

BOARD OF DIRECTORS MEETING

Minutes of June 15, 2016

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 9:00 a.m. Fourteen Directors were present during the meeting:

William Shaw McDermott, Chairman	Caren D. Merrick
Warner H. Session, Vice Chairman	A. Bradley Mims
C. Charles Caputo	Thorn Pozen
Michael A. Curto	William E. Sudow
Anthony H. Griffin	J. Walter Tejada
Katherine K. Hanley	Nina Mitchell Wells
Barbara Lang	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

I. MINUTES OF THE MAY 18, 2016 BOARD OF DIRECTORS MEETING

The Chairman called for the approval of the Minutes of the May 18, 2016 Board of Directors Meeting, which were unanimously adopted.



II. COMMITTEE REPORTS

a. Business Administration Committee – Caren Merrick, Co-Chair

Ms. Merrick reported that the Business Administration Committee had met that morning and on May 18. At the day's meeting, the Committee had approved a staff recommendation to award a sole source contract to purchase natural gas delivery service from Columbia Gas of Virginia for all meters at Washington Dulles International Airport (Dulles International). She stated that she will offer a resolution later in the day's meeting. The Committee had also concurred with the pre-solicitation terms for the natural gas supply service contract at Dulles International.

On May 18, staff had presented the pre-solicitation terms for rental car contracts at Ronald Reagan Washington National Airport (Reagan National) and the Quarterly Acquisition Report.

b. Strategic Development Committee – Nina Mitchell Wells, Co-Chair

Ms. Wells reported that the Strategic Development Committee had just ended the day's meeting. The Committee had approved the staff recommendation to award a contract for Task Order Architect/Engineering Services for all improvements and repairs for the Metropolitan Washington Airports Authority (Airports Authority). Ms. Wells stated that she will offer a resolution later in the day's meeting. Staff had presented the Airline Business Development Information Report.

III. INFORMATION ITEMS

a. President's Report

As most were aware, Mr. Potter reported that a major part of the Airports Authority's effort to strengthen Dulles International's competitive position is to take advantage of the current record-low interest rates to lower its debt service cost. He further reported that Andy Rountree, Vice President and Chief Financial Officer, and his finance team had attained great success in recent years in the bond market with lowering the Airports Authority's interest costs. Mr. Potter announced that the

Airports Authority's latest success in refunding more bonds for significant additional savings occurred the prior day in New York.

Mr. Potter reviewed several events leading up to the Airports Authority's bond refunding, including a reaffirmation of AA- rating from both Fitch and Standard & Poor's, as well as the A1 rating from Moody's. He stated that the Airports Authority is extremely pleased that Moody's has taken special note of its credit quality and upgraded the outlook to positive, signaling the Airports Authority's steadily improving credit strength. With its reaffirmed ratings, the Airports Authority continues to be among the most highly-rated airport authorities in the country.

Mr. Potter reported that the Airports Authority's credit strength enabled the refunding of \$69.4 million of bonds to achieve interest rate savings of \$102 million on a net-present-value basis that equates to annual debt service savings on a gross basis of \$8.2 million to be realized over the next 20 years. The Airports Authority plans to continue to leverage the strength of its credit quality as it pursues over \$1.5 billion in additional refundings as bonds become callable between 2017 and 2020. Mr. Potter reported that the savings will translate into continuous improvement in the Airports Authority's competitive position by positively impacting the Cost per Enplanement (CPE) forecast.

Mr. Potter also thanked JPMorgan for serving as the Airports Authority's senior book-running manager and the six additional firms that served as co-managers. He stated that the Airports Authority's financial advisors, Frasca & Associates, L.L.C., and Valerie O'Hara and Giedre Ball of the Airports Authority's debt team were also instrumental in making the recent bond sale such a success. Mr. Potter also extended gratitude to the Finance Committee Co-Chairs, Earl Adams and Michael Curto, and Board Chairman Shaw McDermott for their assistance and participation.

Mr. Potter reported that the horror stories reported by the news media of long, slow security lines at airports across the country have not materialized at Reagan National or Dulles International. As previously reported at the May Board Meeting, Mr. Potter stated that when warnings for summer travelers were first issued, the Airport teams led by Paul Malandrino at Reagan National and Chris Browne at Dulles International forged close working relationships with Transportation Security Administration (TSA) partners to keep things flowing smoothly for the Airports' passengers. He noted that a few news reporters visited Reagan National and Dulles International expecting long lines and unhappy

passengers at security checkpoints but instead witnessed smooth operations. Mr. Potter thanked the TSA partners for their efforts to keep the lines at security checkpoints moving at Reagan National and Dulles International.

Mr. Potter reported that the Airports Authority is looking ahead to this summer's other big challenge with the planned repairs on the metrorail system, including work that will affect the Reagan National Metrorail Station. He recalled that the Washington Metropolitan Area Transit Authority's (WMATA) SafeTrack Plan is an effort to address safety recommendations, make repairs, and rehabilitate the metrorail system on an accelerated basis by shutting down certain stations and sections of track or single tracking in some areas. Under current plans, the Reagan National station will be affected by line closures or station closures from July 5 to July 18 as part of the SafeTrack Plan. Mr. Potter reported that the closure will impact a significant number of the Airport's passengers and employees' travel. He stated that about 20 percent of Reagan National's customers use the metrorail system to access the Airport, which makes it the number one Airport in the country in terms of public transit usage. Therefore, it is important to keep passengers informed of the metrorail work, as well as alternative forms of transportation during the repair period. Mr. Potter reported that Airports Authority staff is working closely together to get the word out to the Airport's passengers and employees. In addition to the dates for the repair work, Airports Authority staff is also informing passengers about bus service and other ways to get around Reagan National or other places throughout the city despite the metrorail closures. Mr. Potter reported that people who drive to the Airport are encouraged to use the parking reservation system because the parking facilities, which are already tight, are certain to become even more crowded during this time.

Mr. Potter also reported that recent traffic studies revealed that approximately 40 percent of the cars on Reagan National roadways are due to drivers using the Airport roads as a cut-through between Crystal City and the George Washington Parkway. The Airports Authority will deliver a message through the use of news media, social media, website, and signage to encourage motorists to avoid Reagan National's roadways during this repair period if their needs are not directly connected to the Airport. Announcements will also be made over the Airport's public address system, and the airlines will also provide information to their passengers. Mr. Potter stated that the Airports Authority wants to make

it as easy as possible for its customers during WMATA's SafeTrack project as it has had thus far with the Airports' TSA lines.

Mr. Potter reminded everyone that Reagan National's celebration of 75 years of service would be held at the Airport the following day. He reported that former President Franklin Roosevelt, who had the Airport built under the New Deal Program, was present for the first landing by an American Airlines (American) DC-3. To celebrate the June 16 occasion, American will land another vintage DC-3. Mr. Potter reported that in addition to the Aero Club of Washington, Doug Parker, the Chief Executive Officer of American, will also participate in the celebration. He noted that American is still a major carrier at Reagan National. Mr. Potter reported that the Airports Authority will also be joined by Federal Aviation Administration Administrator Michael Huerta, former U.S. Department of Transportation Secretary Elizabeth Dole, and Congressman Don Beyer.

Mr. Potter stated that Reagan National is an Airport with a proud and colorful history and one that he believed is among the best in the country. As part of the 75th anniversary celebration, the CNN Airport Network (CNN) put together a video on the development of Reagan National, its role in this region's transportation economy, and its bright prospects for the future. Mr. Potter noted that Mr. Davis will report on the marketing aspects of the June 16 celebration. He then shared the video for everyone to enjoy.

b. Executive Vice Presidents' Reports

Ms. McKeough provided an update on two new operational initiatives that will soon be available at the Airports to help customers navigate their travel experience through Reagan National and Dulles International. She reported that the CLEAR initiative, which was approved by the Board, is a registered private entity approved by the TSA to provide assistance at the Airports' security checkpoints. Ms. McKeough stated that CLEAR is expected to be available in early July at both Airports. It will offer passengers an opportunity to purchase a membership subscription which enables them to use the CLEAR technology to have their travel documents screened once they become members. At Reagan National, CLEAR will be located at all four checkpoints. At Dulles International, it will be conveniently located on the ticketing counter adjacent to where the Pre-Check facility is located. Ms. McKeough reported that the Airports Authority looks forward to

having CLEAR available in an effort to continue to help make sure that the Airports' TSA lines remain manageable during the busy summer travel season.

Ms. McKeough reported that the Airports Authority would activate its second initiative on July 7. She stated that the Mobile Passport is the third technology product that the Airports Authority has introduced. Ms. McKeough reported that arriving international passengers will be able to use the Mobile Passport at Dulles International to help process themselves through the U.S. Customs and Border Protection (CBP) facilities in a very streamlined basis. Prior to arriving at Dulles International, arriving U.S. citizens can download the app from the federal government website or from the Airports Authority website and enter their personal travel profile information. Upon their arrival, the passengers can scan the Mobile Passport app with their smartphones. Ms. McKeough stated that the app will provide arriving international passengers the ability to use an expedited process in terms of processing through CBP relieving the need to interact with an agent unless there is a particular issue that needs to be addressed.

Mr. Caputo asked how the Mobile App will differ from Global Entry. Ms. McKeough responded that the Mobile App is the third technology introduction. She explained that Global Entry, which is most beneficial for frequent travelers and can be used for domestic and international flights, is among a number of screening products that are available. Ms. McKeough reported that Global Entry is administered by the federal government whereby individuals purchase memberships. She noted that free self-service passport kiosks allow individuals to enter their passport information at a kiosk and obtain a receipt thereby eliminating the need to meet with a CBP agent.

Mr. Pozen inquired as to when CLEAR would be available. Ms. McKeough reported that the dates she referenced earlier are when the Airports Authority is making these services available for customers to use at Reagan National and Dulles International. She clarified that a customer who wants to use CLEAR can purchase a membership and register with CLEAR at any time. Mr. Pozen then inquired about the Airports Authority's plan to publicize the customers' access to CLEAR at Reagan National and Dulles International. Ms. McKeough stated that upon completion of the Airports' support facilities and other required wiring and operational issues, a marketing campaign would be held to inform customers.

Mr. Sudow inquired as to whether CLEAR and Pre-Check customers use the same TSA security lanes. Ms. McKeough responded that TSA has not authorized CLEAR members to use the security lane for Pre-Check travelers if they are not enrolled in Pre-Check. Mr. Sudow stated that he believed that CLEAR has been in existence for approximately 10 years and inquired whether participants in the old program are automatically allowed to participate in the new program. Ms. McKeough responded that the old program was owned by a different company. When the current owner purchased the company, it honored all former memberships by allowing members to participate in CLEAR for a dedicated period of time before their subscriptions expired.

Ms. Wells inquired about the percentage of passengers that used the technology products that Ms. McKeough referenced earlier and whether staff has the ability to track the products' current use and future increases. Ms. McKeough responded affirmatively. She stated that staff would be happy to present the statistics and share the success of the programs in the future. Ms. Wells also inquired about the current participation rates. Staff responded that the participation in Pre-Check at Reagan National and Dulles International is estimated at 40 and 30 percent, respectively. Ms. McKeough stated that the passport kiosks in the International Arrivals Building at Dulles International are receiving substantial usage.

Mr. McDermott suggested that in addition to the marketing campaign for CLEAR, the Airports Authority should create a section for "Frequently Asked Questions" relative to TSA Pre-Check and CLEAR for inclusion on the Airports Authority website, to which staff agreed.

Ms. McKeough concluded by reporting that the Airports Authority recently partnered with the National Aeronautical and Space Administration to open a Children's Interactive and Play Area at Dulles International on Concourse B during the last week in June, just in time for the busy summer family travel period.

Mr. Davis thanked the revenue-producing teams, such as concessions, terminal revenue, airline business development, and real estate, as the Airports Authority is on track to have a good year. He stated that he would provide information about other teams within the Office of Revenue and how they contribute to the Airports Authority's success. In support of the goal to uphold a solid and positive reputation as a safe, convenient, and efficient service provider, as well as a provider of jobs

and economic growth, the communications group works to build relationships with the news media because the media is a primary vehicle to disseminate the Airports Authority's messages to the public. Mr. Davis reported that the communications team has had over 300 interactions over the past two months with the media on various topics, including the progress on the Silver Line construction and the fast-moving security and passport lines at Reagan National and Dulles International because of the good working relationships with TSA and CBP.

Mr. Davis reported that the government affairs team has handled about 200 interactions with Members of Congress, state legislators, county supervisors, local mayors, and other elected leaders and their staffs in addition to officials at regulatory agencies during the last two months. The team is involved in regulatory decisions such as zoning around Dulles International, which could have profound long-term implications on the Airports Authority's business. Mr. Davis stated that the government affairs team also conducted dozens of meetings and briefings in Richmond this year with members of the General Assembly, the McAuliffe Administration and their staffs in the Airports Authority's effort to secure the \$50 million in financial assistance from the Commonwealth of Virginia for Dulles International. He noted that the financial assistance to be provided over the next two years will be instrumental in the Airports Authority's effort to drive passenger growth and revenue. Thus far, the government affairs team has kept the Federal Aviation Administration reauthorization bill free of any provisions that would further relax the slot and perimeter rules at Reagan National and potentially contribute to the imbalance between the two Airports that staff is working to rectify. Mr. Davis reported that the communications and government affairs' functions are considered indirect providers of revenue because their involvement is absolutely critical to the Airports Authority's success.

Mr. Davis also reported that the marketing team is critical to the success of the Office of Revenue. The Airports Authority's brand logo, passenger pledge, and creative promotions in big event marketing are designed to drive demand. Mr. Davis stated that the strategic approach to business intelligence helps the Airports Authority to better serve its customers, which helps the marketing group in its key role of promoting all of the advantages Reagan National and Dulles International offer.

In addition to the Reagan National 75th anniversary video spearheaded by the Airports Authority's marketing team in concert with CNN, significant activity is also occurring across all fronts to mark the historic occasion. Mr. Davis stated that American Flight 1033 will be met by a water arch, and passengers will be greeted by musical and dancing performances and receive a free travel blanket featuring the 75th anniversary logo. Additionally, entertainment will be provided throughout the Airport as part of the celebration during the month. Mr. Davis reported that a historical timeline from 1941 to the present is displayed in Terminal A. Since promotions are a good way to engage with passengers and offer them an opportunity to get something unique that is tied to a specific event, Mr. Davis stated that many of the restaurants at Reagan National will offer a \$19.41 meal that will represent a 10 to 30 percent reduction from the normal retail cost.

Mr. Davis reported that the Smithsonian Folklife Festival (Folklife Festival), which is an international exhibition on the National Mall, will be held from June 29 through July 10. The event attracts over a million visitors, many of which will arrive at Dulles International. He noted that the prior year's Folklife Festival focused on Peru and the Airports Authority sponsored it for the first time even though LATAM airlines did not service Dulles International. Mr. Davis reported that the Airports Authority's accomplishment to attract LATAM airlines a year later is quite important and explained that this year's situation was similar to the past year as the folklife for this year focused on an area between France and Spain.

Mr. Davis also reported that staff is continuing to enhance the Airports Authority website in the coming months by adding foreign languages, including Chinese, German, Spanish, Japanese, and Portuguese. Mr. Davis noted that information collected from the website revealed the top ten preferred languages for international visitors; therefore, staff is attempting to implement design changes based on customers' needs.

Mr. Davis announced that the Airports Authority signed a marketing agreement with the Citi Open Tennis Tournament, which will be held July 18 through July 24 in Washington, D.C. He stated that the event would be another opportunity to promote Dulles International since the tournament normally attracts 70,000 attendees from around the world. Mr. Davis reported that marketing opportunities, including displaying the Airports Authority's logo throughout the venue and a 60-second

advertisement, will provide people with an idea of the Airports' framework.

Mr. Davis concluded his report with a video of people dancing and having fun at the Airports Authority's events.

Mr. Sudow recalled the efforts of the Airports Authority's staff with regard to helping to secure the funding from the Commonwealth. He inquired about the conditions associated with the receipt of the funds and asked how the results of the recent bond financings would impact some of the conditions. Mr. Potter stated that one of the conditions is for the Airports Authority to have a savings plan to match the \$50 million that it will receive from Virginia. He reported that the \$100 million savings from the recent bond financings would be used as part of the Airports Authority's demonstrated savings.

Mr. Caputo thanked Mr. Davis and members of his team, Chryssa Westerlund, Deputy Vice President for Planning and Revenue Development, and Steve Baker, Deputy Vice President for the Office of Customer and Concessions Development, for the recent meeting to discuss ongoing efforts to attract more tourists through Dulles International. He also noted a terrific article in *Posh Seven* about the new concessions at Dulles International. Mr. Davis stated that Board Members will receive the referenced publication and others that give an indication of how the Airports Authority is communicating its future concessions' goals at Dulles International.

Mr. Mims inquired about the Clear Channel transition with regard to advertising. Mr. Davis stated that the relationship thus far has been phenomenal. He stated that the execution of the plan began on March 1. Mr. Davis explained that the Airports Authority is in the process of engaging Clear Channel across multiple pieces of its business and results should be visible to the Airports' customers in approximately four months. Mr. Mims also inquired as to the business relationship between Clear Channel and the Local Disadvantaged Business Enterprise it selected. Mr. Davis stated that the interaction is favorable and no issues have been raised.

Mr. Tejada stated that he is delighted to learn of the Airports Authority's emphasis and focus on the international arena. He noted that he is also particularly pleased that staff is tracking data to determine the most commonly-used languages on the website as it is important to remember

that the Airports' users represent an international region. Mr. Tejada stated that he believed the overall message to welcome the Airports' users in other languages would serve as an expression of welcoming to the region, which may ultimately result in repetitive customers who spend tourism dollars in the metropolitan region.

Mr. Tejada observed that Spanish seemed to be among the most commonly-used languages for users of the Airports Authority's website. He inquired as to whether Airports Authority partnered with embassies to keep them well informed of the Airports Authority's activities. He stated that the Latino media likely represents the largest interest from different countries. Mr. Tejada asked if the Airports Authority has conducted an outreach briefing to ethnic media or if such a briefing would be planned for the future. He stated that he believed opportunities existed for many partners to become more informative about the Airports Authority. Mr. Tejada offered his assistance with such briefings for the Hispanic media. Mr. Davis responded affirmatively. He reported that the Airports Authority is involved with several Latino media companies. In addition to Telemundo, Mr. Davis stated that the Airports Authority has conducted outreach to embassies from an international standpoint, which is why he provided information about the Folklife Festival. He noted that going forward, staff believed there is an incredible opportunity to tell a much better and improved story regarding international segments. Mr. Davis reported that he believed that a person such as Mr. Tejada as a Director can be very influential in helping the Airports Authority to specifically target some of the correct areas. He welcomed Mr. Tejada's feedback. Mr. Davis stated that the introduction of the five foreign languages represents the realization that Dulles International accommodates approximately 80 percent of the international flights in the region, which confirms that a platform exists to welcome people in different languages. Mr. Davis stated that the future goal is to ultimately reach 20 to 25 languages. Mr. Tejada accepted Mr. Davis' invitation.

Mr. Session acknowledged and congratulated Mr. Davis on his recent appointment to the Destination DC Board of Directors. He stated that he knew that Mr. Davis' membership would serve as a great contribution for both the District of Columbia and Airports Authority.

Ms. Merrick stated that she appreciated the staff's effort to quantify the relevant data, which is considered indirect revenue support. Mr. Davis recounted the importance of marketing, which ultimately drives demand.

He recalled that he and Mr. Potter had discussed marketing tactics and outcomes, which relate to revenue and passengers, during his interview process.

Mr. Williams stated that he enjoyed the summer musical events at the Airports and inquired when they would begin. Mr. Davis stated that they had begun, and the dates are included in a recent press release that would be circulated to the Board. Mr. Williams observed that non-Airport passengers also visited the Airports to partake in the summer musical events.

Mr. Caputo referenced the \$19.41 special meal deal at Reagan National in observance of the Airport's 75th anniversary and suggested that the special deal also be offered at Dulles International in an effort to attract customers.

IV. NEW BUSINESS

- a. Recommendation to Award a Contract for an Architectural/Engineering Consultant for Design Services for Road Improvements and Repairs for the Metropolitan Washington Airports Authority

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

WHEREAS, In February 2016, staff presented a pre-solicitation paper to the Strategic Development Committee regarding the procurement of architect and engineering design services to be performed for all road Improvements and repairs for the Metropolitan Washington Airports Authority (Airports Authority);

WHEREAS, On February 24, 2016, a Request for Qualifications Information (RFQI) was posted on the Airports Authority's website and was advertised for full and open competition; and

WHEREAS, On June 15, 2016, the Strategic Development Committee received the results of the competitive evaluation of the firms that responded to the RFQI, and recommended that the Board of Directors approve the selection of Johnson

Mirmiran and Thompson of Sparks, Maryland; now, therefore, be it

RESOLVED, That the selection of Johnson Mirmiran and Thompson to provide architect/engineering design services for all road improvements and repairs for the Airports Authority for a term of two years, with three one-year extension options, at a cost not to exceed \$14 million is approved; and

2. That the President and Chief Executive Officer is authorized to execute a contract with Johnson Mirmiran and Thompson for the provision of these architect and engineering design services for road improvements and repairs for the Airports Authority, consistent with the contract terms and conditions presented to the Strategic Development Committee on June 15, 2016.

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

b. Recommendation to Award a Sole Source Contract to Purchase Natural Gas Delivery Service from Columbia Gas of Virginia for all Meters at Washington Dulles International Airport

Mr. Session moved the adoption of the following resolution, which was unanimously approved by all twelve Directors present at that time:

WHEREAS, Columbia Gas of Virginia (CGV) is the Local Distribution Company (LDC) franchised by state regulations for exclusive natural gas delivery service to Washington Dulles International Airport through Virginia's State Corporation Commission (SCC);

WHEREAS, The Airports Authority has a current contract with CGV for the delivery of natural gas which expires on August 31, 2016;

WHEREAS, SCC approves all rates and increases, which are published documents posted on its website, for delivery service for all LDCs;

WHEREAS, The proposed contract with the Airports Authority is for a five-year base period from September 1, 2016 through August 30, 2021, with one five-year option period;

WHEREAS, SCC approved the current rates for natural gas delivery service in January 2016, effective February 1, 2016, and increases are not likely to occur within the next two years because SCC allows a rate review only once every two years;

WHEREAS, Cost for natural gas delivery services for Dulles International during the five-year base term of the proposed contract is estimated to be approximately \$850,000, based on current rates with projected increases;

WHEREAS, As required by the Airports Authority's Contracting Manual, notice of this sole source contract award has been published on the Airports Authority's website for the required time period and no firm offered a capability statement for this requirement; now, therefore, be it

RESOLVED, That the President and Chief Executive Officer is authorized to enter into a sole source contract with Columbia Gas of Virginia for the provision of natural gas delivery service to Dulles International as identified in the documents presented to the Board of Directors at its June 2016 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

There was not any other business.

The Meeting was thereupon adjourned at 9:58 a.m.

Respectfully submitted:

Monica R. Hargrove

Monica R. Hargrove
Vice President and Secretary

Approved 7/20/2016