BOARD OF DIRECTORS MEETING

Minutes of March 2, 2011

The regular meeting of the Board of Directors was held in the Board Conference Room at 1 Aviation Circle and was called to order by the Chairman at 9:05 a.m. The following Directors were present during the meeting:

Charles D. Snelling, Chairman	Michael A. Curto
Leonard Manning, Vice Chairman	Thomas M. Davis III
Robert Clarke Brown	Jack Garson
H.R. Crawford	Dennis L Martire
William W. Cobey Jr.	Michael L. O'Reilly
Frank M. Conner III	Mame Reiley

Shirley Robinson Hall and Warner H. Session, nominated to the Board by Mayor Vincent C. Gray but not yet confirmed, were also present.

The Secretary and Executive Management were present:

E. Lynn Hampton, President and Chief Executive Officer
Margaret E. McKeough, Executive Vice President and Chief Operating Officer

I. MINUTES OF THE FEBRUARY 2, 2011 BOARD OF DIRECTORS MEETINGS

The Chairman called for approval of the Minutes of the February 2, 2011 Meeting, which were unanimously adopted.

II. COMMITTEE REPORTS

The Chairman noted that an Audit Committee report would not be presented, as the last meeting had been held just before the February 2 Board Meeting and had been reported on then. Summary minutes of the Audit Committee meeting were included with the summary minutes for the February meetings of the other committees.

a. Business Administration Committee

Mr. Crawford reported that the Business Administration Committee had last met February 16. He had begun the meeting by welcoming the two new nominees to the Board from the District of Columbia: Shirley Hall and Warner Session. He noted that the two were present at the day's meeting, and that their confirmation hearing would be held March 7 at 3 p.m.

Steve Baker, Vice President for Business Administration, had reported that in January, contract awards had totaled $9.3 million. Of that amount, Local Disadvantaged Business Enterprises had received $2 million, or 21 percent of the non-federal contracts. DBE firms had won $31,000, or 100 percent of the federal-aid contracts for the month.

Mr. Baker had then reported on the 2010 DBE achievements for federally-assisted design and construction contracts. For aviation, the goals had been 25 percent participation, and the achievement had been 40.6 percent. The goal for rail construction had been 13 percent annually, for a total of about $110 million for the life of the project. By year end, the total had been $64.9 million, well ahead of the goal.

Next had been a report on 2010 DBE achievements for concessions. Goals for concessions were set every three years, consistent with federal regulations. At Reagan National, the current goal was 29 percent; in 2010, the achievement had been 35 percent. At Dulles International, the goal was 20 percent; the 2010 achievement had been 34 percent. The rental cars achievement had been just 1 percent, despite a 10 percent goal, as it was difficult to find DBE-owned rental car companies. But purchases by all rental car companies on the Airports from DBE suppliers had reached 16 percent at Dulles International and 26 percent at Reagan National.

The Committee had then considered a proposal to execute the second of four option-year extensions to the McNeil Technologies contract for information technology support services. There had been some performance issues early on in the contract, but George Ellis, Vice President for Information Systems and Telecommunications, had advised the Committee that all had been addressed and that many improvements had already been made. Under the new circumstances, staff recommended and the Committee agreed to the contract extension.

Finally, the Committee took up a revised pre-solicitation report for airside snow removal and ice control at Dulles International. The original request for proposals (RFP) had been issued some time before, but had resulted in a single bid, from the incumbent contractor. Staff had recognized the problem and had restructured the RFP to assure more competition. Most notably, the contract would be awarded a year before it would take effect, giving the winner enough time to acquire the necessary specialized equipment. Eight companies had become interested in bidding. The Committee had therefore concurred in the proposal.

c. Dulles Corridor Committee

Ms. Reiley reported that the Dulles Corridor Committee had last met both February 15 and 16. At the special meeting on February 15, Steve Smith, Deputy Vice President for Engineering, had given an extensive presentation on the possible development of air rights over the Dulles Corridor, the Toll Road, Access Highway and Metrorail line.

The engineering study, including input from a real estate expert, had come to three conclusions. First, Mr. Smith said building supports at the several air rights sites would not have to be built as part of the Phase 2 Metrorail project, as it would be possible to build over the Corridor after the rail project was completed. Second, he advised that the market for additional commercial real estate was marginal for the foreseeable future, and would have to be reviewed again later. Finally, Mr. Smith noted that statutory limitations on the Airports Authority's use of leased federal land might have to be changed before air rights could be developed.

Ms. Reiley said she had asked that the matter be reconsidered in a few months, with full participation of the Business Administration Department.

Pat Nowakowski, Executive Director of the Metrorail Project, had then presented an accounting of the various firms and staff involved in the Phase 1 rail project, to provide some background for the upcoming decision on the oversight of Phase 2 and related parking garage construction. Phase 1 was currently overseen by Airports Authority employees, sixteen from the engineering staff, plus full and part time staff from the finance, legal, procurement and communications staff. A Project Management and Support Services consultant, Jacobs Carter Burgess was also involved, under a five-year contract with three one-year extension options. Details of the Phase 2 program management strategy had not yet been completed, but would be submitted to the Board soon.

The Committee had also discussed plans for garages along the Metrorail extension that had been included as part of the project, ultimately to be turned over to the Washington Metropolitan Area Transit Authority with the rail line. Ms. Reiley said the staff had agreed to consider alternative methods of financing the garages, with the possibility that they could be removed from the rail project costs.

The Committee then went into executive session to consider contract packaging options and procurement award methodology for Phase 2. These two items went to the heart of the future immense contracting processes coming up later in the year.

Ms. Reiley further reported that on Wednesday the Committee had met entirely in executive session to hear an interim report on the station alternatives at Dulles International. It had appeared then that the issue would be ready for decision in March. The regular cost summary and corridor financial reports had been deferred to the March meeting.

d. Finance Committee

Mr. Brown reported that the Finance Committee had last met February 16. In executive session, the Committee had reviewed alternative funding for the Dulles Corridor Enterprise. Costs of the project were being closely watched, and the Airports Authority was looking for ways to reduce them on a number of fronts, particularly in the Dulles Corridor Committee. The Finance Committee was doing its share, having asked the finance team to come up with alternative ways to generate cash and revenue streams. The Committee had also looked into how the various alternatives could be pursued, administratively and politically.

In regular session, the Committee had heard a proposal for the $220 million JP Morgan letter of credit supporting the Commercial Paper Program. The letter of credit would expire March 13, and the staff had recommended increasing the size to $250 million, while reducing the existing LBBW to $21 million, with the remaining amount to support non-AMT private activity commercial paper that could not be refinanced by CP One on a non-AMT basis. The Committee had supported the recommendation; he would be offering a resolution later in the meeting to approve the transaction.

The financial advisors had reported briefly on their efforts on the Dulles Corridor Enterprise 2011 Plan of Finance, which was progressing as the costs of the project were being refined.

The staff would be filing a letter of interest under the Transportation Infrastructure Finance and Innovation Act (TIFIA), a key part of the Plan of Finance.

Andy Rountree, Vice President and Chief Financial Officer, had reported that there had not be any budget reprogramming in the fourth quarter of 2010.

The Committee had also heard the regular quarterly report on the Investment Program. The total program as of December 31 had been $1.933 billion, down slightly from the September 30 balance of $2.207 billion. The Aviation Enterprise portfolio had been $1.038 billion, and the Dulles Corridor portfolio $894 million.

The semi-annual review of the Airports Authority's banking relationships had been deferred to the next Finance Committee meeting.

Finally, the Committee had received a "snapshot" version of the preliminary 2010 Financial Report, of which an audited final version would be presented in April.

e. Planning and Construction Committee

Mr. Martire reported that the Planning and Construction Committee had last met February 16. Frank Holly, Vice President for Engineering, had presented the monthly capital construction cost report, this time including the new authorizations from the 2011 Budget. At Reagan National, the new authorizations had totaled $114 million, and at Dulles International $92 million. Most of the *d2* projects at Dulles International had been completed, to a total of about $6.7 billion. The forecast for what remained would be about $2.8 million under budget and was expected to stay there. At Reagan National, the forecast was for $9 million under budget.

The AeroTrain was nearing closeout; the required six months of 99.5 percent operations had been completed, and final acceptance would be possible soon.

The Committee had also concurred in two pre-solicitation reports, one an RFQ for task architectural/engineering/planning services for both Airports, the other an RFP for architectural/engineering services for Terminal Improvements at Reagan National. The Committee had also learned that the next major project at Reagan National would be the replacement of the "banjo" gates; there was as yet no schedule for that project.

Next, the Committee had heard a report on development on the "Western Lands" at Dulles International, part of the land the Airports Authority owned beyond the third north-south runway. In the Land Use Plan portion of the Dulles Master Plan, two major parcels in this area had been designated for "Airport Support Zone" and "General Aviation". The third, larger segment had been acquired after the Airport's transfer with taxable financing, which meant that the land use requirements in the Airports Authority's Lease with the United States and the limitations on the use of tax-exempt bond proceeds would not apply and that the Airports Authority's development options were therefore less restricted.

The entire area lacked basic infrastructure, and any development would require about 24-30 months for environmental assessment before construction could begin.

Finally, the Committee had heard the illustrated status report on construction projects and plans at both Airports, presented by Bern Seals of Parsons Management Consultants. Mr. Martire emphasized the safety aspects of the report; there had not been any lost-time incidents throughout 2010, when the average for the entire construction industry had been 1.4. Similarly, the project had seen 1.3 recordable incidents, against a national average of 4.2. Mr. Martire said the safety record was outstanding compared to any major project in the region.

Mr. Martire then reported that he had attended a planning and construction conference in Denver, which he said had focused on various approaches to procurement. There were many cost-savings ideas; he said an official from Phoenix who had made an excellent presentation should be invited to speak at the Airports Authority.

Mr. Conner pointed out that Phase 1 of the rail project was on budget, had a better safety record than any project in the area, and was only slightly behind schedule because of bad weather last year. He said he hoped the press representatives in the room would notice. Mr. Martire said the project was a model one.

III. INFORMATION ITEMS

a. President's Report

Lynn Hampton started with the AeroTrain; the 99.5 percent trial had concluded in February. That meant that the Airports Authority could accept the system from the contractor. Mr. Hampton reported that through the test period, trains had been seven cars long; staff could now reduce the number of cars when they were not all needed, for significant cost savings.

She reported that staff had inquired into the implications of a government shutdown on the Airports. Both Transportation Security Administration and Customs and Border Protection were considered "essential" government functions and would not suspend operations. Air passengers would be unaffected.

Steve Smith had met with the City of Alexandria staff and the developers of the Potomac Yard to discuss any possible conflicts with the runway safety areas at Reagan National. It appeared that would not be any.

A new environmental process was underway for the Dulles firing range, a project that had been included in the last Budget. It was a joint project with Loudoun County.

Black History Month activities, which had been well received, had also included the first events in the performing arts program. The performances would be continuing.

In the next week there would be two "kickoff" events in the GEM – Going the Extra Mile – customer service program. The first GEM award winners would be announced. The program included all employees at the Airports, not just Airports Authority employees.

b. Executive Vice President's Report

Margaret McKeough reported on January passenger activities, which had been mixed. Reagan National had served 1.2 million passengers, 4 percent more than in January of last year. The new JetBlue service, plus the Delta-Northwest combination had contributed substantially to the growth.

At Dulles International, traffic had been steady, about the same as 2010. Domestic passenger counts had increased .5 percent, but international passengers had been down 2 percent. Storms in late January had particularly affected the international and connecting flights. The passenger count had been 1.7 million. Cargo had been down 2 percent, reflecting a 10 percent decline in domestic cargo and a 4 percent increase in international freight.

IV. NEW BUSINESS

a. Amendments to the Amended and Restated Eleventh Supplemental Indenture, Letter of Credit, Reimbursement Agreement, and Offering Memorandum Relating to Airport System Revenue Commercial Paper Notes, Series One

In the temporary absence of Mr. Brown, Mr. Conner moved the adoption of the following resolution, which was unanimously adopted by the vote of all twelve Members present:

WHEREAS, the Metropolitan Washington Airports Authority (the "Airports Authority") by Resolution No. 00-1, Resolution No. 01-6, Resolution No. 02-5, Resolution No. 04-28, Resolution No. 05-6, Resolution No. 07-7 and Resolution No. 10-2 (collectively, the "Prior Resolutions") authorized the issuance of a series of notes designated as Airport System Revenue

Commercial Paper Notes, Series One (the "Series One Notes"), in an aggregate principal amount not to exceed $220,000,000 outstanding at any one time, and provided that the Series One Notes would constitute a series of bonds under the Amended and Restated Master Indenture of Trust, dated as of September 1, 2001, as amended and supplemented (the "Master Indenture"), and as further supplemented by the Amended and Restated Eleventh Supplemental Indenture of Trust, dated as of November 1, 2004, as amended by Amendment No. 1 thereto, dated as of March 1, 2005, and Amendment No. 2 thereto, dated as of January 1, 2010 (as amended, the "Amended and Restated Eleventh Supplemental"), each between the Airports Authority and Manufacturers and Traders Trust Company, as trustee;

WHEREAS, credit enhancement and liquidity support for the Series One Notes is provided by a letter of credit (the "Letter of Credit") issued by JPMorgan Chase Bank, National Association (the "Bank") under a Reimbursement Agreement dated as of March 1, 2002, as amended by Amendment No. 1, dated as of November 1, 2004, Amendment No. 2, dated as of March 1, 2005, and Amendment No. 3, dated as of March 1, 2007, between the Airports Authority and the Bank (as amended, the "Reimbursement Agreement");

WHEREAS, the Airports Authority and the Bank desire to amend the Letter of Credit and the Reimbursement Agreement (i) to extend the commitment under the Letter of Credit through March 13, 2014, (ii) to increase the principal amount of Series One Notes payable under the Letter of Credit from $220,000,000 to $250,000,000 (the "Principal Amount"), (iii) to amend the fees to be paid under the Reimbursement Agreement for the Letter of Credit, and (v) to make certain other amendments as set forth therein;

WHEREAS, an amendment to the Reimbursement Agreement will change fees for the Letter of Credit from (i) 0.18% per annum on the Stated Amount of the Letter of Credit and 0.11% per annum on the Unutilized Portion of the Letter of Credit Commitment (as such terms are defined in the Reimbursement Agreement) to (ii) .70% per annum of the Principal Amount;

WHEREAS, the Airports Authority proposes to amend the Letter of Credit and the Reimbursement Agreement for the Airports Authority's Airport System Revenue Commercial Paper Notes, Series Two (the "Series Two Notes") to decrease the principal amount of Series Two Notes payable under such Letter of Credit from $125,000,000 to $21,000,000 in connection with the amendments to the Letter of Credit and the Reimbursement Agreement for the Series One Notes;

WHEREAS, there have been presented at this meeting of the Board of Directors the form of the following documents necessary to consummate the transactions contemplated hereby for the Series One Notes and to amend the Amended and Restated Eleventh Supplemental Indenture, the Letter of Credit, the Reimbursement Agreement and the offering memorandum relating to the Series One Notes, copies of which documents shall be filed with the records of the Airports Authority:

(a) Amendment No. 3 to the Amended and Restated Eleventh supplemental (the "Amendment No. 3 to the Amended and Restated Eleventh Supplemental");

(b) Amended and Restated Offering Memorandum relating to the offering and distribution of the Series One Notes (the "Amended and Restated Offering Memorandum");

(c) Amendment No. 4 to the Reimbursement Agreement (the "Amendment to the Reimbursement Agreement");

(d) the form of the Master Note Certificate executed and delivered by the Airports Authority and issued pursuant to the Amended and Restated Eleventh Supplemental (the "Master Note Certificate");

(e) the form of the Bank Note executed and delivered by the Airports Authority to the Bank and issued pursuant to the terms and provisions of the Reimbursement Agreement (the "Bank Note");

(f) Notice of Extension and Amendment of Letter of Credit (the "Amendment of the Letter of Credit"); and

(g) Commercial Paper Dealer Agreement, dated as of March 1, 2011 between the Airports Authority and J.P. Morgan Securities LLC (the "Dealer") relating to the Series One Notes (the "Dealer Agreement");

NOW, THEREFORE, BE IT RESOLVED

1. That the Amendment to the Reimbursement Agreement, the Dealer Agreement, Amendment No. 3 to the Amended and Restated Eleventh

Supplemental, the Bank Note, the Master Note Certificate, the Amendment of the Letter of Credit, and the Amended and Restated Offering Memorandum are approved;

2. That each of the Chairman, the Vice Chairman, the Chairman of the Finance Committee, the President and Chief Executive Officer and the Vice President for Finance and Chief Financial Officer is authorized and directed to execute the documents identified in paragraph 1, on behalf of the Airports Authority, with such completions, omissions, insertions and changes as are necessary to reflect the amendments to be accomplished by the documents, and that the execution of the documents by any such officer shall constitute conclusive evidence of the approval of any such completions, omissions, insertions and changes and the Secretary is authorized and directed to affix the seal of the Airports Authority on such executed documents as required, and to attest the same;

3. That any authorization herein to execute a document shall include authorization to deliver it to the other parties thereto;

4. That each of the Chairman, the Vice Chairman, the Chairman of the Finance Committee, the President and Chief Executive Officer and the Vice President for Finance and Chief Financial Officer is hereby appointed as an "Authorized Representative" and authorized and directed to take any other actions on behalf of the Airports Authority to make effective the documents identified in paragraph 1 and to execute any ancillary documents on behalf of the Airports Authority related to the changes effected by the documents in paragraph 1;

5. That any acts of an Authorized Representative that are in conformity with the purposes and intent of this Resolution and in furtherance of the execution of the documents identified in paragraph 1 are hereby approved, ratified and confirmed;

6. That the Dealer is authorized and directed to distribute the Amended and Restated Offering Memorandum to prospective purchasers of the Series One Notes;

7. Except as modified by the foregoing, the Prior Resolutions are otherwise ratified and confirmed and to the extent there is any conflict between the provisions of this Resolution and those of the Prior Resolutions, the provisions of this Resolution shall prevail; and

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

V. UNFINISHED BUSINESS

There was no unfinished business.

VI. OTHER BUSINESS & ADJOURNMENT

Mr. Crawford acknowledged the work that Mr. Manning had performed on airport security and suggested that the Board might consider allowing him to continue this effort.

There being no further business, the meeting was adjourned at 9:30 a.m.

Respectfully submitted:

Quince T. Brinkley, Jr.
Vice President and Secretary

approved 4/6/11