BOARD OF DIRECTORS ANNUAL MEETING

Minutes of September 3, 2008

The twenty-second Annual Meeting of the Metropolitan Washington Airports Authority was held in the Board Conference Room at 1 Aviation Circle, and was called to order by the Chairman at 9:45 a.m. Eleven Directors were present during the meeting:

H.R. Crawford, Chairman
James L. Banks
Robert Clarke Brown
William W. Cobey Jr.
Mamadi Diané
Michael David Epstein
Weldon H. Latham
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

I. ELECTION OF CHAIRMAN, VICE CHAIRMAN AND SECRETARY

Mr. Manning nominated the three incumbents – H.R. Crawford, Chairman; Charles Snelling, Vice Chairman; and Quince T. Brinkley, Jr., Secretary. Mr. Latham seconded the nominations. The three nominees were unanimously elected.

With the completion of a full year under the present leadership, Mr. Latham reported that he had heard many favorable comments about the Airports Authority's aggressive outreach in the community. Amongst those who had commented included elected officials who believed that the aggressive outreach had not previously existed, to which Mr. Latham publicly acknowledged the good leadership of both the Chairman and the Vice Chairman. The Chairman said that his first year as an officer had been quite an experience and that he looked forward to his second year, with the possibility of passing the gavel to Mr. Snelling very soon. The Chairman commended the staff for some of its innovative efforts undertaken, particularly in assisting the youth and young adults who will pursue a career with the Airports Authority at the recent job fair held in the District of Columbia. He noted that a similar job fair would be held again in four months.

II. MINUTES OF THE JUNE 4 BOARD MEETING AND JULY 23 SPECIAL BOARD MEETING

The Chairman called for approval of the minutes of the June 4 Board and July 23 Special Board Meetings, which were unanimously adopted.

III. COMMITTEE REPORTS

a. Audit Committee

Mr. O'Reilly reported that the Audit Committee met on June 18, 2008 and discussed PricewaterhouseCoopers' Management Letter and management responses. The Committee also received a presentation from Clifton Gunderson on the audits of the Airports Authority's retirement plans for regular employees, police and firefighters. The auditors stated that actual procedures and scope were substantially consistent with planned audit procedures and that their reports were unqualified. Three recommendations to enhance internal controls over employee transactions and financial reporting were provided. In addition, the Committee considered recommendations which could improve financial results for a concessionaire located at Dulles International Airport.

b. Business Administration Committee

Mr. Manning reported that the Business Administration Committee met on June 18 and August 20, 2008. At its June 18 meeting, the Committee reviewed the May 2008 contracting report; the Wrap-Up Program insurance renewals; and the Airport advertising opportunities. The Committee received a presentation on the new charging stations to be installed at both Airports, which would generate approximately $1 million in additional revenue.

At its August 20 meeting, the Committee reviewed the June and July contracting reports; the pre-solicitation terms to provide aircraft deicing fluid at both Airports; and the pre-solicitation terms to provide elevator, escalator and moving walkway maintenance services.

Mr. Manning noted that the summary minutes of both meetings were located under Tab B-2.

c. Executive Committee

The Chairman reported that the Executive Committee met earlier that day and had given high priority to the Board's Travel Expense Guidelines. He reported he had tasked Mr. Snelling to draft a preamble to the guidelines and requested Directors submit their comments or concerns to Mr. Snelling. The Chairman reported that a draft of the guidelines would be distributed to all Directors in the near future. He believed that Directors' travel is one factor that contributes in their decision-making which makes our Airports world-class. The Chairman hoped Directors would attend the upcoming Airports Council International (ACI) Conference in Boston and the American Association of Airport Executives Conference in Athens, and that Directors should attempt to realize the best costs when traveling. The Chairman affirmed that the Guidelines were being given high priority, and noted that the Executive Committee's intent was to provide additional information in October.

The Chairman reported that the Committee also discussed seeking an independent person to help conduct a Board retreat and to engage a firm that specializes in dealing with corporate Boards. He noted that Phil Sunderland had recommended the idea some time ago. The Chairman believed that the Board should consider it, particularly since most new Directors experience a "learning curve" due to their lack of knowledge regarding the Airports Authority and its business. He indicated that dates will be developed and presented to the Board, along with a possible recommendation to retain a private firm to assist with structuring operations more effectively, and to help the Board improve its rapport with staff and fellow colleagues. He stated that the Executive Committee was looking forward to the retreat and would announce additional information at a future date. Mr. Speck inquired about tentative dates. The Chairman responded that since several new Directors may be possibly joining the Board, he believed it wise to wait and hear from the appointing authorities. He stated that it would most likely be late this year, or early next year before the retreat is scheduled. He noted that when most Directors joined the Airports Authority Board, they have little indoctrination about how independent Boards work. He asked Mr. Speck if he had concerns. Mr. Speck responded that he had no concerns, other than as the Chairman had mentioned, that the retreat should be held in the first quarter of 2009 to assist new Directors. The Chairman said that possible retreat venues included the National Harbor in Maryland, as well as others in Virginia and in the District of Columbia.

The Chairman reported that the Executive Committee also discussed the possible retention of an independent law firm to provide an analysis of the Toll Road. The Committee also discussed, at great length, retaining an outside expert and the possibility of creating a Vice President role for the Operation and

Monitoring of the Toll Road. The Chairman noted that the Airports Authority did not have an independent analysis of where it was going or how it should operate the Toll Road. Mr. Snelling reported that he would like the process to begin soon and inquired about the approach that would be used. The Chairman responded that one or two Virginia firms should be considered; the Executive Committee would meet; and present its recommendation at a special Board meeting. Mr. Snelling presumed that Mr. Latham would lead the effort as Chairman of the Legal Committee, and the Chairman agreed. Mr. Latham would provide a recommendation to the Executive Committee.

d. Finance Committee

Mr. Brown reported that the Finance Committee met on June 18, July 23 and August 20. Additionally, the Committee held a special meeting before the day's Annual Board meeting. At each of the meetings the airports' financial advisors updated the Committee on various current activities. The Committee also received an Investment Committee Report at its August 20 meeting.

Mr. Brown noted that at the Committee's earlier meeting, the airports' financial advisors reported on activities concerning the Series 2008B Bonds, which resulted in extensive discussion. He reported that he would offer a proposed resolution for a $175 million financing, which would be led by Siebert Brandford Shank as senior underwriter, and Morgan Stanley as the co-senior underwriters. Additionally, LBBW would serve as the liquidity bank if variable rate bonds were issued.

Mr. Brown reported that the second Finance Committee meeting, which followed the day's Audit Committee, would include a due diligence session. He explained that the due diligence sessions were historically held in connection with the Airports Authority's financings. While Mr. Brown encouraged all interested Directors to participate, he noted that specific Directors, including the Chairman, the Vice Chairman and the Chairman of the Finance Committee, would be required to either participate in the due diligence session, or to schedule other times to meet with lawyers to discuss the financing.

Mr. Brown reported that the Committee procedurally reviewed the Airport Consultant Report, which is a part of the Airports Authority's disclosure. Because of fundamental changes occurring in the airline industry, management recommended substantial changes to the Airports Authority Capital Construction Program (CCP) budget. The Committee believed it would be beneficial to dedicate more time to reviewing the Airport Consultant's Report, and should be a part of the scheduled due diligence session. Mr. Brown noted that the airport consultants would be present at the meeting to answer any questions. He believed it would be useful to those interested in learning more about the industry and the implications on how it would impact the Airports Authority.

Lastly, Mr. Brown reported that the Committee heard reports from the financial advisors on the Dulles rail project at its June, July and August meetings. He noted that the Committee has begun to receive early glimpses of the CCP reworking, which the Committee would continue to review with increasing levels of intensity and details as the budget process approaches.

e. Planning and Construction Committee

Mr. Epstein reported that the Planning and Construction Committee met on June 18, 2008. The Committee discussed the May 2008 CCP cost report; task planning services at both Airports; and the environmental assessment process.

Mr. Epstein also reported that the Committee approved the award of a contract to Crawford, Murphy & Tilly, Inc. to provide architectural and engineering services to design the Runway Overlays: 1-19, 15-33, 4-22 and Taxiway Rehabilitation at Reagan National over a three-year period.

He noted that summary minutes were located under Tab B-2.

Mr. Epstein reported that major reviews on the CCP budget would occur soon and that the Planning and Construction Committee would be involved in that process.

The Chairman noted that Crawford Edgewood Managers was not affiliated with the selected firm.

f. Strategic Development Committee

Mr. Cobey reported that the Strategic Development Committee had met on August 20, 2008. Mr. Bennett presented a detailed update on the airline industry.

He noted a correction to the summary minutes, located under Tab B-2. In paragraph 5, a reference made to Ted operating A380s was incorrect; Ted operated A320s.

IV. INFORMATION ITEMS

a. President's Report

Dulles Metrorail Update. Mr. Bennett reported that a copy of the Federal Transit Administration's (FTA's) Letter of No Prejudice was provided to all Directors. He noted that it was significant communication from the FTA which would allow the Airports Authority to begin preliminary mobilization work on the rail project and to maintain its schedule as the project moves forward in anticipation to start a full construction effort in spring 2009. Additionally, staff met with FTA officials and reviewed all aspects of the project to prepare for the formal submission of the full funding grant agreement application.

Construction Update at Reagan National. The scaffolding and temporary blue plywood walls no longer exist in front of the Historic Terminal. Mr. Bennett reported that the facade was restored and that the Historic Terminal was returning to the building's original grandeur when it opened in 1941. He encouraged all Directors to see the Historic Terminal.

The new state-of-the art fire station would open near the end of September. Mr. Bennett noted that the new fire station could be compared to any of those in the region in quality and technology.

Mr. Bennett stated that the construction of the new consolidated communications and emergency operations center would be completed and operational by the end of the year. Staff was presently being trained on the new equipment and learning about the facility's technology.

Airline Industry Update. Mr. Bennett reported that Southwest Airlines recently announced that it would eliminate 200 daily departures. Dulles' Southwest flights would not be impacted.

The airlines' efforts to unbundle their products and force passengers to pay for everything has halted. Mr. Bennett reported that United Airlines previously proposed that it would eliminate hot meals from its international flights in the economy class, but had reversed its decision based on the reaction from its customers.

The Airports Authority received notification that LAN Peru S.A. would apply to the Department of Transportation for route authority between Dulles International and Peru later this year. Mr. Bennett congratulated Mark Treadaway and Don Fields for their efforts in attracting new service in such a turbulent environment.

Airports Authority Recognition. Mr. Bennett noted that several Directors had reported that they would attend the upcoming ACI Conference. He reported that the Airports Authority recently received four awards at ACI's 2008 Excellence in Marketing and Communications Contest – first place in the internal newsletter and e-mail category for its On Good Authority publication; first place for the press kit provided for the August 18 Dulles Media Day; first place in the category of partnering with the airlines in relation to work performed for Honor flights for the World War II veterans; and third place for special events in connection with the Dulles plane pull event. Mr. Bennett noted that the Dulles plane pull would be held on Saturday, September 6, and he encouraged all to attend. He congratulated the Office of Communications staff.

Mr. Bennett also reported that representatives of the Pentagon Memorial Fund presented a recognition award to the Airports Authority for its first responders who helped with the September 11, 2001 events. Additionally, on Sunday, September 7, the Discovery Channel would televise a documentary film entitled Attack on the Pentagon. Several members of the Airports Authority fire and rescue staff were interviewed for the filming of the documentary.

The Chairman inquired why an Airports Authority fire and rescue vehicle was on display in the District of Columbia. Mr. Bennett responded that the Federal Aviation Administration was celebrating its 50th anniversary and requested that it borrow the Airports Authority newest state-of-the-art vehicle as part of its celebration event at its headquarters. The Chairman commented that the vehicle was very impressive.

Mr. Snelling referenced a recent article included in the Airports Authority daily news clips, which he believed was inaccurate. The article stated that the Airports Authority would spend approximately $15 million on the Dulles Rail project, for which it would not be reimbursed if the project did not gain FTA approval. Mr. Snelling asked for clarification of the article. Lynn Hampton responded that all the expenses paid thus far to transfer the Toll Road, up until the transfer, are paid by Virginia. Mr. Snelling reported that he believed information included in the article was incorrect as it stated that the funds would not be reimbursed if the road was not transferred. Mr. Brown believed the article stated that the FTA would not reimburse the Airports Authority if it did not receive final approval. Mr. Bennett affirmed that FTA would not reimburse the Airports Authority but that Virginia would provide the reimbursement. Mr. Snelling stated that he did not want the airlines and passengers to believe the Airports Authority was encumbering airline and passenger money. He inquired whether others found the article misleading and suggested that the Airports Authority contact the publication to correct it, if necessary. Mr. Bennett reported that staff would follow up on the issue.

Mr. Epstein reported that he recently experienced US Airways' lack of skycaps. He talked with the disgruntled service attendants who complained that despite their increased hourly wages, their total income had decreased significantly. Mr. Epstein believed it reflected negatively on the Airport and noted that other passengers were also annoyed when they arrived and were responsible for handling their own baggage. He also believed it is important to convey to passengers that the Airports Authority was not responsible for the reduction; rather, it was a US Airways' decision. Mr. Epstein thought it may be beneficial to discourage the airline from using the reduced skycap policy. He noted that the US Airways Shuttle in New York had sufficient skycaps.

Mr. Manning inquired whether any information was available on the quality assurance program. Mr. Bennett responded that the program's survey results would be presented to the Strategic Development Committee at its November meeting.

Mr. Snelling expanded on Mr. Epstein's comments about the lack of skycaps and noted that it would be an appropriate issue for the new Customer Satisfaction Committee being considered. He believed that the Airports Authority should possibly make contractual arrangements with airlines to require them to offer services that it believed were necessary for passengers' convenience, or that it be permitted to offer certain services if the airlines did not. Mr. Bennett agreed and noted that further consideration would be given to the issue.

b. Executive Vice President's Report

Ms. McKeough reported that statistics for May, June and July 2008 were available since the last regular June 4, 2008 Board meeting. For convenience, only the July 2008 traffic statistics were included with the materials for the day's meeting, but Ms. McKeough noted that statistics from prior months would be provided to interested Directors. She reported on the April 2008 traffic statistics at the June meeting and noted that the U.S. aviation industry continued to experience a slight decline of approximately one percent. At that time, Reagan National experienced a decline of approximately 3 percent, and Dulles experienced a decline slightly more than 4 percent compared to April 2007.

Ms. McKeough reported that the downward trend continued throughout the U.S. aviation industry during the months May through July with a decline of approximately 3.5 percent. She noted that the summer travel at Reagan National and Dulles had been relatively good. During the summer, passenger activity tracked with the industry at Reagan National. At Dulles, the decline averaged 1 percent. Ms. McKeough noted that while domestic activity declined approximately 2 percent during the summer months, international traffic increased by almost 6 percent.

Ms. McKeough also reported that of the three summer months, July was the best for passenger activity. At Reagan National, the passenger activity decline by an average of 2 percent, compared to the same time frame the previous year. At Dulles, July passenger traffic remained constant with July 2007 results.

The U.S. aviation industry experienced a year-to-date decline of 2 percent in passenger activity. Ms. McKeough reported that seven months into the operating year, both Reagan National and Dulles experienced declines, 3.4 percent and 2.5 percent, respectively. She reiterated that international traffic at Dulles continued to increase.

Cargo activity at Dulles began to decrease approximately 10 percent during the last three months. As discussed recently with the Strategic Development Committee, Ms. McKeough reported that the decline likely resulted from the softening economic conditions. She noted that the decline was across the board and impacted the integrators, such as FedEx and UPS, as well as the international activity at Dulles, which was strong during earlier months in 2008.

Mr. Snelling stated that Reagan National was generally viewed as a capacity-limited Airport while Dulles was a demand-limited Airport. He, therefore, inquired why passenger traffic at Reagan National was declining. Ms. McKeough responded that some of the carriers reduced the size of its aircraft, which resulted in less available seats. Mr. Snelling affirmed that the amount of slots remained unchanged but that the decreased passenger traffic activity resulted from downsized aircraft.

The Chairman moved that all reports be accepted. The reports were unanimously accepted.

V. NEW BUSINESS

a. <u>Recommendation to Approve the Series 2008B Airport System Revenue Bonds</u>

Mr. Brown reported that the Finance Committee met earlier that day and considered a revised resolution. He referred to the proposed resolution included in the materials for the day's meeting and noted that paragraph 5 on page 4 would be revised to provide for delegation authorization until December 31, 2008 (instead of October 1, 2008).

Mr. Brown asked Jack Gardner, a representative of the Airports Authority's bond counsel, to elaborate on additional revisions. Mr. Gardner reported that the authorization date in paragraph 4 would be revised to provide for delegation authorization until December 31, 2008 (instead of October 1, 2008). The other revision, included in paragraph 4, referred to "Authority Representatives" defined to include the Chairman, or Vice Chairman, and the Chairman of the Finance Committee. Mr. Gardner reported that the language be revised to provide for the Chairman of the Finance Committee to act with the consent and advice of the Finance Committee. Mr. Brown clarified that this action would be performed only when necessary because of scheduling issues and that the revision should be in addition to the Authority representatives listed. Mr. Gardner reported that the resolution authorized up to $175 million of fixed or variable rate revenue bonds. He noted that a liquidity facility of LBBW was approved, as well as bond purchase agreements, supplemental indentures and remarketing agreements. It also addressed existing swaps with Wachovia Bank, N.A. and Bank of Montreal, which may be terminated, extended or otherwise modified. A new swap with Bank of America was also authorized.

Mr. Brown reiterated that paragraph 5 of the resolution addressed the existing swaps, as Mr. Gardner had reported.

He then moved the adoption of the following resolution, which was unanimously adopted by all eleven Directors present:

> WHEREAS, the Board of Directors of the Metropolitan Washington Airports Authority ("Authority") desires to authorize the issuance of Airport System Revenue Bonds, Series 2008B, which may be issued in one or more series or subseries, (collectively, "Series 2008B Bonds") in an aggregate amount not to exceed $175,000,000 to finance certain capital improvements ("Projects") at Ronald Reagan Washington, National Airport and Washington Dulles International Airport (collectively, the "Airports");
>
> WHEREAS, the Board of Directors desires to set forth guidelines for determining the interest rate or rates, maturities and other terms of the Series 2008B Bonds;
>
> WHEREAS, a public hearing has been held relating to the Projects to the extent required by Section 147 of the Internal Revenue Code of 1986, as amended (the "Code");
>
> WHEREAS, the Governor of Virginia and the Mayor of the District of Columbia have approved the issuance of the Series 2008B Bonds, to the extent that these bonds are subject to Section 147 of the Code;

WHEREAS, to provide a hedge against rising interest rates, the Authority has executed forward starting interest rate swap agreements with Wachovia Bank, N.A. (the "Wachovia Swap") and Bank of Montreal (the "BMO Swap") with an effective date of October 1, 2008 (collectively, the "Swaps") and a forward starting interest rate swap agreement with Bank of America (the "BoA Swap") with an effective date of October 1, 2009, in connection with future bonds that were expected to be issued as variable rate obligations;

WHEREAS, the determination to issue all or a portion of the Series 2008B Bonds as fixed interest rate or variable interest rate obligations and to proceed with or terminate, transfer or revise the Swaps or to enter into a new swap (the "New Swap") with Bank of America will be based on market conditions proximate to the sale date of the Series 2008B Bonds and an assessment of the Authority's exposure to interest rate, market and credit risks, and designed to achieve the most favorable result to the Authority;

WHEREAS, copies of the following documents relating to each of the Swaps and the BoA Swap have been filed previously in the records of the Authority:

(a) an ISDA Master Agreement in the form executed by the Authority (the "Master Agreement");

(b) a Schedule attached to the Master Agreement (the "Schedule"); and

(c) a Confirmation (the "Confirmation");

WHEREAS, liquidity support for payment of the Series 2008B Bonds if issued as variable interest rate obligations may be provided initially by Landesbank Baden-Württemburg (the "Bank");

WHEREAS, there has been presented to the Board of Directors the form of the following documents that the Authority proposes to execute in connection with the issuance of the Series 2008B Bonds, copies of which documents have been filed in the records of the Authority:

(a) a Supplemental Indenture of Trust (the "Series 2008B VRDO Supplemental Indenture"), between the Authority and the Trustee, relating to the issuance of the Series 2008B Bonds as variable interest rate obligations, which supplements the Master Indenture;

(b) a Supplemental Indenture of Trust (the "Series 2008B Fixed Rate Supplemental Indenture" and together with the Series 2008B VRDO Supplemental Indenture, the "Series 2008B Supplemental Indentures"), between the Authority and the Trustee, relating to the issuance of the

Series 2008B Bonds as fixed interest rate obligations, which supplements the Master Indenture;

(c) the form of the Series 2008B Bonds, attached as Exhibit A to each of the Series 2008B Supplemental Indentures;

(d) the Bond Purchase Agreement relating to the Series 2008B Bonds (the "Purchase Contract") between the Authority and Siebert Brandford Shank & Co., LLC, on behalf of itself and the other underwriter listed therein (collectively, the "Underwriters");

(e) the Official Statement relating to the public offering of the Series 2008B Bonds (the "Official Statement");

(f) the Standby Bond Purchase Agreement, dated as of September 1, 2008, between the Authority and the Bank (the "Standby Agreement");

(g) the Remarketing Agreement dated as of September 1, 2008 (the "Morgan Stanley Remarketing Agreement") between the Authority and Morgan Stanley & Co. Incorporated, as remarketing agent for all or a portion of the Series 2008B Bonds;

(h) the Remarketing Agreement dated as of September 1, 2008 (the "Morgan Keegan Remarketing Agreement" and together with the Morgan Stanley Remarketing Agreement, the "Remarketing Agreements") between the Authority and Morgan Keegan & Company, Inc., as remarketing agent for all or a portion of the Series 2008B Bonds; and

(i) a Confirmation relating to the New Swap (the "BoA Confirmation");

NOW, THEREFORE, IT IS RESOLVED

1. That the Series 2008B Bonds may be issued in one or more series or subseries, all or a portion of which may be issued as variable interest rate or fixed rate bonds, or a combination thereof;

2. That the Underwriters are authorized to distribute the Official Statement to prospective purchasers of the Series 2008B Bonds;

3. That the Series 2008B Bonds shall be issued in book entry form pursuant to the Master Indenture and the Series 2008B Supplemental Indentures and sold to the Underwriters pursuant to the Purchase Contract, all upon the terms and conditions specified therein;

4. That the Chairman, or Vice Chairman, and the Chairman of the Finance Committee (and if timing and schedule permit, with the advice and consent of the

Finance Committee) (the "Authority Representatives") are authorized until December 31, 2008, and directed to jointly determine, after the Series 2008B Bonds have been priced in the market, the following:

(a) the exact principal amount, series, and subseries designation of the Series 2008B Bonds, provided that the combined aggregate principal amount of the Series 2008B Bonds shall not exceed $175,000,000;

(b) the initial interest rate of each series or subseries of the Series 2008B Bonds which may be fixed or variable;

(c) the maturity or maturities of each series or subseries of the Series 2008B Bonds, including the amount and date of any mandatory sinking fund redemption for a maturity;

(d) the provisions for tender, purchase and redemption of the Series 2008B Bonds prior to maturity;

(e) the amount and extent of any liquidity facility for the Series 2008B Bonds;

(f) the amount of the debt service reserve requirement, if any, and provider of any Debt Service Reserve Fund surety bond; and

(g) the amount of the purchase price for each series or subseries of Series 2008B Bonds;

all in a manner to achieve the most favorable net effective interest rate while balancing the Authority's exposure to interest rate, market and credit risks on the Authority's entire long-term debt, including the Series 2008B Bonds; provided, that the determinations made pursuant to this paragraph shall comply with the following requirements: (i) the maximum term of the Series 2008B Bonds shall not exceed 31 years; (ii) the Series 2008B Bonds shall be subject to redemption at a redemption premium not to exceed three percent (3%) of the principal amount thereof; (iii) the underwriter's discount relating to the Series 2008B Bonds shall not exceed one percent (1%) of the principal amount thereof; (iv) the true interest cost of the Series 2008B Bonds shall not exceed seven percent (7%) per annum; (v) the Series 2008B Bonds shall be offered to the public at a price of not less than 95 percent (95%) and not more than 110 percent (110%) of the principal amount thereof, plus accrued interest: and (vi) the maximum interest rate on any Series 2008B Bond bearing interest at a variable interest rate shall not exceed twelve percent (12%) per annum or such higher rate provided in the Standby Agreement;

5. That the Authority Representatives are hereby appointed as joint representatives of the Authority with respect to the termination, transfer or

revision of the Swaps and the execution of the New Swap and are authorized, until December 31, 2008 to determine whether:

(a) to allow either or both of the Swaps to become effective on October 1, 2008;

(b) to terminate either or both of the Swaps and to enter into the New Swap if the BMO Swap is terminated;

(c) to defer either or both of the Swaps by extending their effective date and by approving the final revised terms and conditions of the applicable Master Agreement, Schedule and Confirmation, including, but not limited to, the notional principal amount, amortization schedule, nominal effective date, final maturity date, pricing and the designation of the series of Bonds to which the revised Swaps relates; or

(d) to terminate the insurance provided by Ambac Assurance Corporation with respect to any of the Swaps and to obtain insurance relating to the New Swap;

provided, that, in determining whether to allow the Swaps to become effective or to terminate them, the Authority Representatives shall seek to balance the Authority's exposure to interest rate, market and credit risks to achieve the most favorable results to the Authority; and provided further, that the Authority Representatives may approve the deferral of any Swap or entering into the New Swap only if (i) the revised Swap or the New Swap complies with the derivatives policy approved by the Authority on November 5, 2003, (ii) the fixed swap interest rate related to the notional principal amount in the revised Swap or the New Swap does not exceed 7 percent per annum, (iii) the maximum term of the revised Swap or the New Swap does not exceed 35 years from its effective date, and (iv) the floating interest rate in the revised Swap or the New Swap is based on an index estimated to correspond to the expected interest rate of the underlying series of Bonds;

6. That the Authority Representatives are authorized and directed to execute any amendments, supplements or other documents, including revisions to each Master Agreement, Schedule and Confirmation, necessary or desirable to implement the decisions the Authority Representatives make pursuant to paragraph 5 of this Resolution and to incorporate the terms and conditions they approve in connection with those decisions; provided that any such revised Master Agreement, Schedule or Confirmation executed by the Authority Representatives shall be in substantially the same form as the previously filed document, but with such changes, insertions, completions, and omissions that are necessary or desirable to incorporate the terms and conditions approved by the Authority Representatives pursuant to paragraph 5 and this paragraph of this Resolution;

7. That any revised Master Agreement, Schedule and Confirmation relating to the revised Swaps, and any other document that implements the decisions made by the Authority Representatives pursuant to paragraph 5 of this Resolution and incorporates the terms and conditions they approve in connection with those decisions, are hereby approved, and the provisions of any such revised Master Agreement, Schedule, Confirmation and other document are hereby incorporated in this Resolution:

8. That the Chairman or the Vice Chairman is authorized and directed to execute, by manual or facsimile signature, the Series 2008B Supplemental Indentures, the Purchase Contract, the Series 2008B Bonds, the Remarketing Agreements, the BoA Confirmation, the Standby Agreement, and the Official Statement, in substantially the forms submitted to the Board of Directors, all of which forms are hereby approved, with such changes, insertions, completions and omissions as are necessary to reflect the bond principal amounts, the series or subseries designations of the Series 2008B Bonds, the variable or fixed interest rate, and other terms of the Series 2008B Bonds, the New Swap, and the Standby Agreement determined pursuant to paragraph 4 of this Resolution, and the execution of these documents by the Chairman or Vice Chairman shall constitute conclusive evidence of their approval by the Board of Directors;

9. That the Secretary is authorized and directed to affix the Seal of the Authority or a facsimile thereof on the Series 2008B Supplemental Indentures, the Purchase Contract, the Series 2008B Bonds, the Remarketing Agreements, the BoA Confirmation, the Standby Agreement, and the Official Statement, after their execution by the Chairman or Vice Chairman, to attest the same, by a manual or facsimile signature, and to deliver the Series 2008B Bonds to the Trustee for authentication upon the terms provided in the Master Indenture and the Series 2008B Supplemental Indentures;

10. That the Chairman, the Vice Chairman, the President and Chief Executive Officer, and the Vice President for Finance and Chief Financial Officer are each authorized with respect to the Series 2008B Bonds to execute a tax certificate on behalf of the Authority in implementation of the covenants and agreements set forth in the Series 2008B Supplemental Indentures and to make any election permitted by the Code that is determined by such officer to be to the advantage of the Authority; and the representations, agreements and elections set forth in the tax certificate shall be deemed to be the representations, agreements and elections of the Authority, as if the same were set forth in the Series 2008B Supplemental Indentures;

11. That the President and Chief Executive Officer and the Vice President for Finance and Chief Financial Officer are each authorized to execute, deliver and file all other certificates and instruments related to the issuance and sale of the Series 2008B Bonds, including Internal Revenue Service Form 8038, any