System Revenue Refunding Bonds in an amount not to exceed \$280,000,000 (the "Bonds") to refund up to \$12,100,000 principal amount of outstanding Airport System Revenue Bonds, Series 1997A; \$163,115,000 principal amount of outstanding Airport System Revenue Bonds, Series 1997B; \$16,720,000 principal amount of outstanding Airport System Revenue Bonds, Series 1998A; \$11,040,000 principal amount of outstanding Airport System Revenue Bonds, Series 2001B and \$22,380,000 principal amount of outstanding Airport System Revenue Bonds, Series 2002B (collectively, the "Refunded Bonds") of the Authority's outstanding bonds, and to set forth the guidelines for determining the interest rate or rates on, other terms of, and underwriters for such Bonds;

WHEREAS, The Authority desires to respond quickly to financial market conditions to issue the maximum aggregate authorized amount of the Bonds; and

WHEREAS, There was presented at the March 2, 2005 Meeting of the Authority the form of the following documents that the Authority proposed to execute to carry out the transactions described in Resolution No. 05-7 for the issuance of Airport System Revenue Refunding Bonds, copies of which documents have been filed with the records of the Authority:

- (a) the form of a Supplemental Indenture of Trust (the "Supplemental Indenture"), between the Authority and Manufacturers and Traders Trust Company (formerly Allfirst Bank) (the "Trustee") which supplements an Amended and Restated Master Indenture of Trust, dated as of September 1, 2001, as amended, between the Authority and the Trustee (the "Master Indenture")

- (b) the form of the Bonds, attached as Exhibit C to the Supplemental Indenture;

(c) the form of a Bond Purchase Agreement relating to the Bonds (the “Purchase Contract”);

(d) a form of a Refunding Agreement (the “Bond Refunding Agreement”) between the Authority and the Trustee including the notice of redemption of the bonds to be refunded, and

(e) an official statement, in preliminary form, relating to the public offering of the Bonds;

now, therefore, be it

RESOLVED, That one or more of Banc of America Securities, LLC; Bear, Stearns & Co., Inc.; Goldman Sachs; Lehman Brothers; Merrill Lynch & Company; and UBS Financial Services, or other co-managers or selling group members listed on Attachment A hereto who present proposals for refunding bonds, shall be the underwriters for the issuance of the Bonds in one or more series or subseries, as determined in the manner described in Clause 6 below (the “Underwriters”);

2. That the forms of the Supplemental Indenture, the Bonds, the Purchase Contract, the Bond Refunding Agreement, and official statement described in the third “Whereas” clause of this Resolution are approved in connection with the issuance, sale and delivery of the Bonds;

3. That the Underwriters are authorized to distribute one or more official statements relating to the sale of the Bonds (the “Official Statement”) to prospective purchasers of the Bonds;

4. That the Bonds shall be issued in book entry form pursuant to the Supplemental Indenture and sold to the Underwriters pursuant to the Purchase Contract, all upon the terms and conditions specified therein;

5. That, until November 15, 2005, either the Chairman or Vice Chairman and the Chairman of the Finance Committee are jointly delegated the authority and directed to determine (a) the date when the

Refunded Bonds are to be called for redemption as set forth in the Refunding Agreement, and (b) after the Bonds have been priced in the market:

- i. the exact principal amount of the Bonds,
- ii. the interest rate or rates,
- iii. the maturity or maturities of the Bonds including the amount and date of any mandatory sinking fund redemption for a maturity,
- iv. the provisions for redemption of the Bonds prior to maturity, which may include a “no call” provision,
- v. the amount and extent of any bond insurance, and the provider thereof,
- vi. the amount and provider of any Debt Service Reserve Fund surety bond,
- vii. The investment of the defeasance escrow under the Refunding Agreement, and
- viii. the amount of the purchase price and the date of delivery of the Bonds under the Purchase Contract, which may be delayed for up to 30 months;

in a manner to achieve the most favorable net effective interest rate on the Authority’s long-term debt incurred in combination with the issuance of the Bonds; provided that the maximum term of the Bonds shall not exceed 31 years and the Bonds shall not be subject to redemption at a redemption premium exceeding 3 percent of the principal amount thereof, the Underwriter’s discount relating to the Bonds shall not exceed 1 percent of the principal amount thereof, the true interest cost of the Bonds shall not exceed 7 percent, the Bonds shall be offered to the public at a price of not more than 110 percent of the principal amount thereof plus accrued interest, and the issuance of any Bonds

shall be consistent with the criteria for issuing refunding bonds for these purposes as described in the report of the financial advisors' dated February 16, 2005, the text of which is incorporated into this Resolution as an attachment;

6. That one or more Underwriters, with or without co-managers, for each series of the Bonds shall be determined by an Evaluation Committee comprised of the Chairman or the Vice Chairman and the Chairman of the Finance Committee, the President and Chief Executive Officer, the Vice President and General Counsel, and the Vice President for Finance and Chief Financial Officer, based on such Committee's evaluation of the Underwriters' proposals and selection of the proposal or proposals deemed to meet the criteria set forth in Clause 5 hereof and to be in the best interests of the Authority, which determination shall be certified in writing to the Authority by the Chairman or the Vice Chairman and the Chairman of the Finance Committee;

7. That the payment or redemption of the Refunded Bonds with proceeds of the Bonds together with other funds, is authorized and directed in the manner and the amounts set forth in the Refunding Agreement;

8. That the Chairman or the Vice Chairman is authorized and directed to execute one or more Supplemental Indentures, Purchase Contracts, Official Statements, and the Refunding Agreements, 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;

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

