



## BOARD OF DIRECTORS MEETING

Minutes of April 1, 2009

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. The following Directors were present during the meeting:

H.R. Crawford, Chairman  
James L. Banks, Jr.  
Robert Clarke Brown  
William W. Cobey Jr.  
Anne Crossman  
Michael David Epstein

Jack A. Garson  
Leonard Manning  
Michael L. O'Reilly  
Mame Reiley  
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. MINUTES OF THE MARCH 4, 2009 BOARD MEETING

The Chairman called for approval of the minutes of the March 4, 2009 meeting, which were unanimously adopted.

### II. COMMITTEE REPORTS

#### a. Business Administration Committee

Mr. Manning chaired the Business Administration Committee meeting on March 18, 2009.

Monthly Contracting Report. Steve Baker reported on the monthly contracting report for February 2009. The total non-federally assisted contracts, including all contracts awarded or modified, totaled \$80.2 million. LDBE participation through February totaled 14.6 percent. There were no significant construction projects awarded in February.

Proposed Amendment to Metropolitan Washington Airports Regulations on Taxicab Dispatch Fee at Ronald Reagan National Airport. A report from Paul Malandrino recommended that the dispatch fee for taxicab drivers operating at Reagan National be increased from \$1.75 to \$2.50. He noted that this fee was last increased in July 1999. The Committee recommended the fee increase, and will be a part of today's new business.

Mr. Speck made a correction to the Business Administration Committee's summary minutes regarding Mr. Bennett's comment on brochures identifying passenger rights being distributed to customers at the Airports. Mr. Speck clarified that Mr. Bennett's statement was about information being given to Airport customers. He inquired as to what additional information could be included in the materials being disseminated.

b. Finance Committee

Mr. Brown chaired the Finance Committee meeting on March 18, 2009.

Aviation Enterprise

The aviation financial advisors provided an update on the Series 2009B Bonds. The financing team was led by Siebert Brandford Shank & Co., LLC and Morgan Stanley as the book-running senior managers. The total size of the bonds issued was \$400 million, including \$235 million in fixed rate debt, with \$90 million sold through retailing. The latest issue marked the largest amount of Airports Authority's bonds sold through retailing. The variable rate portion totaling \$165 million was priced by Siebert Brandford Shank & Co., LLC and going forward, will be remarketed by Morgan Stanley. This is the third largest bond deal in the Airports Authority's history.

Mr. Brown reported that staff and the financial advisors recommended changes to the remarketing agents for the variable rate bonds. He noted that Wachovia Bank, N.A. (Wachovia) would replace Goldman, Sachs & Co. as remarketing agent for the Series 2003D-1 variable rate bonds. Morgan Keegan & Company, Inc. would replace Morgan Stanley & Co. Incorporated as remarketing agent for the Series 2003D-2 variable rate bonds. These bonds total approximately \$70 million each and are amortizing. Today, Mr. Brown would offer a resolution to authorize the change in the new remarketing agents for Board approval.

The slowing of aviation activity experienced in 2008 continued into February 2009. With two months through the year, revenues and expenses were both below budget at 15.3 percent and 14.2 percent, respectively.

Staff discussed the impact of passenger activity on revenues, noting that airlines pay cost plus debt service coverage, and that the majority of non-revenues are activity based concessions, with a minimum annual guarantee that cushions the Airports Authority during economic downturns.

#### Dulles Corridor Enterprise

In February, Standard & Poor's provided written confirmation that the proposed Dulles Corridor Enterprise bond issuance would be rated investment grade. The rating supported the Federal Transit Administration (FTA) process for awarding the Full Funding Grant Agreement (FFGA) on March 10.

Significant progress continued on the proposed draft Master Indenture of Trust (Indenture) for the Dulles Toll Road financing. All members of the Finance Committee received a summary of the proposed draft Indenture.

On March 31, the Committee held the first of several workshops to inform Directors of updates to the financing program. Mr. Brown believed the workshop to have been successful.

Mr. Brown noted that the proposed draft Dulles Toll Road Indenture is a new indenture for the Airports Authority and will serve as the framework for all future Toll Road financing. Security for bonds issued under this Indenture will be Toll Road revenues, with a multiple lien structure, which differs from how the aviation enterprise is structured. With respect to maintaining tolls, there will be provisions regarding the Airports Authority's obligations.

As a result of the Request for Proposals for Co-Managers for the Dulles Corridor Enterprise, 30 submissions were received on Tuesday, March 10, 2009. On behalf of the Finance Committee, the financial advisors and staff were currently evaluating the proposals; a recommendation will be presented to the Committee and Board.

#### c. Dulles Corridor Committee

Ms. Reiley chaired the Dulles Corridor Committee meeting on March 18, 2009.

Pat Nowakowski presented a budget update and overview of Phases 1 and 2 for the Dulles Corridor Metrorail Project. For Phase 1, utility work will continue through the year. The final design is currently 60 percent complete and is expected to be finished by 2010. He noted that passenger service would begin in November 2013. An overview of the three design methods (Design Build, Design Bid Build, or a hybrid of the two) will be presented to the Committee later that day, prior to receiving the staff's final recommendation.

George Morschauer, Executive Project Director for Dulles Transit Partners (DTP), reported on major utility relocation activities, the relocation schedule and project status, and safety performance completed to date. Both reports were favorable.

DTP held a community outreach event to provide large and small businesses with information on opportunities involving the Metrorail Project. Due to the Board's continued concern regarding District-based businesses' participation in contracts, Ms. Reiley urged DTP to ensure its outreach included businesses residing in the District.

d. Public Safety Committee

Mr. Banks chaired the Public Safety Committee meeting on March 18, 2009.

Update of the New Trespass Regulation. In regular session, Elmer Tippet and Police Chief Holl reported on the Airports Authority's trespassing regulation, which provides officers the authority to bar individuals displaying unacceptable behavior or performing illegal activity on the Airports' premises. Violators may be charged with and convicted of criminal trespass, which provides the Airports Authority Police Department a way to maintain orderly function at the Airports.

Information Paper Controlling Behavior at the Airports. In response to a female custodian being assaulted in a restroom at Reagan National, new security cameras were installed in the restroom's entrance and a sign calling attention to the video surveillance is on display. The Police Department offers a safety awareness seminar for custodial workers.

Phil Sunderland and Naomi Klaus reported that as a governmental agency and property owner, the Airports Authority has the necessary tools to control unwanted and undesirable behavior at the Airports.

Personnel Report. In executive session, staff provided the Committee an update on an incident involving the Airports Authority's police officers.

Information Paper on the Status of Security Consultant Services for a Security Improvements Analysis. In executive session, staff provided a status report on the Security Improvement Analysis at both Airports. The Airports Authority complies with or exceeds regulatory directives and guidelines for Airport security.

Once the Security Improvements Analysis is finalized, the Security Consultant will brief the Committee.

Mr. Snelling suggested the Airports Authority's Police Department view a video carried on YouTube in which a female passenger created a disturbance in an airport to devise means for handling similar security-related situations at both Airports.

e. Strategic Development Committee

Mr. Cobey chaired the Strategic Development Committee meeting on March 18, 2009.

In executive session, Mark Treadaway provided information on air service development and updates for January 10 through March 6, 2009. Mr. Treadaway reported that there would be no Federal Aviation Administration (FAA) reauthorization bill other than a six-month continuing resolution to carry the FAA through the fiscal year ending September 30, 2009.

Status Report on the Energy Conservation, Recycling, and Environmental Stewardship Program. In regular session, Steve Smith presented a report on the initiative to implement a Long-Term Plan for Energy Conservation and Recycling Programs. He discussed the establishment of a long-range plan and goals for energy conservation, energy efficiency, use of renewable resources, and recycling.

Organizational Structure Review. Directors agreed that a scope of the organizational structure review be completed. Staff will present a draft scope at the next Committee meeting. The Committee and other Directors highlighted that the organizational study should be a Board-driven process.

All Committee reports were accepted.

III. INFORMATION ITEMS

a. President's Report

Mr. Bennett reported that both the House and Senate approved the continuing FAA reauthorization bill, which marked the third extension in the past year. President Obama signed a continuing resolution carrying the FAA through September 30, 2009. Included in the September 30 extension is the Airports Authority's ability to implement additional or new Passenger Facility Charge programs and to obtain Airport Improvement Program grants. The "come-see-me" provision was also extended as part of the continuing resolution. Additionally, the House indicated its desire to proceed this summer with devising a permanent solution to the FAA reauthorization bill. At that time, the Airports

Authority will attempt to have the "come-see-me" provision permanently eliminated from the FAA bill.

Separately, as a part of the reauthorization, the Reagan National Airport slot and perimeter rule will become a main focus as airlines attempt to acquire additional "beyond perimeter" flying and influence a change to the slot rule. The airlines hope to recommend to Congress provisions to allow them to "slide" the unused early morning and late evening slot hours to the busiest times of the day. The Airports Authority contends that adjusting the slots would increase congestion at the Airport during peak periods, as well as increase pressure on its facilities. Mr. Bennett stated that he will keep the Board abreast on the status of the slot and perimeter rule.

With regards to the stimulus bill, the aviation industry is considering a solution to the temporary alternative minimum tax (AMT), which would be in effect for a couple of years. The industry has begun to recognize the benefits of the non-AMT provisions in the bill and is strategizing to make this a permanent solution for airport debt. The effort now is to seek out appropriate vehicles in which this can move through Congress, as well as find those lawmakers on Capitol Hill who support the industry's view.

The Airports Authority has been closely monitoring the FAA, FTA, and Transportation Security Administration (TSA) stimulus programs to determine whether the Airports Authority will be successful in obtaining funding available under the various packages. The FAA's program guidance is further along than others, and the Airports Authority may be eligible for stimulus money to fund its Runway 1C-19C Reconstruction Project at Dulles Airport. The maximum funding under the FAA package totals \$15 million per Airport, and the Dulles Runway Project can effectively compete for those funds. While guidance for the FTA stimulus program has not been finalized, Airports Authority staff has had constructive dialogue with the FTA regarding funding for the Dulles Metrorail Project. It appears that TSA is not targeting any Dulles programs for funding because the Airport received a previous grant for an in-line baggage system. The Airports Authority, however, is scheduled to receive a Letter of Intent from TSA to fund an in-line baggage system at Reagan National in fiscal year 2010.

The Automated People Mover System at Dulles is scheduled to become operational in the fourth quarter of this year. As a result of the Concourse B gate extension opening, significant airline adjustments have occurred. Several airlines have relocated to Concourse B and are building lounges on the mezzanine level.

Mr. Bennett reported that the FFGA was executed and full notice to proceed was issued to DTP to begin Phase 1 of the Dulles Metrorail Project. As a result of the

heavy construction projects, the Airports Authority is involved in a regional transportation planning effort coordinated by the Commonwealth of Virginia to manage transportation in Northern Virginia over the next several years. A future meeting will be scheduled with the Dulles Corridor Committee to provide an update on the Regional Transportation Operating Plan.

The FAA conducted its Annual Forecast Conference and anticipates an industry-wide decline of airport traffic by 8 percent in 2009. Significant to the Dulles development projects is the forecasted five-year impact on airline travel due to global economic conditions. The proposed 1 billion passenger enplanements expected in 2016 is forecasted now to occur in 2021.

Mr. Bennett ended his report with two airline service updates. United Airlines began servicing Moscow five days a week and will increase its daily service in the summer. On April 19, 2009, United will also begin daily service to Geneva.

b. Executive Vice President's Report

Ms. McKeough reported that the decline in passenger traffic activity during the month of February 2009 was minimally influenced by the 2008 leap year, as well as the lagging economy. The U.S. aviation industry experienced a 13 percent decline, with Reagan National and Dulles fairing better than the national trend.

Reagan National serviced 1.2 million passengers in February 2009, which was a 2.8 percent decline, compared to February 2008 results.

Dulles serviced 1.5 million passengers in February 2009, which declined 9 percent compared to February 2008 results. This decline resulted from domestic and international travel slowing. Year to date, Dulles is operating at a 2 percent decline from that of January and February 2008; however, this is much better than the national average of a 12 percent decline for the first two months of the year industry wide.

With respect to cargo activity, international and domestic freight are both down 28 percent.

IV. NEW BUSINESS

Chairman Crawford recognized and congratulated Directors and Mr. Bennett for their diligent work and accomplishments:

- Mr. Brown and the financial advisors were recognized for the successful outcome of the Airports Authority's recent bond transactions.
- Mr. Speck was recognized for earning a ranking among Barron's Top 1000 Financial Advisors nationwide, and being listed among the top five in Virginia.
- Mr. Bennett was thanked for meeting with regional business leaders to discuss the challenges and solutions to contracting with District of Columbia's firms and how to employ more DC residents.

The Chairman inquired about the next District of Columbia City Council meeting. Mr. Bennett informed the Board that a written response to Chairman Gray was being prepared detailing the efforts the Airports Authority is undertaking to reach out to the District's businesses and residents. The Chairman noted that the University of the District of Columbia has a successful engineering program, for which the Airports Authority leases space. This partnership should be included in the Council's response.

The following upcoming events were highlighted:

- April 20, 2009 Dinner for District of Columbia businesses
- April 26-28, 2009 ACI meeting in Chicago
- May 5, 2009 Completion of Board Office remodeling project
- May 19, 2009 Dinner for former Directors, Mamadi Diané and Weldon H. Latham

The Chairman also mentioned that several Directors' financial disclosures were still outstanding. He also reported that Arl Williams will provide a report on the student summer internship program.

Mr. O'Reilly will look into the Board's criteria in deciding when to meet in executive sessions and the manner in which to disclose them.

- a. Disadvantaged Business Enterprise Goal for Federally-Assisted Contracts

Mr. Manning moved the adoption of the following resolution, which after some Board discussion, was unanimously adopted:

WHEREAS, The Federal Aviation Administration, under the Airport and Airway Improvement Act, requires airport proprietors to develop and submit

annual goals for the participation of Disadvantaged Business Enterprises (DBEs) in federally-assisted contracts;

WHEREAS, The Business Administration Staff in January through March 2009 sought public comment on a proposed goal of at least 25 percent participation; and

WHEREAS, Public comment was supportive of the 25 percent goal;

NOW, THEREFORE, BE IT RESOLVED

1. That the 2009 goal for DBE participation in federally-assisted contracts shall be at least 25 percent of the total contracting dollars for each contract; and

2. That this resolution shall be effective upon its adoption.

The final resolution filed in the Board of Directors Office includes a copy of the staff recommendation paper.

b. Proposed Amendment to Metropolitan Washington Airports Regulations on Taxi Dispatch Fee at Reagan National

Mr. Manning moved the adoption of the following resolution, which was unanimously adopted:

WHEREAS, the Airports Authority has charged a fee to taxicabs dispatched through the Ronald Reagan Washington National Airport taxicab dispatch system have been charged a fee since 1987 when the Airports Authority took over operation of the airport and by the Federal Aviation Administration before that;

WHEREAS, the Airports Authority has not increased the taxicab dispatch fee since July 1, 1999;

WHEREAS, an increase is necessary to cover all costs of operating the system and to align with the rest of the airport Industry;

WHEREAS, the President and Chief Executive Officer proposed for comment in The Washington Post of February 13, 2009, amendments to Metropolitan Washington Airports Regulation 5.6 that would increase the taxicab dispatch fee at Reagan National Airport from \$1.75 to \$2.50 and that would delete outdated references to effective dates;

WHEREAS, a public hearing on the proposed amendments was held at Reagan National Airport on March 2, 2009;

WHEREAS, after consideration of the comments it has received, the Airports Authority has determined that certain amendments are necessary in the public interest to increase the taxicab dispatch fee;

**NOW, THEREFORE, BE IT RESOLVED**

That amendments to Section 5.6 of the Metropolitan Washington Airports Regulations are adopted with the full force and effect of law, effective July 1, 2009, to read as set forth below:

**§ 5.6. Operating Conditions for the Taxicab Dispatch System.**

In addition to the requirements of Section 5.4, no person shall operate a taxicab in National's taxicab dispatch system unless he is at that time in compliance with each of the following conditions:

- (1) The driver must have a current, valid Airport Taxi Operator's Permit issued to him by the Airport Manager. This Permit must be kept in the driver's possession at all times that he is operating a taxicab at the airport and prominently displayed according to the Airport Manager's directions while the taxicab is on the airport.
- (2) The driver must display in the taxicab in a place conspicuous to passengers his local license to operate a taxicab (the so-called "face card"), and a schedule of the rates issued by the Washington Metropolitan Area Transit Commission and the jurisdiction that has licensed or certificated his taxicab.
- (3) The driver must, upon the request of an Authority police officer, a taxicab dispatcher or the taxicab official, surrender for inspection the Permit required by paragraph (1) of this section. The driver must permit the Authority police, the taxicab dispatcher, and the taxicab official to inspect his taxicab to determine if he is displaying the license and rate schedule required by paragraph (2) of this section.
- (4) The driver must wear a shirt with a collar, long pants or a skirt, and shoes (not sandals) and socks or stockings.
- (5) The driver must operate a taxicab that is clean and maintained in good repair including, by way of illustration and not limitation, the tires,

headlights, brake lights, turn signals, windshield wipers, brakes, window glass, doors, fenders, paint, passenger compartment, trunk, seat belts and upholstery. The driver must permit the Authority police and the taxicab official to inspect his taxicab to determine if the vehicle meets these standards and the driver shall not operate a vehicle in the dispatch system if it has failed an inspection and the condition causing it to fail has not been corrected.

(6) The driver must operate a taxicab that is not more than eight years old based on the taxicab's model year, i.e., the difference between the taxicab's model year and the current calendar year is not greater than eight.

(7) The driver must operate a taxicab which is equipped with air conditioning which is in good repair. The driver shall turn on the air conditioning when the outside temperature exceeds 80 degrees Fahrenheit and he or she is directed to do so by the dispatcher. Notwithstanding the foregoing, the driver shall comply in all circumstances with the request of a passenger to turn on or turn off the air conditioning.

(8) The driver must not smoke in the taxicab when passengers are present. If the driver wishes passengers not to smoke, he must post a "No Smoking" sign readily visible to passengers in the taxicab.

(9) The driver must obey all directions and signals of the taxicab dispatcher regarding the orderly flow of traffic and the accommodation of passengers.

(10) The driver must accept any orderly passenger and convey any passenger where directed upon dispatch by the taxicab dispatcher.

(11) The driver must transport only those persons assigned to him by the taxicab dispatcher.

(12) The driver must not act in a discourteous manner towards passengers or persons seeking transportation.

(13) The driver must give a receipt showing the driver's name, name of the taxicab company (if any), the taxicab number, the time and place of origin and destination of each trip and the amount of the fare on an authorized form when requested to do so by a passenger.

(14) The driver must not breach the peace on the Airport. The driver must not impede the operation of the dispatch system, other airport operations, or the flow of traffic to and from the Airport.

(15) The driver must remain within five feet of his taxicab at all times except while it is in the taxicab holding structure or when it is legally parked.

(16) The driver must not give or offer to give any money or anything of monetary value to a taxicab dispatcher.

(17) The driver shall pay a dispatch fee of two dollars and fifty cents (\$2.50) each time he picks up a passenger or group.

The final resolution filed in the Board of Directors Office includes a copy of the staff recommendation paper.

- c. Recommendation for Appointing Remarketing Agents for the Airport System Revenue Variable Rate Bonds, Subseries 2003D-1, Subseries 2003D-2, Subseries 2009A-1 and Subseries 2009A-2

Mr. Brown moved the adoption of the following resolution, including the change in the text of RESOLVED clause three whereby "confirmed" was replaced with "appointed":

WHEREAS, the Metropolitan Washington Airports Authority ("Airports Authority") issued its Airport System Revenue Variable Rate Bonds, Series 2003D, consisting of the Subseries 2003D-1 Bonds (the "Subseries 2003D-1 Bonds") and the Subseries 2003D-2 Bonds (the "Subseries 2003D-2 Bonds" and together with the Subseries 2003D-1 Bonds, the "Series 2003D Bonds"), under the Amended and Restated Master Indenture of Trust, dated as of September 1, 2001, as amended (the "Master Indenture"), and as supplemented by a Sixteenth Supplemental Indenture of Trust, dated as of October 1, 2003, as amended by the Amended and Restated Sixteenth Supplemental Indenture of Trust, dated as of March 1, 2008, each between the Airports Authority and Manufacturers and Traders Trust Company (formerly Allfirst Bank), as trustee (the "Trustee") (collectively, the "Series 2003D Indenture");

WHEREAS, the Subseries 2003D-1 Bonds currently bear interest at a variable rate, are secured by a letter of credit issued by Wachovia Bank, N.A. ("Wachovia"), and are remarketed by Goldman, Sachs & Co.

("Goldman Sachs"), as remarketing agent for the Subseries 2003D-1 Bonds;

WHEREAS, the Subseries 2003D-2 Bonds currently bear interest at a variable rate, are secured by a letter of credit issued by Regions Bank, N.A. ("Regions"), and are remarketed by Morgan Stanley & Co. Incorporated ("Morgan Stanley"), as remarketing agent for the Subseries 2003D-2 Bonds;

WHEREAS, the Airports Authority desires to appoint new remarketing agents for the Series 2003D Bonds;

WHEREAS, Resolution 09-2, as amended by Resolution 09-10, authorizes the issuance of the Airports Authority's Airport System Revenue Variable Rate Bonds, Series 2009A, initially consisting of the Subseries 2009A-1 Bonds (the "Subseries 2009A-1 Bonds") and the Subseries 2009A-2 Bonds (the "Subseries 2009A-2 Bonds" and together with the Subseries 2009A-1 Bonds, the "Series 2009A Bonds"), under the Master Indenture, as supplemented by a Thirty-first Supplemental Indenture of Trust, dated as of April 1, 2009, each between the Airports Authority and the Trustee (collectively, the "Series 2009A Indenture");

WHEREAS, Resolution 09-2, as amended, provides that each of Morgan Stanley and Morgan Keegan & Company, Inc. ("Morgan Keegan"), may serve as a remarketing agent for all or a portion of the Series 2009A Bonds, and authorizes the Chairman of the Board of Directors and the Chairman of the Finance Committee to determine which such firm or firms will serve as remarketing agent for all or a defined portion of these bonds; and

WHEREAS, pursuant to Resolution 09-2, as amended, the Chairman of the Board of Directors and the Chairman of the Finance Committee have determined that Morgan Stanley will serve as the sole remarketing agent for the Series 2009A Bonds, the Chairman of the Board of Directors has executed a remarketing agreement with Morgan Stanley for all of the Series 2009A Bonds, and the Airports Authority now desires to confirm this appointment of Morgan Stanley;

**NOW, THEREFORE, BE IT RESOLVED**

1. That Wachovia is hereby appointed as remarketing agent for the Subseries 2003D-1 Bonds replacing Goldman Sachs, and Morgan Keegan is hereby appointed as remarketing agent for the Subseries 2003D-2

Bonds replacing Morgan Stanley, each such appointment being made pursuant to the Series 20030 Indenture.

2. That the Chairman or the Vice Chairman of the Board of Directors is authorized to execute any document and to take any further action as the officer may consider necessary or desirable in connection with appointing Wachovia to serve as remarketing agent for the Subseries 2003D-1 Bonds, appointing Morgan Keegan to serve as remarketing agent for the Subseries 2003D-2 Bonds, and terminating the services of the firms currently serving as remarketing agents for the Series 2003D Bonds.

3. That Morgan Stanley is hereby appointed as the sole remarketing agent for the Series 2009A Bonds under the Series 2009A Indenture.

4. That any authorization provided in this Resolution to execute a document shall include authorization to deliver the document to the other parties thereto.

5. That this Resolution shall be effective upon its adoption.

The resolution was adopted by all Directors, except Mr. Speck, who abstained from the vote due to a possibly-perceived affiliation with Wachovia Corporation.

The final resolution filed in the Board of Directors Office includes a copy of the staff recommendation paper.

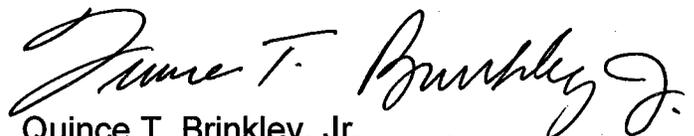
#### V. UNFINISHED BUSINESS

There was not any unfinished business.

#### VI. OTHER BUSINESS & ADJOURNMENT

There being no further business, the meeting was adjourned at 9:53 a.m.

Respectfully submitted,



Quince T. Brinkley, Jr.  
Vice President and Secretary

*Approved 5/6/09*