



BOARD OF DIRECTORS MEETING

Minutes of June 3, 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 (and David Speck participated by phone):

H.R. Crawford, Chairman
Robert Clarke Brown
Michael David Epstein
Jack Andrew Garson

Leonard Manning
Michael O'Reilly
Mame Reiley
Charles D. Snelling

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 MAY 6, 2009 BOARD MEETING

The Chairman called for approval of the May 6, 2009 meeting's minutes, which were unanimously adopted.

II. COMMITTEE REPORTS

a. Audit Committee

Mr. Snelling chaired the Audit Committee meeting on May 6, 2009.

PricewaterhouseCoopers provided the results of the 2008 financial statement audit. The Airports Authority received an unqualified opinion dated April 20, 2009. PricewaterhouseCoopers reported that all known adjustments had been booked by management, that no material weaknesses in internal controls were noted during the audit, and that a few observations and recommendations regarding changes to the internal control system would be provided by the auditor in the near future.

The Vice President for Audit presented the results of an audit on a parking subcontractor at Dulles and a parking contractor at Reagan National. The Audit Committee Chairman requested that management provide additional clarification and steps to be taken to resolve a question about fees remitted by concessionaire discussed. The Vice President for Audit and management noted that their recommendations were being implemented.

Mr. Snelling reported that the Committee met with the auditors in executive session, where the Auditors reported full and complete cooperation by management.

b. Dulles Corridor Committee

Ms. Reiley chaired the Dulles Corridor Committee meeting on May 20, 2009.

Michael McBride, Manager of Public Art and Environmental Graphic Design for the Washington Metropolitan Area Transit Authority (WMATA), provided an excellent presentation of the art projects planned for the five stations to be built during Phase 1 of the Dulles Corridor Metrorail Project. The Cooperative Agreement between WMATA and the Airports Authority stipulates that Metro shall manage and coordinate the public art component of Phase 1. The WMATA Board approved a \$1.7 million project budget, which will be paid for by Federal Transit Administration and non-federal funds, including Dulles Toll Road revenues, funds from Fairfax County and the Commonwealth. Ms. Reiley reported that the chosen artists' work is of superior quality, and that the community will be proud to display such art in the new stations.

c. Dulles Corridor and Finance Committees (Joint)

Ms. Reiley chaired the joint Dulles Corridor and Finance Committees meeting on May 20, 2009.

Mark Treadaway presented a report on the process the Airports Authority will undertake to educate the public about the Toll Road project and toll rate adjustments needed to support the Dulles Corridor Metrorail Project. Mr. Treadaway reviewed the tentative schedule outlined for the six-month process as covered in the supporting staff paper.

Directors discussed the purpose of the public forum process and inquired about the expected outcome. Directors provided suggestions and strategies staff should consider as it plans and implements the public forum process.

Mr. Brown noted that future meetings to discuss toll rate increases should be treated as a joint Dulles Corridor and Finance Committee meeting.

d. Finance Committee

Mr. Brown chaired the Finance Committee meeting on May 20, 2009.

Aviation Enterprise

Mr. Brown reported that Patrice Mitchell will serve as the new representative for PG Corbin. She has worked with the Airports Authority in the past. The aviation financial advisors discussed the structure of the Series 2009C and Series 2009D Bonds, the bond issuances that will be approved later in today's meeting. The approximately \$338 million of Series 2009C Bonds, together with approximately \$139 million of Series 2009D Bonds, will refund approximately \$432 million of Passenger Facility Charge (PFC) notes. Mr. Brown noted that the refund would end the PFC note program that Lynn Hampton began a couple of decades ago, and which has served the Airports Authority well.

The financial advisors noted that there is potentially a small refunding savings from other outstanding debt. Although at this time, the Committee will follow staff's recommendation to continue to monitor the issue, hoping for a permanent change to the AMT status of airport bonds, which will increase Airports Authority savings.

As noted in the aviation financial advisors' report, the Committee reviewed the documents for the Series 2009C and Series 2009D Bonds. The Committee inquired about the irrevocable commitment, and Mr. Brown reported that a portion of the PFCs will be pledged for the GARB credit, which will support the Series 2009C and Series 2009D Bonds. The Committee noted that it considers the PFC revenue to be Airport money. Mr. Brown reported that Bond counsel assured the Committee that the commitment was only for the current PFC charge and would not apply to any increases in the PFC charge amount.

Mr. Brown reported that a due diligence meeting with the underwriters and their counsel is scheduled after today's Board meeting. He invited all Directors to attend, noting that he, the Chairman and Vice Chairman were required to attend. Later in today's meeting, Mr. Brown would offer a Resolution for Board approval to authorize the issuance of the Series 2009C and Series 2009D Bonds.

The April 2009 financial reports were received, as submitted.

Management presented the Quarterly Investment Committee report. Mr. Brown reported that the Airports Authority's investments continued to do well and is

meeting its benchmarks. Days of unrestricted cash on hand remain at approximately one year.

Dulles Corridor Enterprise

Mr. Brown reported that the Finance team continues to prepare for the initial 2009 Dulles Toll Road Bond offering. The basic bond documents will be provided to the Committee at least one week earlier than the normal mailing; noting in particular that Mr. O'Reilly had expressed interest in receiving the materials earlier. Directors would have ample time to review the documents, which will be presented for approval at the June 17 Finance Committee meeting.

Mr. Brown noted that the Finance team would make Rating Agency presentations to three rating agencies in New York on June 8. Mr. Brown indicated that the June 8 meeting will be the final formal visit prior to requesting a rating action. He reported that the Airports Authority received \$77.3 million of American Recovery and Reinvestment Act funding, which was an acceleration of funds from the Full Funding Grant Agreement (FFGA) allocated for the Metrorail project. Mr. Brown noted that the early receipt of the funds enables the Airports Authority to cash fund, rather than financing project costs, which saves interest costs. The Airports Authority will be using Build America Bonds (BABs) as part of the Dulles Toll Road financing in 2009, which are a second feature of the stimulus legislation. BABs are taxable bonds, where the cost to the issuer is reduced by a federal subsidy. Mr. Brown reported that BABs have been issued very successfully in an early spring financing and that the Airports Authority would have the capability to accommodate these types of bonds in the draft Dulles Toll Road Bond Indenture.

The April financial reports were received, as submitted.

e. Strategic Development Committee

Mr. Cobey chaired the Strategic Development Committee meeting on May 20, 2009. In Mr. Cobey's absence, Mr. Garson presented the Committee report at today's meeting.

In executive session, Mark Treadaway provided information on air service developments for the period March 7 – May 8, 2009.

In regular session, Michael Cooper provided an update on the progress achieved on state and local legislative issues during the 2009 General Assembly. The Committee discussed the Richmond legislative breakfast and dinners. Most Directors agreed that the legislative events were beneficial and served the Airports Authority well.

Mr. Bennett presented a draft Statement of Work for a consultant to conduct an Organizational Structural Review. The selected firm would work with the Board and senior management to review the existing organizational structure.

Directors approved a motion that the Committee would revisit the agenda item at its September 2009 meeting, addressing a timeline for the organizational study. Also, a Committee, appointed by the Chairman, would screen proposed firms, present a short list to the Board to interview, and the Board would select the consultant.

All Committee reports were approved.

III. INFORMATION ITEMS

a. President's Report

Mr. Bennett reported that Airports Authority staff worked through the night and successfully placed into service the Consolidated Communications and Emergency Communication Center at Reagan National. The state-of-the art facility provides police, fire and public safety dispatching at all Airports Authority facilities, as well as provides for all "911" services at the Airports. Mr. Bennett invited the Board to visit and tour the facility.

Mr. Bennett reported that community interests in the Dulles Rail Project continue to grow, especially by constituents who will be served by Phase 2 of the Project. Staff continues to receive numerous requests to provide updates about the Project, including funding inquiries. Mr. Bennett noted that a roundtable meeting was held the prior night by a group still lobbying for the Tyson's Tunnel.

Mr. Bennett noted that the AeroTrain Automated People Mover System at Dulles ("AeroTrain") is entering its final implementation stages. Mr. Bennett reported that on June 1 the contractor began the testing phase of the program, which requires the system to perform 30 days under stringent criteria to evaluate how the train's technology system functions. Several stations were complete, while others, including the Main Terminal, would be completed in July 2009. Mr. Bennett noted that the Transportation Security Administration equipment would be installed during the summer. The AeroTrain would become operational in the early fall.

The Airports Authority partners with several schools throughout the community. Mr. Bennett reported that the longest standing school partnership, the Carl Sandburg Middle School in Fairfax, Virginia, had recognized the Airports Authority as its Partnership of the Year. He thanked staff, especially Danielle

Morgan who served as the Airports Authority Education Program Coordinator, who volunteered for the programs throughout the year.

Copies of the 2008 Airports Authority Annual Report were distributed to Directors at today's meeting. Mr. Bennett noted that the Report emphasized more about the Rail Project and Dulles Toll Road operation. Mr. Snelling inquired whether an electronic version of the Report would be available. Mr. Bennett responded affirmatively.

Mr. Bennett reported that the Airports Authority received affirmation of its ratings for the aviation bonds.

Mr. Bennett reported that the Airports Authority had recently hosted two dinners for the Council of the District of Columbia, similar to the Virginia General Assembly dinners. The dinners were well attended and successful, and Mr. Bennett thanked Directors for attending.

b. Executive Vice President's Report

Ms. McKeough characterized April 2009 as an improved and encouraging month of travel at both Reagan National and Dulles Airports. April 2009 represented the strongest level of passenger activity this year. Ms. McKeough reported that passenger traffic at both Airports declined 2 percent in April 2009 compared to the prior years' activity. At Dulles, there was no measurable decrease in international passenger activity in April 2009. The U.S. aviation industry experienced a 6.5 percent decline in April 2009. Ms. McKeough noted that the Easter holiday season occurred in April, which included a substantial amount of holiday traffic and spring break traffic not included in April 2008. Mr. Snelling inquired about the impact of the April 2009 Easter holiday. Ms. McKeough responded that airline carriers reported that 2 percent passenger traffic should be deducted from each Airport's 2009 passenger activity to determine the comparison for April 2008.

With respect to cargo activity, it continues to be weak and was consistent nationally and globally, decreasing approximately 27 percent.

IV. NEW BUSINESS

a. Recommendation to Authorize the Issuance of the Airport System Revenue Bonds, Series 2009C and Series 2009D

Mr. Brown moved the adoption of the following resolution, which was unanimously adopted by all eight Directors attending today's meeting:

WHEREAS, the Board of Directors of the Metropolitan Washington Airports Authority ("Airports Authority") desires to authorize the issuance of Airport System Revenue Bonds, Series 2009C and Series 2009D (collectively, the "Series 2009CD Bonds"), which may be issued, in one or more subseries, in an aggregate principal amount not to exceed \$475,000,000 to refund all of the Airports Authority's outstanding Flexible Term PFC Revenue Notes, Series A, B, C and D (the "PFC Notes") that financed certain capital improvements at Ronald Reagan Washington National Airport and Washington Dulles International Airport (collectively, the "Airports");

WHEREAS, the Series 2009C Bonds are expected to be issued as fixed interest rate obligations and the Series 2009D Bonds are expected to be issued as variable interest rate obligations with credit enhancement and liquidity support for payment of the Series 2009D Bonds to be provided initially by a letter of credit of Bank of America, N.A. (the "Bank");

WHEREAS, the Board of Directors desires to set forth guidelines for determining the interest rate or rates, maturities and other terms of the Series 2009CD Bonds;

WHEREAS, the Board of Directors desires to irrevocably commit certain passenger facility charges imposed by the Airports Authority (the "Committed Passenger Facility Charges") to pay the debt service requirements on certain of the Airports Authority's bonds;

WHEREAS, there has been presented to the Board of Directors the form of the following documents that the Airports Authority proposes to execute in connection with the issuance of the Series 2009CD Bonds, copies of which documents shall be filed in the records of the Airports Authority:

(a) the Thirty-third Supplemental Indenture of Trust (the "Thirty-third Supplemental Indenture"), between the Airports Authority and Manufacturers and Traders Trust Company (successor to Allfirst Bank), as Trustee (the "Trustee"), relating to the issuance of the Series 2009C Bonds as fixed interest rate obligations, which supplements the Amended and Restated Master Indenture of Trust, dated as of September 1, 2001, as amended (the "Master Indenture");

(b) the Thirty-fourth Supplemental Indenture of Trust (the "Thirty-fourth Supplemental Indenture" and, together with the Thirty-third Supplemental Indenture, the "Series 2009CD Supplemental

Indentures"), between the Airports Authority and the Trustee, relating to the issuance of the Series 2009D Bonds as variable interest rate obligations, which supplements the Master Indenture;

(c) the Thirty-fifth Supplemental Indenture of Trust (the "Thirty-fifth Supplemental Indenture" and, together with the Series 2009CD Supplemental Indentures, the "Supplemental Indentures"), between the Airports Authority and the Trustee, relating to the use and administration of the Committed Passenger Facility Charges to pay the debt service requirements on certain of the Airports Authority's bonds, which supplements the Master Indenture;

(d) the form of the Series 2009C Bonds, attached as Exhibit A to the Thirty-third Supplemental Indenture;

(e) the form of the Series 2009D Bonds, attached as Exhibit A to the Thirty-fourth Supplemental Indenture;

(f) the Bond Purchase Agreement relating to the Series 2009C Bonds (the "Series 2009C Purchase Contract"), between the Airports Authority and Piper Jaffray & Co., on behalf of itself and the other underwriters listed therein (collectively, the "Series 2009C Underwriters");

(g) the Bond Purchase Agreement relating to the Series 2009D Bonds (the "Series 2009D Purchase Contract" and, together with the Series 2009C Purchase Contract, the "Purchase Contracts"), between the Airports Authority and Banc of America Securities LLC (the "Series 2009D Underwriter" and, together with the Series 2009C Underwriters, the "Underwriters");

(h) the Official Statement relating to the public offering of the Series 2009C Bonds (the "Series 2009C Official Statement");

(i) the Official Statement relating to the public offering of the Series 2009D Bonds (the "Series 2009D Official Statement" and together with the Series 2009C Official Statement, the "Official Statements");

(j) the Reimbursement Agreement between the Airports Authority and the Bank (the "Reimbursement Agreement");

(k) the irrevocable direct-pay letter of credit attached as Exhibit A to the Reimbursement Agreement;

(l) the Remarketing Agreement (the "Remarketing Agreement") between the Airports Authority and Banc of America Securities LLC ("Banc of America"), as remarketing agent for the Series 2009D Bonds; and

(m) the Escrow Deposit Agreement (the "Escrow Deposit Agreement") between the Airports Authority and The Bank of New York relating to the defeasance and redemption of all of the outstanding PFC Notes.

NOW, THEREFORE, BE IT RESOLVED

1. That the Underwriters are authorized to distribute the Official Statements to prospective purchasers of the Series 2009CD Bonds;

2. That the Series 2009CD Bonds shall be issued in book entry form pursuant to the Master Indenture and the Series 2009CD Supplemental Indentures, and sold to the Underwriters pursuant to the Purchase Contracts, all upon the terms and conditions specified therein;

3. 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 August 1, 2009, and directed to jointly determine, after the Series 2009CD Bonds have been priced in the market, the following:

(a) the exact principal amount, series, and subseries designation of the Series 2009CD Bonds, provided that the combined aggregate principal amount of the Series 2009CD Bonds shall not exceed \$475,000,000;

(b) the fixed interest rates or initial variable interest rate mode and interest rate of each series or subseries of the Series 2009CD Bonds;

(c) the maturity or maturities of each series or subseries of the Series 2009CD Bonds, including the amount and date of any mandatory sinking fund redemption for a maturity;

(d) the provisions for redemption, tender and purchase of the Series 2009CD Bonds prior to maturity;

(e) the amount and extent of any credit facility for the Series 2009CD Bonds and the provider thereof;

(f) the amount of the debt service reserve requirement, if any, and the provider of any Debt Service Reserve Fund surety bond for the Series 2009CD Bonds; and

(g) the amount of the purchase price for each series or subseries of Series 2009CD Bonds;

all in a manner to achieve the most favorable net effective interest rate while balancing the Airports Authority's exposure to interest rate, market and credit risks on the entire long-term debt within the Airports Authority's Aviation Enterprise Fund, including the Series 2009CD Bonds; provided, that the determinations made pursuant to this paragraph shall comply with the following requirements: (i) the maximum term of the Series 2009CD Bonds shall not exceed 31 years; (ii) the Series 2009CD 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 2009CD Bonds shall not exceed two percent (2%) of the principal amount thereof; (iv) the true interest cost of the Series 2009CD Bonds shall not exceed nine percent (9%) per annum; (v) the Series 2009CD 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 2009D Bond shall not exceed twelve percent (12%) per annum or such higher rate provided in the Reimbursement Agreement;

4. That the payment or redemption of the PFC Notes with proceeds of the Series 2009CD Bonds, together with other funds of the Airports Authority, is authorized and directed in the manner and the amounts set forth in the Escrow Deposit Agreement;

5. That Committed Passenger Facility Charges shall be administered as provided in the Thirty-fifth Supplemental Indenture and shall be irrevocably committed to pay debt service requirements on certain of the Airports Authority's bonds, in the amounts and to the extent provided in the Thirty-fifth Supplemental Indenture;

6. That the Chairman or the Vice Chairman is authorized and directed to execute, by manual or facsimile signature, the Supplemental Indentures, the Series 2009CD Bonds, the Purchase Contracts, the Official Statements, the Reimbursement Agreement, the Remarketing Agreement, and the Escrow Deposit Agreement, 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 2009CD Bonds, and other terms of the Series 2009CD Bonds determined pursuant to paragraph 3 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;

7. That the Secretary is authorized and directed to affix the Seal of the Airports Authority or a facsimile thereof on the Supplemental Indentures, the Series 2009CD Bonds, the Purchase Contracts, the Official Statements, the Reimbursement Agreement, the Remarketing Agreement, and the Escrow Deposit Agreement, after their execution by the Chairman or Vice Chairman, to attest the same, by a manual or facsimile signature, and to deliver the Series 2009CD Bonds to the Trustee for authentication upon the terms provided in the Master Indenture and the Series 2009CD Supplemental Indentures;

8. 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 and directed, with respect to the Series 2009CD Bonds, to execute a tax certificate on behalf of the Airports Authority in implementation of the covenants and agreements set forth in the Series 2009CD Supplemental Indentures and to make any election permitted by the Internal Revenue Code of 1986, as amended, that is determined by such officer to be to the advantage of the Airports Authority; and the representations, agreements and elections set forth in the executed tax certificate shall be deemed to be the representations, agreements and elections of the Airports Authority, as if the same were set forth in the Series 2009CD Supplemental Indentures;

9. That the President and Chief Executive Officer and the Vice President for Finance and Chief Financial Officer are each authorized and directed to execute, deliver and file all other certificates and instruments related to the issuance and sales of the Series 2009CD Bonds, including Internal Revenue Service Form 8038, any reimbursement agreement relating to any Debt Service Reserve Fund surety bond, and any agreement for the investment of proceeds from the sale of the Series

2009CD Bonds, and to take any further action as the officers may consider necessary or desirable in connection with the issuance and sale of the Series 2009CD Bonds;

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

11. That any other acts of the Chairman, the Vice Chairman, the Chairman of the Finance Committee, the President and Chief Executive Officer, the Vice President for Finance and Chief Financial Officer or any other officer of the Airports Authority that are in conformity with the purposes, intent and conditions of this Resolution and in furtherance of the execution, delivery and performance by the Airports Authority of the Supplemental Indentures are hereby authorized, except that the Board of Directors reserves unto itself the authority to appoint or remove any person or entity named, appointed or described in this Resolution or in the form of the Series 2009CD Supplemental Indentures presented to the Board of Directors which is to serve as trustee, remarketing agent or provider of the credit facility or in any similar role relating to the Series 2009CD Bonds as contemplated under terms of the Series 2009CD Supplemental Indentures; provided however, the Board of Directors hereby approves the appointment of Merrill Lynch & Co. ("Merrill") as successor remarketing agent to Banc of America as contemplated by, and provided in, the Remarketing Agreement and no further action by the Board of Directors shall be required to appoint Merrill as successor remarketing agent for the Series 2009D Bonds.

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

V. UNFINISHED BUSINESS

The Chairman reported that Members of the Council of the District of Columbia, Management and several Directors attended two dinners recently hosted by the Airports Authority. The Chairman believed that the dinners were successful and thanked all Directors for participating. Councilmembers made several inquiries about the Airports Authority policies and statistics, and Mr. Garson reported that the President and CEO represented the Airports Authority well at the dinners.

Mr. Brown reported on the pricing schedule for the Series 2009C and Series 2009D Bonds for the upcoming weeks, and invited interested Directors to participate.

The Chairman encouraged Directors to participate in two nearby airport industry conferences: 1) June 6-9, 2009 Annual Airport Diversity Conference, sponsored by the Airport Minority Advisory Council, in Baltimore, Maryland; and 2) June 14-17, 2009 81st Annual American Association of Airport Executives Conference and Exposition in Philadelphia, Pennsylvania. Also, the Chairman reported that he was a member of the DC Police Foundation, and a luncheon would be held on June 9, 2009; Attorney General Eric Holder will be honored and serve as the guest speaker. Interested Directors should contact the Board Office Staff for additional information on events.

The Chairman reported that Directors received copies of the 2008 Annual Report. He thanked staff, especially Margaret Bishop, on the production of another nice report. Directors should contact the Board Office Staff for additional copies.

VI. OTHER BUSINESS & ADJOURNMENT

There being no further business, the meeting was adjourned at 9:28 a.m.

Mr. Manning moved that the Board go into executive session pursuant to the Airports Authority Bylaws, Article IX, Sections 3(c) and 3(d); the motion was seconded.

Respectfully submitted,



Quince T. Brinkley, Jr.
Vice President and Secretary

Approved 7.1.09