



BOARD OF DIRECTORS MEETING

Minutes of June 18, 2014

The regular meeting of the Board of Directors was held in the first floor Conference Rooms 1A, 1B and 1C at 1 Aviation Circle. The Vice Chairman called the meeting to order at 10:00 a.m. Fourteen Directors were present during the meeting:

Warner H. Session, Vice Chairman
Earl Adams, Jr.
Richard S. Carter
Lynn Chapman
Michael A. Curto
Thomas M. Davis III
Bruce A. Gates

Anthony H. Griffin
Shirley Robinson Hall
Barbara Lang
Elaine McConnell
William Shaw McDermott
Nina Mitchell Wells
Joslyn N. Williams

The Secretary and Executive Management were present:

John E. Potter, President and Chief Executive Officer
Margaret E. McKeough, Executive Vice President and Chief
Operating Officer

I. MINUTES OF THE MAY 21, 2014 BOARD OF DIRECTORS MEETING

The Vice Chairman called for the approval of the Minutes of the May 21, 2014 Board of Directors Meeting, which were unanimously adopted.

II. COMMITTEE REPORTS

a. Business Administration Committee – Shaw McDermott, Co-Chair

Mr. McDermott reported that Mr. Session had chaired the last Business Administration Committee Meeting on May 21. Staff had presented a recommendation to revise the Airports Authority Contracting Manual, and the Committee and Board had approved a resolution to adopt the

recommendation on May 21. Staff had also presented the Quarterly Acquisition Report. Mr. McDermott noted that the report, as distributed, had not included a reference to any solicitations less than \$3 million that may impact the traveling public. Subsequent to the May 21 Meeting, staff had identified two contracts, Baggage Carts and Broadcast News, which had been omitted from the Report; a copy of a memo that staff had provided was attached to the Summary Minutes for the May 21 Business Administration Committee Meeting.

b. Finance Committee – Michael A. Curto, Co-Chair

Mr. Curto reported that the Finance Committee had last met May 21. Staff had presented a recommendation to approve the proposed resolution authorizing the issuance of Airport System Revenue and Refunding Bonds, Series 2014A, which the Committee and Board had approved on May 21. Staff had also presented the pre-solicitation terms for bank facilities for the Aviation Enterprise, and the Committee had concurred with the pending procurement. The 2013 Comprehensive Annual Financial Report and the April 2014 Financial Reports for both enterprises had also been presented.

Staff had reported that no budget reprogrammings had occurred for the first quarter of 2014. The Committee had accepted the Financial Advisors' Reports for both enterprises and the Quarterly Report on the Investment Program, as presented in the materials provided for the May 21 meeting.

Staff and Financial Advisors had provided an update on the Dulles Toll Road Revenue Refunding Bonds, Series 2014A and the Transportation Infrastructure Finance and Innovation Act (TIFIA) loan.

c. Strategic Development Committee – Barbara B. Lang, Co-Chair

Ms. Lang reported that the Strategic Development Committee had last met May 21. Staff had presented a recommendation to approve easements to Dominion Virginia Power along Route 28 at Dulles International. The Committee had approved the staff request that it authorize the President and Chief Executive Officer, subject to the approval of the U.S. Secretary to Transportation, to execute the easements. Ms. Lang stated that she would offer a resolution later in the day's meeting.

Staff had also presented the pre-solicitation terms for task architectural/engineering/planning services for the Authority. The Committee had concurred with the pending procurement.

Staff had also presented informational reports on the Aviation Capital Construction Program; the 2012 Economic Impact Study; the air service development; and the process for adoption of a regulation governing the Authority's financial and operational relationship with the airlines serving Reagan National and/or Dulles International.

III. INFORMATION ITEMS

a. President's Report

Mr. Potter noted the recent passing of former Board Chair, Mame Reiley, who had been a powerful presence at the Authority for many years, as well as one of the most outspoken advocates of bringing rail to Dulles International.

Since Ms. Reiley's passing, tributes had been made by many politicians and leaders from across the region who spoke of her determination, sense of purpose, boundless energy and strength of conviction. One of the most widely-quoted comments called Ms. Reiley a "force of nature," and Mr. Potter agreed. He offered condolences to her family and to her many friends.

Mr. Potter acknowledged Directors who had attended recent events that helped increase public awareness of the Authority and the services it provided. He thanked the Directors, who serve on the Board as volunteers, for their generous support.

Mr. Potter reported that the Washington Metropolitan Area Transit Authority (WMATA) had recently made its declaration of Operational Readiness for Phase 1 of the Dulles Metrorail Project. He noted that testing, training and completion of remaining punch list items are progressing toward a revenue service date this summer. It would soon cost a passenger no more than \$11 to use the Metro system for transportation to the new Wiehle Avenue station and onto the new shuttle bus service to Dulles International.

Mr. Potter reported that work is progressing on Phase 2 of the Metrorail Project, with site preparation and other activities underway in several areas, including at Dulles International.

In addition to the Metrorail Project, Mr. Potter noted that the Authority had also made great progress in May in several administrative areas, including Human Resources and Finance. As Tony Vegliante, Vice President for Human Resources, had reported earlier that day at the Human Resources Committee Meeting, the Human Resources team had completed a thorough assessment of options in the healthcare market to ensure the Authority received the best value. Mr. Vegliante and his team had compiled a selection of healthcare options to preserve the current coverage levels while providing great advantages, including improving the cost structure, for the Authority, its employees and retirees. The improved cost structure would also benefit the airlines by saving the Authority money. It would also assure that the organization would continue to offer excellent health benefits, which would help staff to recruit and retain a high-quality workforce. Mr. Potter thanked and congratulated Mr. Vegliante and all involved for the excellent outcome.

In the Finance area, Andy Rountree, Vice President for Finance and Chief Financial Officer, and his team had taken advantage of market conditions for the second time in two months to achieve exceptionally good terms on a bond sale. The latest sale of Airport System Revenue and Refunding Bonds had been a great success. [Details about the transaction are included in Summary Minutes of the June 18, 2014 Finance Committee Meeting.] Mr. Potter noted that last month's bond offering had completed the Authority's major financing for the Dulles Metrorail Project. He thanked Mr. Rountree and all those involved for an outstanding job.

Mr. Potter reported that staff continued to work with the Department of Transportation's Inspector General (IG) to close out Authority responses to the recommendations from the November 2012 audit. He noted that staff had been notified that the IG had officially closed out Recommendation 3, which related to clarifying and enforcing the Authority's contracting policies. Additionally, the Authority is very close to officially closing out all the other items. Mr. Potter thanked everyone who continues the important work in this area.

Mr. Potter reported that the Authority had hired a Real Estate Manager to help lead its efforts to bring in additional non-aviation revenue, which

will help its cost position, benefit the airlines and make the Airports, especially Dulles International, more competitive. He introduced Jim Poff who would manage real estate-related matters across the Authority and help the organization to optimize its use of land at Dulles International. Mr. Potter stated that Mr. Poff has a tremendous amount of experience in the real estate business and he believed that Mr. Poff is well equipped to help lead the Authority's real estate efforts.

Mr. Potter reported that the Authority had welcomed Air China's first flight from Beijing to Dulles International the prior week. He thanked the Governor of Virginia, representatives of the Mayor of the District of Columbia, as well as other officials from the District, the Commonwealth and the local governments who had joined Directors at the Air China event to celebrate the new service that would further connect the capitals of the world's two largest economies and the success of the regional partnership that helped make it happen. Photos from the Air China event were shown at the meeting.

Mr. Potter reported that another event at Dulles International had been covered by the national news media the prior week. An art exhibit called "Life Magnified," sponsored by the National Institutes of Health (NIH) and the American Society for Cell Biology, had featured 46 microscopic images of blood, brain cells, bacteria, viruses and parts of insects, fish, mice and other creatures. It would be available for viewing through November in the Airport's Gateway Gallery near the AeroTrain entrance to Concourse C-D. Images from the NIH art exhibit were shown at the meeting. Mr. Potter stated that the Authority hoped that this unusual art exhibit would inform and entertain the Airport's customers and perhaps even inspire some of the younger passengers to consider careers in science and medicine.

Mr. Potter reported that art showcasing the talents of art students from schools in the District of Columbia was on display along the baggage level in the B-C Terminal at Reagan National. He noted that many of the young artists had recently gathered at the Airport to hear from Mrs. Norton, who had sponsored the annual school art competition and handed out awards to the winning students. Pictures from the art exhibit were shown at the meeting.

Mr. Potter reported that both of these exhibits are part of the ongoing Airport Arts Program, led by Margaret Bishop in the Office of Communications, which brings art shows, musical performances and other events

to Reagan National and Dulles International throughout the year to help enhance the passengers' experience. Mr. Potter thanked Ms. Bishop and others who had assisted in these efforts.

Mr. Potter reported that the Authority's concessions redevelopment continued to progress, represented by a number of new stores and restaurants open for business since the May Board Meeting. He noted that many of the Directors would attend an event to mark the opening of Legal Sea Foods in National Hall at Reagan National later that day. Mr. Potter stated that the concessions program is truly changing the face of the Airports and offering passengers exciting new shopping and dining options. He congratulated Steve Baker, Vice President for Business Administration, and his entire team. Mr. Potter stated that the concessions redevelopment had been a team effort throughout the Authority and asked all staff that had contributed to stand and be recognized.

Mr. Potter showed a time-lapse video of the transformations at Terminal A at Reagan National. He explained that an overnight makeover in the concessions area had recently occurred. One of the concessions redevelopment contractors, On The Go (OTG), had moved a team of construction experts into Terminal A where it quickly and methodically dismantled many of the existing concessions spaces and replaced the old shops and restaurants with new eateries, newsstands and other stores. Amazingly, the impressive operation had completed the work so that the new concessions were open for business the following morning.

Mr. Potter stated that he was excited about future concessions in Terminal A at Reagan National and throughout both Airports.

Mr. Session thanked Mr. Potter for sharing the exciting news about the concessions, and he also thanked Mr. Baker and his staff for a job well done. He also acknowledged Paul McGinn, President of MarketPlace Development, who was present at the day's meeting.

Mr. Session associated himself with Mr. Potter's remarks about Ms. Reiley. Mr. Davis stated that the many people who had attended her funeral had been a testimony to her life; her contributions would be long remembered. Mr. Carter suggested that the Authority name something in remembrance of Ms. Reiley's immense contributions.

b. Executive Vice President's Report

With the official beginning of summer, Ms. McKeough reported that the Authority's combined system at both Airports had increased its passenger activity. She stated that the first quarter had been a challenging one with respect to the airline travel due to inclement weather. Ms. McKeough noted that the air traffic statistics for April had been provided for the day's meeting. As a result of a preliminary review of the air traffic statistics for May, Ms. McKeough forecasted that they would be more positive than recent months.

Ms. McKeough reported that the summer would be a time of transition for both passengers and activities. She noted that jetBlue would begin some of its new service at Reagan National on June 19, which had resulted from the recent slot divestitures. Additionally, a substantial amount of change in international activity is expected with the addition of the Air China flight and the launch of Frontier Airlines in August. Ms. McKeough reported that Mark Treadaway, Vice President for Air Service Planning and Development, would provide a detailed review at the Strategic Development Committee meeting later that day.

Ms. McKeough reported that Authority staff would meet the following week with corporate representatives of all the airlines that serve Reagan National and Dulles International. Staff would provide an update of the Authority's business activities and use the biannual meeting as an opportunity to also hear from the airlines.

Ms. McKeough reported that Authority staff had been actively engaged in recent weeks in outreach events underway with the US Departments of Commerce and Homeland Security. Under the existing administration, President Obama had challenged the two federal agencies to work collaboratively to address the need of improvements in federal service for those entering the United States to ensure that they are welcomed appropriately. In an effort to better serve the nation's travel and tourism objectives, the presidential directive has tasked both agencies to compose a national goal setting agenda to determine how to improve the experience of passengers arriving at a port of entry in the United States. Ms. McKeough explained that the presidential directive was not limited to the national level as President Obama had requested that specific action plans be developed at all major international airports throughout the United States, including Dulles International. With the growth of international activity, federal staffing levels had been challenged at various ports of entry

throughout the United States. Ms. McKeough stated that the Authority is looking forward to an opportunity to discuss this important relevant issue for all airports in the United States, and particularly Dulles International. She explained that the Authority is represented nationally on the Travel and Tourism Advisory Board that provides direct guidance and strategy to the Secretary of Commerce. The Authority is also actively engaged through its membership in the Travel USA Association. With regard to the Authority's local representation, Chris Browne, Vice President and Airport Manager, and his team have been working to define specific action plans that staff believed is critical to improve the experience at Dulles International. Ms. McKeough reported that Authority staff had held its first meeting on June 6 and would meet again in July to further develop ideas for inclusion in the report due to President Obama no later than September.

Ms. McKeough reported that staff had recently learned about Bobby Payne, a shuttle bus driver employed at Dulles International since the Airport's opening in 1962. A video clip from a story that had aired on Channel 5 that attested to the credit that the 85-year old bus driver deserved was shown. Ms. McKeough introduced Mr. Payne, who received a standing ovation.

IV. NEW BUSINESS

a. Recommendation for Approval of Easements to Dominion Virginia Power along Route 28 at Dulles International

Ms. Lang moved the adoption of the following resolution which was unanimously approved:

WHEREAS, The Virginia Electric and Power Company, doing business as Dominion Virginia Power, needs to expand the capacity of its electrical power substation on Washington Dulles International Airport (Dulles International) and to install a new duct bank in order to provide power to the Silver Line and also to existing distribution circuits in the Dulles area;

WHEREAS, The Virginia Electric and Power Company also needs to install new equipment at the substation to meet new regulatory mandates to improve the reliability of the area's electric transmission system;

WHEREAS, In order to proceed with this work, the Virginia Electric and Power Company has requested an easement over a total of 4.51 acres on Airports Authority property on Dulles International for expansion of its substation, for ingress and egress from Route 28 to the expanded substation, for a storm water management facility, and for a duct bank to carry distribution circuits from the expanded substation to the east side of Route 28;

WHEREAS, Because the Virginia Electric and Power Company is a private, for-profit company, the U.S. Secretary of Transportation must approve this grant of easements as being “not inconsistent with needs of aviation”; and

WHEREAS, The Strategic Development Committee has reviewed the proposed easements, as presented by staff, and recommended that the Board of Directors authorize their conveyance to the Virginia Electric and Power Company; now, therefore, be it

RESOLVED that the President and Chief Executive Officer is authorized and directed, subject to the approval of the U.S. Secretary of Transportation, to execute the easements to the Virginia Electric and Power Company as identified in the documents presented to the Strategic Development Committee at its May 21, 2014, meeting.

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

b. Recommendation to Amend the Retirement Savings Plan

Mr. Gates moved the adoption of the following resolution, which was unanimously approved:

WHEREAS, The Metropolitan Washington Airports Authority (Airports Authority) maintains a number of retirement plans for its employees, one of which is a defined contribution plan – the Metropolitan Washington Airports Authority Retirement Savings Plan (the “Retirement Savings Plan”);

WHEREAS, The Airports Authority desires to amend the Retirement Savings Plan to permit “non-career term employees” to make elective deferrals under the Plan and, in addition, to provide that such non-career employees shall not be eligible for matching contributions by the Airports Authority (the “Amendment”);

WHEREAS, The Amendment has been reviewed by the Human Resources Committee at its June 2014 meeting, and the Committee has recommended its approval and adoption by the Board; now, therefore, be it

RESOLVED, That the Amendment to the Retirement Savings Plan is approved and adopted; and

2. That the President and Chief Executive Officer is authorized and directed to execute the Amendment on behalf of the Airports Authority.

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

c. Recommendation to Award Contracts for Employee and Retiree Medical, Dental and Prescription Drug Plans

Mr. Gates moved the adoption of the following resolution, which was unanimously approved:

WHEREAS, In November 2013, staff presented a pre-solicitation paper to the Business Administration Committee relating to the initiation of competitive negotiated procurements for Group Medical, Dental, and Prescription Drug Benefit Plans;

WHEREAS, In January 2014, Request for Proposals (RFP) were issued in connection with these procurements; and

WHEREAS, At its June 2014 meeting, the Human Resources Committee received the results of the competitive evaluation of the firms that responded to the RFPs, and recommended that the Board of Directors approve the selection of United Healthcare and Kaiser Permanente to provide Group Medical

insurance plans, Metropolitan Life Insurance Company to provide Dental insurance plans, and CVS Caremark to provide Prescription Drug coverage; now, therefore, be it

RESOLVED, That the selection of United Healthcare, Kaiser Permanente, Metropolitan Life Insurance Company, and CVS Caremark to provide Group Medical, Dental, and Prescription Drug coverage is approved; and

2. That the President and Chief Executive Officer is authorized to execute contracts with United Healthcare and Kaiser Permanente for the provision of Group Medical insurance plans, with Metropolitan Life Insurance Company for the provision of Dental insurance plans, and CVS Caremark for the provision of Prescription Drug coverage, each contract being for a three-year term with three one-year options and being consistent with the terms and conditions presented to the Human Resources Committee at its June 2014 meeting.

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

d. Approval of the Revisions to the Code of Ethics for Employees

Mr. Curto offered a motion to approve the proposed revisions to the Code of Ethics for Employees, presented at the day's Executive and Governance Committee Meeting. The Board unanimously approved the revisions.

The file 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

Mr. Session reported that he would like to acknowledge and recognize several students who serve as interns with the Federal Aviation Administration (FAA). He introduced Darryl Dennis, Chief Executive Officer of wire2netllc, the contractor responsible for managing the interns. Mr.

Dennis stated that wire2netllc is certified as a Local Disadvantaged Business Enterprise with the Authority. He explained that the interns are new-thought leaders with important roles at FAA and are gaining invaluable experience as a result of their exposure to the daily operations of how FAA managed the airports and the aviation system throughout the United States.

The following interns provided information about the colleges they attend, as well as the offices in which they work at FAA: Ketsia Dornevil; Becky Enarhevba; William Fuller; Philip Wilson; Danielle Taylor; and Rayna Thornton. Mr. Dennis introduced Penni Owens, Program Manager. They all received a round of applause.

Mr. Session reported that the day's schedule had changed. The Dulles Corridor Committee would meet prior to the Business Administration Committee.

The Meeting was thereupon adjourned at 10:40 a.m.

Respectfully submitted:

A handwritten signature in blue ink that reads "Quince T. Brinkley, Jr." in a cursive style.

Quince T. Brinkley, Jr.
Vice President and Secretary

Approved 7/16/14