

## BOARD OF DIRECTORS MEETING

Minutes of January 18, 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 10:32 a.m. Fifteen Directors were present during the meeting:

William Shaw McDermott, Chairman	Thorn Pozen
Earl Adams, Jr.	David G. Speck
Anthony H. Griffin	William E. Sudow
Katherine K. Hanley	J. Walter Tejada
Barbara Lang	Mark E. Uncapher
Robert W. Lazaro, Jr.	Nina Mitchell Wells
Caren Merrick	Joslyn N. Williams
A. Bradley Mims	

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 extended Happy New Year wishes to everyone. He stated that it was wonderful to start the new year with so many interesting and challenging things at the Metropolitan Washington Airports Authority (Airports Authority).

The Chairman officially recognized David Speck. He reported that Mr. Speck had been appointed by the Governor of Virginia to fill the unexpired term of the Board seat previously held by Chuck Caputo. Since Mr. Speck's attendance at the December 2016 Board Meeting, he had received the oath of office and was now able to fully participate. The



Chairman noted that Mr. Speck had previously served on the Finance Committee with distinction when he served on the Board several years ago, and that he had recently appointed him to serve as Co-Chair of the Finance Committee.

The Chairman stated that he had also recognized Bob Lazaro, also appointed by Governor McAuliffe, at the December 2016 Board Meeting. He recalled that since he had taken his oath of office prior to that meeting, he was able to participate in the December 2016 meeting.

The Chairman reviewed the principles that he used in association with the 2017 committee assignments. They included being consistent with the precedence established by his predecessors to achieve rotation with committee chairs after service of two years by a given Board Member and to rotate service on the committees over time from one committee to another to give Board Members new perspectives on the Airports Authority's business; to achieve a reasonable balance in jurisdictional distributions on each committee; to give some acknowledgements to declared interests and experience brought to the Board; to refrain from overburdening any Board Member (other than himself); and to recognize that no matter that a Board Member does not serve on a given committee, much of the committee work occurs at open Board meetings, which may be attended by any Board Member for education, edification and comment.

The Chairman also noted the vacant space normally occupied by Warner Session, who was re-elected as Vice Chairman for 2017. He stated that his Board appointment term had ended without the Council of the District of Columbia (Council) being able to hold his confirmation hearing. Chairman McDermott acknowledged that Mr. Session was seated in the front row of the staff area. He stated that the Board was hopeful that the Council will act on Mr. Session's upcoming reappointment later in the month.

Chairman McDermott reported that the third of the federal appointments to the Airports Authority Board, which requires Senate confirmation, is still pending.

## I. MINUTES OF THE DECEMBER 14, 2016 BOARD OF DIRECTORS MEETING

The Chairman called for the approval of the Minutes of the December 14, 2016 Board of Directors Meeting, which were unanimously adopted.

## II. COMMITTEE REPORTS

### a. Joint Ethics Review and Executive and Governance Committee – Caren Merrick, Chair

Ms. Merrick reported that the Joint Ethics Review and Executive and Governance Committee had met on December 14, 2016. The Committee had approved a recommendation to approve the Board guidelines for conference travel, professional association memberships, and licenses. The Board had also approved the guidelines at its December 14 meeting. Ms. Merrick noted that Directors will receive a list of recommended conferences from management and Board Office staff once they are available for 2017.

## III. INFORMATION ITEMS

### a. President's Report

Mr. Potter officially welcomed Mr. Speck. As a former Board Member, and a former member of the Virginia House of Delegates and Alexandria City Council, Mr. Potter stated that Mr. Speck is an excellent addition to the Board. He recognized Mr. Lazaro and Mr. Uncapher and stated that he looked forward to their perspectives and working with them.

Mr. Potter acknowledged the very tragic event on January 6 in Fort Lauderdale, Florida. He stated that thoughts and prayers are with the families and friends of the victims, and extended expressions of care to the colleagues at the Fort Lauderdale Airport as that facility recovers and returns to normal operation.

Mr. Potter reported that the incident is another reminder to everyone in the airport industry that our facilities can be targets of terrorists and criminal activity, and that the safety and security of the passengers and employees must always be the top priority. He stated that the Airports Authority staff constantly monitors events and developments regarding security at airports and other facilities across the country and around

the world as part of an ongoing effort to continuously improve its security operations.

Mr. Potter noted that the Airports Authority is especially mindful of security as the upcoming Presidential Inauguration approaches. For several weeks, the Airports Authority's Public Safety team, along with its Airport Operations, emergency preparedness, concessions, Government Affairs, and Communications teams, has been working with federal, state, and local counterparts to plan the logistics for the inauguration. Mr. Potter stated that while passenger traffic is heavy at both Airports, Dulles International is also the destination of dozens of corporate jets and private planes that use general aviation facilities. He noted that one of the runways at Dulles International will be closed to accommodate the private and corporate planes expected during inaugural week. In addition to annual preparations for winter storms, Airports Authority staff is also working diligently and cooperatively with other agencies and local governments to prepare for the inauguration. Mr. Potter reported that Ms. McKeough will provide additional details in her report later in the meeting.

With the beginning of another new year, Mr. Potter reported that staff is working to keep the elected officials, particularly those who are new to their positions, informed of the Airports Authority's goals and accomplishments. Since the elected officials include those on Capitol Hill, in Richmond, and all levels of federal, state, regional, and local government, the Airports Authority's Government Affairs team is already at work to ensure that the incoming Administration, the new Congress, and the Virginia General Assembly understand the Airports Authority's initiatives and issues and the critical role it plays in the regional economy. As part of this effort, Mr. Potter reported that he had visited with a number of key members of the General Assembly and the McAuliffe Administration in Richmond the prior week to provide them with updates on some of the Airports Authority's major areas of interest, including efforts to strengthen the competitive position of Dulles International and construction plans at Reagan National.

Mr. Potter reported that construction on the Reagan National project would begin within the coming weeks. He noted that the environmental study, as required under the National Environmental Policy Act, was approved in November 2016, and the first construction Notice to Proceed was recently issued. Mr. Potter reviewed the scope of the initial construction work and noted that the early part of the project is already

requiring changes, including the relocation of a major employee parking area. He advised that the Airports Authority's Engineering, Operations, and Communications teams are working to ensure that passengers, employees, and the public are informed about the future changes, and are clearly advised of how to navigate the Airport and the surrounding roadways.

Mr. Potter thanked Directors Griffin, Hanley, Mims, Pozen, Speck, and Uncapher for their participation in a tour of the rail construction areas the prior day. [Director Williams participated by phone in the briefing that preceded the tour.] He stated that progress continues on Phase 2, which is taking shape, particularly in and around Dulles International.

Mr. Potter reported that almost every aspect of the Airports Authority's operations, including ongoing customer service enhancements, involves the information technology operation, led by Goutam Kundu, Chief Information Officer. He stated that the technology team is helping to make the Airports Authority's operations more efficient and cost effective, and that these efforts are being noticed on the national level. One of the top IT media companies, IDG Enterprise, included the Airports Authority's Office of Technology in its 2017 Digital Edge 50 listing. Mr. Potter advised that this award recognizes companies for digital information initiatives that bring significant positive business impact to their operations and customer service. The award is based on a number of advancements that Mr. Kundu and his team has led, including the new interactive website, with its wayfinding features, digital signage and advertising capabilities, and the consolidation of multiple systems and programs into simpler and more effective configurations. Mr. Potter congratulated Mr. Kundu and his team, as well as other offices, such as Finance, Engineering, Airport Operations, Human Resources, Communications, and Marketing that collaborated to make these projects a success. While more work remains, Mr. Potter reported that these accomplishments are enabling the Airports Authority's efforts to better serve the traveling public.

Ms. McKeough stated that she was pleased to report that the Airports Authority closed out last year with a very smooth successful and busy holiday season. In November and December 2016, an increase in passenger activity over the prior year had occurred at Ronald Reagan Washington National (Reagan National) and Washington Dulles International (Dulles International). Ms. McKeough noted that the November 2016 traffic statistics were included as Tab 9.2 in the

materials provided for the day's meeting. She stated that the traffic statistics for December 2016 would not be finalized until February. However, Ms. McKeough shared highlights for 2016. The Airports Authority established positive trends and set new records. The preliminary data indicated that the two-Airport system achieved positive passenger growth levels, both domestically and internationally. More importantly, both Airports shared that positive growth in 2016, and Ms. McKeough predicted that final passenger activity levels at both Airports will indicate very strong performance and exceed projections for 2016. With regard to new records, Ms. McKeough stated that the final fiscal year statistics would likely mark the sixth consecutive year of record growth at Reagan National and the 13th year of consecutive growth for international travel activity at Dulles International. Although not a record, Ms. McKeough noted that 2016 would likely be the second consecutive year of positive incremental growth at Dulles International.

She noted that the inauguration is expected to attract almost one million visitors, which is similar to the level of the last inaugural ceremony in 2013, which both Airports handled well. Ms. McKeough stated that the Airports Authority has a lot of experience, which will serve the passengers well, especially since travel into the inaugural and event weekend is expected to be a much more extended period of time than past inaugurations. Beginning that day, Airports Authority staff is already busy with both passenger and aircraft movements, which are expected to continue through January 23.

Ms. McKeough reported that the inauguration usually presents different challenges at each Airport. At Reagan National, the focus is on addressing passengers' needs inside the terminal since there are large volumes of people. Additionally, roadway congestion, similar to the volume of traffic during the Thanksgiving holiday weekend, is expected and staff is prepared. Due to the security protocols in place at Reagan National, a large number of general aviation or corporate aircraft movement is not expected. Ms. McKeough reported that Signature Flight Support, the Fixed Base Operator (FBO) at Reagan National, is working very closely with Airport management to ensure that the volume expected can be accommodated.

At Dulles International, the prediction is that 600 additional general aviation aircraft movements will occur during the inauguration weekend. As Mr. Potter had reported, Ms. McKeough stated that the far west runway had been closed the prior night so that it can be used to park the general aviation aircraft. She noted that the runway would probably

reopen on January 23. In addition to working closely with the two FBOs at Dulles International, Ms. McKeough reported that the Airports Authority will also involve the National Business Aviation Association (NBAA), a trade association for many of the general aviation aircraft operators. Ms. McKeough stated that the NBAA will work very closely with the air traffic control tower, FAA and Operations staff to schedule the general aviation movements in and out of Dulles International to ensure that there are no impacts on the existing robust commercial air traffic activity. She noted that the model is one that had been used before, which had worked well. Ms. McKeough advised that the overall success involved a great deal of collaboration with all of the Airports Authority's partners, airlines, and concessionaires, many of which have agreed to adjust their hours to accommodate the additional passenger activity expected as a result of the general aviation movements. She reported that Bryan Norwood, Vice President for Public Safety, and his team are working very closely with the Airports Authority's federal partners, Secret Service, Federal Bureau of Investigation, and Transportation Security Administration. Ms. McKeough further reported that additional details on security protocols will be provided later that day in an executive session.

Ms. McKeough reported that the FAA had made an announcement in recent weeks pertaining to some of the work of the Reagan National Noise Working Group (Working Group) which met monthly. Ms. McKeough stated that one of the Working Group's earlier recommendations was to adjust one of the flight paths at Reagan National. She explained that the recommendation to adjust flights heading to the north for northern departures from Reagan National was an effort to move more aircraft over water and less over land in an attempt to address concerns of some neighborhoods in the Georgetown area.

Ms. McKeough reported that the FAA had held a robust amount of public meetings last fall with the affected communities in Maryland, the District of Columbia, and Virginia which resulted in the receipt of more than 8,000 comments. The predominant theme in the comments was one of opposition so the FAA decided not to proceed with making the one adjustment to the flight path at Reagan National. Ms. McKeough emphasized that the FAA remains committed to working with the Airports Authority and the Working Group noting that several other recommendations are progressing through the system. She reported that the Airports Authority expected 2017 to be a year filled with progress for addressing some of the communities' noise concerns.

Mr. Davis extended Happy New Year wishes to everyone. From a Revenue Office standpoint, which represented a concerted team effort throughout the Airports Authority, Mr. Davis stated that 2016 had been a phenomenal year filled with positive results. He complimented the entire organization.

Mr. Davis reviewed some of the activities that were planned for 2017. He reported that more restaurants would be added at the Airports. The Airports Authority is also considering the introduction of a loyalty card. Mr. Davis explained that the loyalty card would allow the Airports Authority to connect with its passengers in a way that can offer them a point system that serves as an incentive for them to not only buy goods and services and park at the Airports, but to also develop other ways to incent passengers to use the airlines and services at Reagan National and Dulles International.

Mr. Davis advised that Mr. Kundu and his team are working diligently to build a new foundation so that the Airports Authority will have the ability to go to the market differently and take advantage of new digital revenue. Mr. Davis stated that he believed that the Airports Authority has countless ways to monetize revenue. The Airports Authority has a strong brand in terms of the nation's airports, which could be used in a positive manner. Mr. Davis referenced the Airports Authority's efforts to establish relationships with companies such as Hotels.com, TripAdvisor, RentalCar.com, which may present monetization opportunities.

Mr. Davis reported that some of the research and media efforts that Ms. Westerlund had discussed earlier that day, combined with the technology improvements, will provide the appropriate platform for the Airports Authority to go to market differently, which may ultimately result in future alternative revenue streams.

Mr. Davis also reported that the new Dulles on-Airport gas station and convenience store had opened the prior week. He recalled the solicitation process that the Airports Authority used, which resulted in the new Sunoco food and fuel complex. Mr. Davis described its other amenities, including cleanliness, Wi-Fi capability, food choices and ordering process, screens to monitor arriving and departing airline flights, and car wash. Additionally, he shared the difference in the size of the old and new facilities – 5,800 square feet versus 8,600 square feet; 30 parking spaces versus 75; indoor seating accommodations of 0 versus 45; outdoor seating accommodations of 0 to 40; and nine fuel pumps versus



14. Mr. Davis encouraged everyone to visit the new facility at Dulles International.

Mr. Davis advised that concessions, as generators of in-terminal revenue, is one of the Airports Authority's most obvious ways to market its products. He reported that the Airports Authority is using some of DC's local restaurants, including Ben's Chili Bowl, DC-3 and &pizza, to exploit its concession strategy, which has proven to be beneficial. The Airports Authority will continue to build relationships with other local businesses.

Mr. Davis reported that an annual concessions merchants' meeting had been held for the last three years to recognize the jobs performed by those who manage the Airports' concessions. He shared a video to remind everyone of the managers' impact on the passengers' day-to-day experience, all of which include a common theme of customer service.

Mr. Davis reported that staff had done a phenomenal job with the Airports' concessions over the last couple of years. He recognized Steve Baker, Deputy Vice President of Customer and Concessions Development; Angela Jordan, Customer Service Coordinator; Peggy Garcia, Director of Concessions Operations and Administration; Deven Judd, Director of Concessions Leasing and Development; and Carol Gabriel, Quality Control Coordinator. They all received a round of applause.

Mr. Tejada observed that airports sometime have a reputation for charging higher prices for national brands. Mr. Davis stated that airport concessionaires are permitted to charge up to a 10 percent premium of the customary retail price. If it is determined that a concessionaire violates the allowable increase, every effort will be made to ensure that the price is decreased.

Mr. Tejada acknowledged that he personally enjoys the upgrades in the food choices at Reagan National.

#### IV. NEW BUSINESS

##### a. Recommendation to Award a Contract for Custodial Services at Washington Dulles International Airport

Ms. Merrick 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 custodial services at Washington Dulles International Airport;

WHEREAS, the Business Administration Committee concurred with the pre-solicitation terms and a Request for Proposals was issued on June 24, 2016; and

WHEREAS, On January 18, 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 Associated Building Maintenance, Co., Inc., of Crofton, MD; now, therefore, be it

RESOLVED, that the Board of Directors approves the selection of Associated Building Maintenance, Co., Inc.; and

2. That the President and Chief Executive Officer is authorized and directed to enter into a two-year contract, with three one-year extension options, with Associated Building Maintenance Co., Inc. for custodial services at Washington Dulles International Airport, consistent with the terms presented to the Business Administration Committee at its January 18, 2017 Meeting.

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

b. Recommendation to Confirm Nine Members of the Employee Relations Council

Mr. Griffin moved the confirmation of the nine incumbents of the Employee Relations Council (ERC) to serve 2-year terms expiring January 31, 2019, consistent with the details as recommended at today's Human Resources Committee meeting. The nine members of the ERC were confirmed.

The members' names and their biographies are filed in the Board of Directors Office.

c. Recommendation to Approve an Update to the Airport Layout Plan for Ronald Reagan Washington National Airport

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

WHEREAS, The Federal Aviation Administration (FAA) requires Ronald Reagan National Airport, as a federally-funded airport to have an FAA-approved Airport Layout Plan (ALP) in place;

WHEREAS, the ALP should reflect an accurate depiction of existing and future proposed conditions in the airside, landside and terminal areas, as well as proposed development over the near, middle and long term;

WHEREAS, The Airport Layout Plan (ALP) for Ronald Reagan Washington National Airport (Reagan National) was approved on March 28, 2012;

WHEREAS, ALPs are typically updated and submitted to the FAA for approval approximately every five years;

WHEREAS, The Airports Authority undertook a roadway study in 2016 to address traffic congestion issues at Reagan National and this study recommends several improvements and related projects;

WHEREAS, The proposed airport improvements, which require the ALP to be updated, include the revision of planned road improvements shown in current Reagan National ALP; enabling projects, a new Engineering and Maintenance Shops Building and temporary parking structure; and airfield improvements to modify taxiway intersections at various locations to meet revised FAA geometry guidance, Taxiway B Hold Pad expansion and Runway 01 Hold Apron;

WHEREAS, Depiction of improvements on the ALP does not represent a commitment on behalf of the Airports Authority to construct the improvements; and

WHEREAS, The Board of Directors has accepted the Strategic Development Committee recommendation; now, therefore, be it

RESOLVED, That the update to the Reagan National ALP for the inclusion of revised roadway and airfield improvements, as described in the staff paper submitted to the Strategic Development Committee for its January 2017 meeting, is approved; and

2. That the President and Chief Executive Officer is authorized to take all actions necessary and appropriate to accomplish this update to the Reagan National ALP.

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

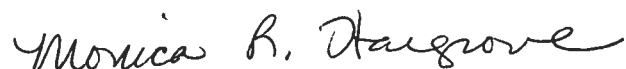
V. UNFINISHED BUSINESS

There was not any unfinished business.

VI. OTHER BUSINESS & ADJOURNMENT

The Meeting was thereupon adjourned at 11:15 a.m.

Respectfully submitted:



Monica R. Hargrove  
Vice President and Secretary

*Approved as amended  
February 15, 2017*