

BOARD OF DIRECTORS MEETING

Minutes of March 22, 2017

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 Chairman called the meeting to order at 9:15 a.m. Ten Directors were present during the meeting:

William Shaw McDermott, Chairman
Warner H. Session, Vice Chairman
Anthony H. Griffin
Robert W. Lazaro, Jr.
A. Bradley Mims

William E. Sudow
J. Walter Tejada
Mark E. Uncapher
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
Jerome L. Davis, Executive Vice President and Chief Revenue
Officer

The Chairman thanked everyone, including those in the audience, for accommodating the need to postpone the March Board meeting by one week due to weather conditions. He acknowledged that the day's meetings will be the last ones held in the existing room where a great deal of useful work and a substantial amount of pleasurable interchange had occurred over the years. The Chairman reported that the April Board and Committee Meetings would be held at Dulles International. The May Board and Committee meetings would be held in the new Corporate Office Building.



I. MINUTES OF THE FEBRUARY 15, 2017 BOARD OF DIRECTORS MEETING

The Chairman called for the approval of the Minutes of the February 15, 2017 Board of Directors Meeting, which were unanimously approved.

II. COMMITTEE REPORTS

a. Business Administration Committee – Warner H. Session, Co-Chair

Mr. Session reported that the Business Administration Committee had met that day and on February 15. In February, the Committee had concurred with the pre-solicitation terms for a fixed-base operator contract at Washington Dulles International (Dulles International). Staff had also presented the quarterly acquisition report for the quarter ending December 31, 2016.

At the day's meeting, the Committee had approved the recommendation to award a landscape maintenance and sidewalk snow removal services contract at Dulles International. Mr. Session advised that he would offer a resolution later in the day's meeting. The Committee had also concurred with the pending procurement for a liquid runway deicer supply contract at both Airports.

b. Finance Committee – William E. Sudow, Member

Mr. Sudow reported that the Finance Committee had last met February 15. The Committee had approved the substitution of a letter of credit for the Aviation Enterprise's Commercial Paper Program Notes and the selection of the underwriting syndicate for the Airports System Revenue and Refunding Bonds, Series 2017A. Mr. Sudow noted that he understood that the group is already off to a fast start. The Board had also approved the recommendations at its February meeting. Staff had also summarized the following: Financial Advisor's Reports for both enterprises, unaudited preliminary December 2016 financial reports for both enterprises, January 2017 financial reports for both enterprises, quarterly report on the Investment Program for the fourth quarter, and report for budget reprogrammings for the fourth quarter.

c. Risk Management Committee – Joslyn N. Williams, Co-Chair

Mr. Williams reported that the Risk Management Committee had last met February 15. In executive session, the Committee had received a report of litigation involving the Airports Authority. Mr. Williams advised that Article IX, Section 3(e) of the Airports Authority Bylaws permits the Board and Committees to move into executive session to consult with legal counsel and staff pertaining to actual or potential litigation, proposed legislation, compliance with legal requirements, and other legal matters.

III. INFORMATION ITEMS

a. President's Report

Mr. Potter advised that instead of the usual monthly reports from the senior executive team, staff would make a presentation to commemorate the historic day since it would be the last Board Meeting held in the building. He advised that the new commuter concourse at Reagan National would provide passengers with a better travel experience. As part of the billion-dollar project to enhance the passenger experience at Reagan National, the new concourse will connect to National Hall and along with the new security checkpoints, will provide passengers more freedom of movement in the Airport, as well as making improvements to the Airport's roadways.

Mr. Potter reported that one of the first requirements of the new concourse project is the demolition of the Corporate Office Building (COB) and the adjacent hangars. As previously reported, the corporate offices would relocate to a building in Crystal City adjacent to the Airport because there is no longer space to accommodate the employees who currently work in COB and Hangars 11 and 12. With the first group of employees moving the upcoming weekend and the others moving the following weekend, they would relocate to a new and upgraded facility that will be a much more pleasant and efficient place to work. Mr. Potter reported that the Board conference room at the new building is expected to be ready for the May Board Meeting. During the transition, the April Board Meeting will be held at Dulles International.

Mr. Potter stated that he believed it would be appropriate to take a historical look at the building and its important roles through the years. He advised that COB had quite a colorful past that holds great memories

for employees. In the very early days of the Airport, the existing COB was the site of an airplane hangar. During the construction of Terminal B/C in the 1990s, the building became a terminal that served Delta Airlines until the new Main Terminal Building opened and the airlines moved into their new space. At that time, the Airports Authority decided to save the rent payments for its offices in Alexandria, and reconfigured the building into the corporate headquarters. Since that time, Reagan National had grown well beyond the capacity it was designed for, which was about 15 million passengers per year, to more than 23 million annually. Mr. Potter advised that the number of flights had not increased significantly, but that the number of passengers on those flights had increased since the owners of the slots had changed and new airlines had begun serving Reagan National. Airlines want to maximize their investment at Reagan National and meet the demands of passengers who want to use the very popular Airport. Mr. Potter reported that there has been a significant amount of up gauging of aircraft. Smaller planes had been replaced with larger ones that have more seats, which are usually filled, and makes the concourses and the security lines crowded at certain times of the day.

Additionally, traffic congestion occurs on the Airport's roadways, with Gate 35-X potentially serving as the biggest chokepoint. Mr. Potter explained that Gate 35-X, which consists of 14 aircraft parking positions, is used by approximately 6,000 passengers daily as they wait outside in all types of weather conditions to board buses to be transported to their planes.

Mr. Potter shared a short video with scenes of the site throughout the years to commemorate all the occurrences and the major decisions that had been made.

As illustrated in the video, Mr. Potter stated that "Project Journey" is consistent with the Airports Authority's corporate branding theme of "Your journey begins with us." He explained that it reflects the Airports Authority's commitment to ensuring its passengers' time in the Airport is a convenient and enjoyable part of their travel experience. Project Journey represents a transformation of the passenger experience which, in addition to the new commuter concourse, includes roadway improvements to ease the flow of traffic and the new security checkpoint locations to make the Airport more open and more accessible to passengers.

For a more detailed look at the new commuter concourse, Mr. Potter introduced Louis Lee and Roger Natsuhara of the Airports Authority's Engineering Department.

Mr. Lee reported that the Airports Authority is excited to start Project Journey to transform the experience of its passengers. He shared a slide of the exterior view of the new commuter concourse envisioned by staff. The new commuter concourse will be comprised of two major components, a connector extending from the north face of Terminal B/C and the passenger concourse itself. It will consist of three stories. The concourse level will serve the traveling public to bring passengers from commuter jets through 14 boarding bridges. Mr. Lee reported that there is a partial third level under the area where the new Airline's Club will be located. The lower level will house the operations of both the airlines and Airport, as well as the existing electrical substation. In terms of scale, use of materials and architectural details, Mr. Lee advised that the new commuter concourse will be highly compatible with the existing Terminal B/C so the goal is to create a sense of continuity and uniformity with the existing architecture.

Mr. Lee also shared a slide illustrating the floor plan of the concourse level, which will be structured at the same width of National Hall to provide an excellent level of service for circulation. A pair of moving walkways will add convenience to departing and arriving passengers using the new commuter concourse. At the end of each moving walkway, passengers will arrive at the new commuter concourse.

Mr. Lee then shared slides depicting the functions, such as circulation space, boarding areas, concessions, including retail shops, food and beverage shops, and restaurants, and restrooms. The space for the Airline's Club, which would be located on the third floor, will be fitted out by the operating airline.

With the aid of slides, Mr. Lee described a passenger's view in the new commuter concourse while traveling on the moving walkway, such as the airfield operations, the view of the Potomac River through the glass wall, and a space called Centrum that will be used by all departing and arriving passengers. He noted that the Centrum is a programmatically diverse space with a high ceiling and an abundance of natural light surrounded by concessions, with easy access to boarding areas and an entrance to the Airline's Club. Amenities will include: soft seating to allow passengers to relax; information display screens to ensure

passengers are updated about their flight status; and low-height concessions to enable visual connection to boarding areas.

Mr. Lee shared slides of the amenities that will be available to passengers at the boarding areas. He stated that the boarding areas for Gates 46 and 48 will have easy access to concessions and ample seats with access to power for charging electronic devices. To accommodate different groups of traveling passengers, a combination of various seat types will be provided, including bar-type seating, traditional tandem seating, and individual lounge chairs.

At the north end of the Centrum, passengers will approach another pair of boarding areas where they can enjoy views of the Capitol and the Washington Monument in Washington, D.C. On the top level of the concourse, passengers will be able to once again enjoy the scenic view to Washington, D.C., while maintaining visual contact with the boarding areas downstairs. Ten more boarding areas, which can be viewed clearly, will be located at the end of the new commuter concourse on the concourse level. Architectural details that echo Terminal B/C, such as the tree-shaped columns and mini domes, will be included to provide a sense of continuity.

Mr. Lee stated that he was hopeful that the interior views demonstrate a sense of openness, illustrate different amenities to be provided, and express the Airports Authority's commitment to providing a relaxing environment for its passengers.

Lastly, Mr. Lee shared a video to remind everyone of the originating point of Project Journey, Terminal B/C, referenced often in terms of architecture, and, more importantly, to reemphasize how the Airports Authority plans to transform its passengers' experience in the new commuter concourse.

Mr. Potter thanked Mr. Lee for his presentation and thanked Mr. Natsuhara for all the hard work that he and his entire team had devoted to completing the design and to working with AIR Alliance and Turner Construction. He advised that the Airports Authority looks forward to the completion of the new facilities. Mr. Potter also thanked Airports Authority staff located at the COB who would be moving, as well as Paul Malandrino, Vice President and Airport Manager, and his staff for their assistance in planning and helping COB employees move.

Mr. Potter then shared an aerial view showing the current COB and the new corporate offices located at 2733 Crystal Drive in an office building called Two Potomac Yard. The new offices are across the 233 Bridge from Reagan National. Mr. Potter advised that the mailing address (1 Aviation Circle) will remain the same so the mail will continue to come to the Airport, and it will then be delivered to the new building. Additionally, most of the phone numbers will also remain the same. Although renovations are still underway, Mr. Potter shared slides of the interior views of the new space, which will provide an open office environment in a very efficient and environmentally-friendly building. He advised that parking will be available in two areas -- inside the building's garage, which is also offered to the public, and an exterior lot across the street covered by the 233 Bridge.

Mr. Potter stated that while the Airports Authority is looking forward to having a new location for its corporate offices and a new state-of-the-art facility for future Board meetings, he is even more excited about getting the commuter flight passengers off the buses and out of the elements and into a comfortable, convenient, and efficient new concourse. He further stated that he looked forward to seeing everyone next month at Dulles International and at the new offices at 2733 Crystal Drive for the May meetings.

On behalf of the Board, Chairman McDermott thanked Mr. Potter and staff noting that the Airports Authority is opening a new exciting chapter. He also expressed appreciation for the historical retrospective and shared a personal account of catching a flight from the old Delta terminal many years ago.

Mr. Lazaro requested a list of the sustainability measures for the new North Concourse, which Mr. Natsuhara agreed to provide.

Mr. Session inquired as to the number of additional concessions that would be located in the new North Concourse, to which Mr. Davis responded eight to ten. Mr. Potter noted that as security locations change an opportunity for additional concessions at National Hall would also exist. He advised that all the concessions at National Hall that are presently located pre-security would move to post-security. Mr. Potter stated that Mr. Davis, Steve Baker, Deputy Vice President for the Office of Customer and Concessions Development, and staff are working with MarketPlace Development (MarketPlace) to plan how the Airports Authority will use the additional space, which is critical. Mr. Session

recalled that in the past Marketplace had traditionally conducted rollout sessions attended by interested potential vendors and inquired as to whether the same process would be used for the additional concessions in the new North Concourse. Mr. Potter responded affirmatively noting that it would be approximately three years before MarketPlace's involvement with concessions for the new North Concourse. Presently, it would be important to identify the space and understand the amount of available square footage and the type of concessions to be placed in the different locations.

Mr. Tejada observed that the Terminal B/C building was one of the most energy-efficient when it had first been built and inquired about the building's Leadership in Energy and Environmental Design (LEED) score. Mr. Natsuhara stated that the Airports Authority did not receive a LEED certification for the building.

With the large amount of natural light in the new North Concourse, Mr. Tejada inquired as to whether there would be any options available for passengers to have shade in the terminal on a bright day filled with lots of sunshine. Mr. Natsuhara responded that the designers conduct a glare study and calculate the blend of shadows and sunlight to mitigate the glares. He noted that the dual pane glass is very efficient.

Mr. Tejada also inquired whether the Airports Authority is required to keep the existing address for the new COB. Mr. Potter responded that there is no requirement but that there is no need to have a second mailroom at Reagan National.

From a consumer's standpoint, Mr. Williams inquired about the kind of inconvenience that passengers would encounter over the next two to three years pending the construction. Mr. Potter responded that Gate 35-X would continue to be used so passengers would still go through the same gate on the same bus. He stated that the airplanes would be parked in 12 new positions during construction, rather than the 14 existing positions. Mr. Potter further stated that some passengers will benefit from American Airlines' accommodations of a dual jet bridge on two of the gates on the North Concourse. He emphasized that the Airports Authority is attempting to minimize any disruption to the traveling public.

Mr. Potter indicated that he believed that the bigger issue will be the Airport's roadways, which will be the most impacted by the construction.

He advised that Bryan Norwood, Vice President for Public Safety, and his team are working with the engineers, Mr. Malandrino, and Richard Golinowski, Manager of the Engineering and Maintenance Department at Reagan National, and their teams to determine the best way to manage the traffic flow during the construction. Mr. Natsuhara noted that there should be minimal impact to passengers due to the construction of the new commuter concourse since the construction will be on the north side away from the passengers. He advised that the secure National Hall project will have much more impact on the passengers as it will affect all interior levels in Terminal B/C and the arrivals roadway. Mr. Natsuhara agreed that the biggest challenge will be the roadway impacts and noted that the overall construction will be approximately three years but that the roadway will be impacted only about one year.

In addition to improving the consumer and customer experiences, Mr. Sudow inquired as to whether back-office space would be available for the airline for training or other activities that would not negatively impact concession or passenger space in the terminal. Mr. Natsuhara responded that the ramp level below the passenger level will be designed in an efficient manner. He explained that all of the deliveries would be made on the bottom level instead of through the main concourse on the passenger level. Mr. Natsuhara advised that office space for the airline, as well as a baggage handling system, would also be located on the lower level for the airline's efficiency.

Mr. Sudow observed that the current pre-screening areas, including restaurants, in the terminal are often used for meetings. He inquired as to whether it would be possible for the New North Concourse to include concessions in the pre-screening area. Mr. Potter responded that concession and meet and greet areas will be located prior to arriving in the screening area. He also noted that depending on the market needs, there may be opportunities to build out a full-service restaurant in other areas of the Airport. Mr. Potter also announced that two conference rooms are available to rent for meeting space in Terminal A at Reagan National.

IV. NEW BUSINESS

- a. Recommendation to Approve and to Authorize the President and Chief Executive Officer to Execute a Grant Agreement with the Commonwealth of Virginia Providing \$50 Million of Commonwealth Funding for Use at Washington Dulles International Airport

Chairman McDermott recalled that the Board had taken an action at its February Meeting to authorize the President and Chief Executive Officer to sign a funding agreement on behalf of the Airports Authority with the Commonwealth of Virginia (Commonwealth) concerning the provision and use of \$50 million of Commonwealth funding at Dulles International. Chairman McDermott then moved the adoption of the following resolution, which was unanimously approved:

WHEREAS, During its 2016 legislative session, the General Assembly of Virginia authorized a grant of \$50,000,000 to the Airports Authority to be used solely at Washington Dulles International Airport (Dulles International) for the sole purpose of reducing the airline cost per enplanement at the Airport;

WHEREAS, The General Assembly established a number of conditions to the Airports Authority's receipt of these grant funds, including that the Airports Authority and the Commonwealth of Virginia enter an agreement which would govern the Commonwealth's provision, and the Airports Authority's use, of the grant funds;

WHEREAS, Negotiations related to this funding agreement between staff from the Airports Authority and the Virginia Department of Transportation (VDOT) have taken place, and a final agreement has been reached;

WHEREAS, A verbal presentation of this funding agreement was provided to the Board of Directors at its February 2017 meeting, following which the Board (i) authorized the President and Chief Executive Officer to execute the agreement on behalf of the Airports Authority, and (ii) requested that staff prepare a resolution ratifying the Board's action for the Board's consideration at its March 2017 meeting; and

WHEREAS, On March 1, 2017, the President and Chief Executive Officer executed this funding agreement on behalf of the Airports Authority, and on March 7, 2017, an officer of VDOT executed the agreement on behalf of the Commonwealth of Virginia (a copy of the executed agreement is attached hereto); now, therefore, be it

RESOLVED, That the funding agreement between the Airports Authority and the Commonwealth of Virginia concerning the provision and use of \$50,000,000 of Commonwealth funding at Washington Dulles International Airport shall be and hereby is approved;

2. That the authorization that the Board extended, at its February 2017 meeting, to the President and Chief Executive Officer to execute this funding agreement on behalf of the Airports Authority shall be and hereby is ratified and confirmed; and

3. That the effective date of this Resolution shall be February 15, 2017.

The final resolution filed in the Board of Directors Office includes a copy of the executed agreement.

Chairman McDermott congratulated Mr. Potter and staff on the March 1 execution of the grant agreement. Mr. Potter thanked the Board for its authorization and announced that the Airports Authority had received the first installment of \$25 million.

b. Recommendation to Award a Landscape Maintenance and Sidewalk Snow Removal Services Contract at Washington Dulles International Airport

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

WHEREAS, In January 2016, staff presented the Business Administration Committee with a pre-solicitation paper regarding the provision of landscape maintenance and sidewalk snow removal services at Washington Dulles International Airport (Dulles International);

WHEREAS, The Business Administration Committee concurred with the pre-solicitation terms and a Request for Proposals was issued on October 13, 2016; and

WHEREAS, On March 22, 2017, the Business Administration Committee was presented with the results of the competitive procurement process, including the evaluation of the firms that responded to the Request for Proposals, and recommended that the Board of Directors approve the selection of BrightView Landscape Services, Inc., of Chantilly, VA; now, therefore, be it

RESOLVED, That the selection of BrightView Landscape Services, Inc. to provide landscape maintenance and sidewalk snow removal services for Dulles International for a base term of two years, with three one-year extension options, at an estimated total cost of \$5,863,829 is approved; and

2. That the President and Chief Executive Officer is authorized and directed to enter into a contract with BrightView Landscape Services, Inc., consistent with the terms presented to the Business Administration Committee at its March 22, 2017 Meeting.

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

The Meeting was thereupon adjourned at 10:00 a.m.

Respectfully submitted:



Monica R. Hargrove
Vice President and Secretary

Approved 4/19/17