

BOARD OF DIRECTORS MEETING

Minutes of October 17, 2018

The regular meeting of the Board of Directors was held in the Fifth Floor Conference Rooms at Two Potomac Yard, 2733 Crystal Drive, Arlington, VA. The Chairman called the meeting to order at 9:00 a.m. Thirteen Directors were present during the meeting:

Warner H. Session, Chairman
Earl Adams, Jr., Vice Chairman
Albert J. Dwoskin
Anthony H. Griffin
Katherine K. Hanley
Robert W. Lazaro, Jr.
Bradley Mims

Thorn Pozen
David G. Speck
William E. Sudow
J. Walter Tejada
Mark E. Uncapher
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

Chairman Session welcomed Albert Dwoskin, the new Director [from the Commonwealth of Virginia].

I. MINUTES OF THE SEPTEMBER 18, 2018 BOARD OF DIRECTORS MEETING

The Chairman called for the approval of the Minutes of the September 18, 2018 Board of Directors Meeting, which were approved with one abstention from Mr. Griffin who was not present at the September 18 Board of Directors Meeting.



II. COMMITTEE REPORTS

a. Business Administration Committee – Earl Adams, Jr., Co-Chair

Mr. Adams reported that the Business Administration Committee had just concluded its meeting, and the Committee had approved the recommendations to award a contract for a new Computer-aided Dispatch System and Records Management System. He stated that he would offer a resolution later in the day's meeting. Mr. Adams reported that at the September 18 meeting the Committee had approved the Recommendation to Award a Sole Source Contract for Police Tasers and that he would also offer that resolution later in the meeting. The Committee had also concurred with the pre-solicitation terms for a Computerized Maintenance Management System at both Airports and the Dulles Toll Road and for Rental Car Concession Contracts at Washington Dulles International Airport (Dulles International). Staff had presented the Quarterly Acquisition Report for the Second Quarter.

b. Dulles Corridor Committee – J. Walter Tejada, Co-Chair

Mr. Tejada reported that the Dulles Corridor Committee had met that morning and on September 18. At both meetings staff had presented the Dulles Metrorail Project's Monthly Cost and Schedule Update for Phase 2. In September staff had also presented a Quarterly Metrorail Project Cost and Schedule Update for Phase 1 and Capital Rail Constructors had presented its quarterly update on the Metrorail Project.

c. Executive and Governance Committee – Warner H. Session, *ex officio*

Chairman Session reported that the Executive and Governance Committee had last met September 18. Former Director Barbara Lang, along with Jane-Scott Cantus of The ILEX Group, LLC, had presented the Information on Enhancements to the Board Orientation, OnBoarding and Board Transition Process for New and Departing Board Members.

d. Finance Committee – A. Bradley Mims, Co-Chair

Mr. Mims reported that the Finance Committee had last met September 18. Staff had presented the Financial Advisors' Report for the Aviation Enterprise and the Quarterly Report on the Investment Program for the

Second Quarter. Mr. Mims reported that the Committee and Board had approved the Recommended Amended and Restated Investment Policy and the Recommendation to Approve the Conversion of Bonds for the Series 2003D Bonds and the Substitution Letter of Credit for the Series 2011A Bonds of the Aviation Enterprise's Variable Rate Debt Portfolio. Due to time constraints, the Committee had accepted the remaining written reports, as submitted - August 2018 Financial Reports for Aviation and Dulles Corridor Enterprises, Budget Reprogrammings for the Second Quarter, and the Financial Advisors' Report for the Dulles Corridor Enterprise.

e. Human Resources Committee – Thorn Pozen, Co-Chair

Mr. Pozen reported that the Human Resources Committee had last met September 18 (which was his birthday). The Committee had approved the Recommendation to Exercise an Option Year for the Medical and Dental Benefit Plans for Employees and Retirees. Mr. Pozen stated that he would offer a resolution later in the day's meeting. Staff had also presented Information on the Airports Authority's Workforce Planning and Profile.

f. Nominations Committee – David G. Speck, Committee Chairman

Mr. Speck reported that the Nominations Committee had held its first meeting of 2018 on September 18 and that the Committee Members had elected him to serve as its Chairman. The Committee had reviewed the schedule it will follow for reporting nominations of one or more candidates for Chairman, Vice Chairman and Secretary at the November 14 Annual Board Meeting.

g. Risk Management Committee – Mark E. Uncapher, Co-Chair

Mr. Uncapher reported that the Risk Management Committee had last met September 18. The Committee and Board had approved Alan Davis as the Vice President for Audit. Staff had presented results of three Recently-Completed Audit Reports in regular and executive sessions. Mr. Uncapher stated that pursuant to Article IX, Section 3(c) of the Airports Authority's Bylaws, the Board and its Committees are permitted to move into executive session to discuss existing or prospective contracts, business or legal relationships in order to protect proprietary or confidential information of the Airports Authority; any person or

company; the financial interest of the Airports Authority; or the negotiation position of the Airports Authority.

III. INFORMATION ITEMS

a. President's Report

Mr. Potter welcomed Mr. Dwoskin, who succeeds Caren Merrick. He stated that Mr. Dwoskin is President & CEO of A.J. Dwoskin & Associates, which develops, owns and manages retail and residential real estate in Northern Virginia. Mr. Potter observed that the Airports Authority has real estate opportunities, particularly at Dulles International. He stated that he was very impressed with Mr. Dwoskin's current service and activities on a number of boards, including the Institute for New Economic Thinking, Citizens for Responsibility and Ethics in Washington, and the Virginia Governor's Advisory Council on Revenue Estimates. Mr. Potter noted that Mr. Dwoskin had also served on other boards, such as the Governor's Commission on Transportation in the 21st Century, the Commonwealth of Virginia Treasury Board, and Virginia's Center for Innovative Technology, and he brings valuable perspective and experience to the Airports Authority. He reported that he looked forward to benefiting from Mr. Dwoskin's business and real estate expertise.

In addition to Mr. Dwoskin's appointment, Mr. Potter extended congratulations to Walter Tejada and Bill Sudow, who Governor Northam had recently re-appointed. Additionally, he reported that Governor Hogan had re-appointed Earl Adams to another term. Mr. Potter advised that he and Chairman Session had had the opportunity to meet with Governor Hogan, and that they had informed him of the benefits of continuity since the Airports Authority Board can be somewhat complex. He congratulated Directors Dwoskin, Tejada, Sudow, and Adams.

Mr. Potter provided an update about the activity that occurred on Capitol Hill earlier in the month when Congress passed, and President Trump subsequently signed, legislation reauthorizing the Federal Aviation Administration (FAA) for five years. He reported that the headline for the Airports Authority was that for the first time in 20 years it achieved the top legislative priority as there were no modifications to the slot and perimeter regulations at Ronald Reagan Washington National Airport (Reagan National). Mr. Potter stated that the organization is extremely grateful for its Congressional supporters -- the members of the local

delegations, as well as the members from communities inside the perimeter who are also served by flights to Reagan National. As noted in past months, the Airports Authority's team, including the Government Affairs group, Airport Managers and their staffs, Finance and Legal teams, and many others across the organization, as well as airline partners, worked diligently to preserve the slot and perimeter rule. Mr. Potter advised that the team, as well as many others, provided information and other support on behalf of the Airports Authority to educate Members of Congress and their staffs about the issues facing Reagan National and Dulles International and the importance of both Airports to the regional economy.

Mr. Potter reported that protecting the slot and perimeter rule is only one of the benefits that Reagan National and Dulles International received in the important FAA reauthorization legislation. He advised that the new law contains other provisions that will help to reduce operating and capital costs at both Airports. Mr. Potter congratulated Daniel Hoff, Federal Government Affairs Manager, and other members of the cross-functional team whose hard work over many months helped bring the bill to closure in such a positive way.

Mr. Potter acknowledged the Information Technology (IT) team, led by Goutam Kundu, Chief Information Officer and Vice President for Information Technology, on receiving an industry award for the development of the new D.C. Airports mobile phone app, which resulted from a collaboration of the Marketing team and the Customer Service teams at Reagan National and Dulles International. He stated that the recognition is a "W-3 Silver" award under the category of "Mobile Features - Best Practices". Mr. Potter explained that W-3 is a prestigious industry group that celebrates excellence in the digital arena by recognizing outstanding websites, web-based marketing, video, mobile apps and social media content around the world. He noted that the award was judged by the Academy of Interactive and Visual Arts, a group that includes companies like Microsoft, Yahoo, Conde Nast and Disney, which praised the Airports Authority's mobile app for its design and functionality. Nearly 12,000 people had already downloaded the D.C. Airports mobile app that helps passengers better navigate the Airports, find concessions and other services, book flights and rental cars, and offers many other features to enhance the passenger experience. Mr. Potter reported that the app was built internally by the phenomenal IT team that Mr. Kundu had structured. He extended congratulations to

everyone on the team who had worked together diligently to devise the award-winning new service for the customers at both Airports.

Mr. Potter recognized a member of the Airports Authority's Police Department, Major Tim Moore, who recently graduated from the FBI National Academy (Academy). He reported that the Academy is a professional course of study offered to an elite group of U.S. and international law enforcement managers nominated by their agencies for their demonstrated leadership qualities. Mr. Potter further reported that the 10-week Academy training includes extensive course work in intelligence theory, terrorism and terrorist mindsets, management science, law, behavioral science, law enforcement communication, and forensic science. He stated that the Academy training serves to improve the administration of justice in police departments and other agencies at home and abroad and to raise law enforcement standards, knowledge, and cooperation worldwide. Mr. Potter advised that Major Moore joins three other current members of the Airports Authority's Police Department to receive this honor -- Chief David Huchler, Major Naima Reed and Lieutenant Eric Cembrook. He congratulated Major Moore and thanked all of the hardworking men and women of the Public Safety team for their service. Major Moore received a round of applause.

b. Executive Vice Presidents' Reports

Ms. McKeough welcomed Mr. Dwoskin to the Board and stated that everyone looked forward to working with him.

Ms. McKeough provided updates on a couple of projects underway at the Airports. Prior to Roger Natsuhara, Vice President for Engineering, and Richard Golinowski, Project Journey Integration Manager, presenting the monthly update on Project Journey, Ms. McKeough acknowledged that staff has continued to discuss Reagan National's particularly challenging roadways since the inception of the construction project. She reported that construction had begun the prior week in a new geographic area of the Airport which is further challenging traffic management on the upper roadway of the ticketing level in front of Terminal B/C. Ms. McKeough further reported that the upper roadway would be closed to accommodate the contractor waterproofing the area that will become the roof of the new Transportation Security Administration (TSA) security screening space. She stated that the next month would be a particularly challenging time at Reagan National, especially since several lanes on the lower level of the roadway at the commercial area curb are already

closed. Ms. McKeough reported that the contractor's goal is to complete the necessary waterproofing prior to the upcoming Thanksgiving holiday. However, if the weather is not conducive for the contractor to complete the required work, the waterproofing would be suspended to allow the entire ticketing level to be accessible during the Thanksgiving season.

Ms. McKeough acknowledged the tremendous work the Airports Authority's Public Safety team is performing throughout the entire Reagan National campus to keep the traffic moving. She stated that the Airports Authority very much appreciates the customers' understanding as construction activity impacts the ticketing level. Ms. McKeough advised that Mr. Natsuhara and Mr. Golinowski would provide additional details and photographs later that day at the Strategic Development Committee meeting.

Ms. McKeough reported that at the September Board Meeting, she had briefed the Board on the Airports Authority's continued efforts to address some of the taxicab drivers' concerns about the traffic lane closures on the lower roadway at the commercial curb level. After listening to the perspectives of many taxicab and other commercial drivers', as well as realizing the substantial amount of congestion on the commercial ground transportation curb, the Airports Authority changed the pickup location for Uber and Lyft vehicles the prior week. Ms. McKeough explained that instead of having them on the inner curb near the taxicab pickups, the Uber and Lyft pickups now occur on the outer public curbs. She clarified that the Uber and Lyft drivers still come into the commercial lanes but instead of pulling immediately to the right where the taxicabs pick up their customers, the Uber and Lyft drivers pull to the left and pick up their customers from the outer public curb. Ms. McKeough advised that lessons had been learned from the newly-implemented change. She stated that staff continues to tweak the operation, which is expected to yield improved traffic flow particularly during the busy Thanksgiving and December holiday seasons when roadway traffic would increase. Ms. McKeough noted that staff remains vigilant and thus far no major negative impact had occurred. She advised that there had been a couple of issues with the taxicab stand operations when the pickup locations were reduced from two to one, noting that the locations were previously in the north and the south, but it is now in the center area of the terminal building. Ms. McKeough stated that managing the Project Journey roadway congestion remains a work in progress and that communication continues with all of the major commercial operators to

ensure they are aware of any changes in an effort to make the sustained lane closures work as well as possible.

Mr. Speck recalled a new procedure that allowed Transportation Network Companies (TNCs) to drop off a customer at Reagan National and proceed immediately to pick up a new customer on the Airport. He asked if TNCs are still permitted to operate that way at Reagan National. Ms. McKeough responded affirmatively. She reported that more than 50 percent of Uber customers at Reagan National benefit from the functionality in the app that allows a driver to drop off a passenger on the ticketing level, proceed to the ground transportation area for TNCs, and pick up a customer without needing to go to the stage lot in Crystal City. Mr. Speck questioned if the Uber driver did not pick up a new customer at the same drop-off location of an existing customer. Ms. McKeough explained that Uber drivers are currently required to meet the new customer in the ground transportation area but that discussions are underway with TNCs to allow them to drop off a customer on the ticketing level, remain parked for a short period of time, and pick up a new customer at the same location. She stated that the Airports Authority is working with the TNCs to hopefully finalize the arrangement so that it can be effective before the holidays.

Mr. Tejada commended Ms. McKeough and other staff for their efforts. He observed that although a driverless car is a futuristic concept, ground transportation is currently needed. As a result of the challenges associated with Project Journey, staff had been tasked with developing creative, effective solutions while continuing to work in a collaborative manner with all stakeholders. Mr. Tejada applauded staff for its most recent developments in an effort to accommodate taxicab drivers and TNCs, which he believes is working well. Ms. McKeough thanked Mr. Tejada for his generous comments and stated that Paul Malandrino, Airport Manager, Reagan National, and his team are responsible for the detailed thinking behind the recent developments.

Mr. Mims also commended staff. He shared an observation when he arrived on a late-night flight at Reagan National a couple of weeks ago. Mr. Mims noted that as a result of the TNCs moving to the outer curb that the taxicabs were forced to use the middle lanes. Ms. McKeough affirmed Mr. Mims' observation. She stated that the taxicabs currently use the two lanes closest to the inner curb. Ms. McKeough advised that Mr. Golinowski would share photos of the taxicab operation during the day's presentation at the Strategic Development Committee Meeting.

Since the construction at the Dulles Airport Metrorail Station is progressing well and the project remains on schedule, Ms. McKeough reported that the Airports Authority is able to retrieve Airport real estate that had been closed since 2016. She advised that the walkback tunnel between the North Garage and the Main Terminal that allows customers to walk underground to avoid unfavorable weather elements had closed to accommodate the construction of the Metrorail Station. Ms. McKeough reported that the tunnel would be reopened before Thanksgiving. While the tunnel was closed, a shuttle bus service operated to transport passengers using a 5-minute headway frequency, and a very significant decrease occurred in the use of the North Garage. Ms. McKeough stated that the Airports Authority is aware that customers prefer to walk, noting parking activity migrated to the West Garage where a pedestrian connected walkway to the Terminal exists. In addition to returning the Dulles Walkback Tunnel to customers of Garage 1, customers would have an opportunity of a first-hand preliminary look at the Dulles Airport Station before it opens since the tunnel actually traverses through the entrance of the Airport Metrorail Station.

Ms. Hanley inquired as to whether the shuttle bus would discontinue its service once the Dulles Walkback Tunnel reopened. Ms. McKeough stated that the shuttle bus service would continue, but that the headway would increase to approximately 20 minutes. Ms. Hanley stated that although the amount of traffic at Reagan National is discussed more frequently than that at Dulles International, she observed that there is also a substantial amount of traffic at Dulles International, particularly in the afternoon, and she believed there is insufficient curbside space for dropping off passengers.

Mr. Sudow inquired whether the underground passageway included a moving walkway, to which Ms. McKeough responded affirmatively.

Ms. McKeough reported that United Airlines (United) had recently announced that it is interested in bringing Polaris, its new club amenity, to Dulles International. She advised that in order to accommodate the new lounge facility for United's first and business class customers, the Airports Authority needed to create approximately 20,000 square feet of space on Concourse C/D. Ms. McKeough reported that the day's 2019 draft budget presentation [at the Finance Committee Meeting] would include the Airports Authority's proposed financial commitment as it works in partnership with United. She advised that staff would present

the terms of the business negotiations in addition to the Airports Authority's financial responsibilities in the future.

Mr. Davis stated that the Office of Revenue continues to make steady progress on a number of key areas, mostly because of the collaborative nature of offices throughout the organization. He reported that one of the more noteworthy areas is the growing strength of passenger traffic, particularly at Dulles International. Mr. Davis further reported that passenger activity at Dulles International for August 2018 totaled 2.3 million passengers, an increase of 3.1 percent or 71,000 passengers, compared to August 2017. Additionally, August 2018 marked the fourth consecutive month that passenger activity at Dulles International had surpassed passenger activity at Reagan National. Mr. Davis advised that if trends continue, Dulles International is on track to record more annual passenger activity than Reagan National in 2018 for the first time since 2015. He reported that Dulles International has posted 137,000 more passengers than Reagan National year-to-date compared to the same time last year when Dulles International had 808,000 fewer passengers than Reagan National, which represented a 945,000-passenger net turnaround.

Mr. Davis reported that when reviewing the Airports Authority's corporate goals for the past several years, Dulles International's accomplishment is significant. He stated that employees across the Airports Authority have been working diligently to reverse the earlier decline in overall passenger activity at Dulles International. Mr. Davis further stated that the decline at Dulles International was due largely to regulatory decisions and the effects of airline mergers which had allowed a shift of flights and passengers from Dulles International to Reagan National. He reported that colleagues across the Airports Authority have been extremely successful in working collaboratively to control costs, partner with airlines to help support their profitability at Dulles International, and work to recruit new airlines and destinations. Additionally, the Airports Authority has been working with government officials to protect Reagan National's slot and perimeter rule and to help obtain important financial assistance from the Commonwealth of Virginia, as well as increase non-airline revenue by enhancing concessions, monetizing real estate holdings, and sharpening its focus on the passenger experience. Mr. Davis reported that colleagues in the offices of Finance and General Counsel, and other areas have been working to reduce costs by refinancing debt in an effort to help the organization optimize its real estate opportunities.

Mr. Davis also reported that the consistent staff efforts throughout the Airports Authority are becoming more visible, as evidenced in the number of new destinations added by United and other carriers at Dulles International, as well as new carriers, such as Cathay Pacific and Volaris, which had begun new service to Asia and Latin America, respectively. Mr. Davis acknowledged that growth continues to be strong despite the unfortunate demise of Primera Air and the market challenges being faced by jetBlue Airways (jetBlue).

Mr. Davis reported on the passenger activity at both Airports for August 2018. At Dulles International, domestic activity increased 2.8 percent or 41,000 passengers to 1.5 million passengers, which was mostly attributable to growth by United. Mr. Davis reported that international activity increased 3.6 percent or 30,000 passengers to 849,000 also largely due to growth by United. At Reagan National, passenger activity decreased by 1.7 percent, primarily led by the 16.4 percent decline by jetBlue, which is having some challenges outside of its Northeastern core.

Mr. Davis also reported that total non-airline revenue year to date through September increased 6.8 percent or \$20.3 million, which is 3.6 percent or \$11 million over budget for a year-to-date total of \$318.4 million. He explained that ground transportation revenue increased 1.2 percent or \$3.5 million year-over-year and increased 2.4 percent or \$1.3 million over budget, which totals \$158.2 million. Mr. Davis stated that the in-terminal revenue increased 1.2 percent or \$1.8 million year-over-year, which is 2.6 percent or \$1.3 million over budget for a total of \$51.9 million. Business-to-business revenue increased 23.5 percent year-to-date or \$11.8 million, which surpasses budget by 3.6 percent or \$3 million for a total of \$85 million. Mr. Davis stated that while the Airports Authority is pleased with the total of non-airline revenue, staff will continue its efforts to improve future results.

To further enhance the customer experience at Dulles International, staff has been working to expand and improve parking options for passengers who park at the Airport and want to have quick and convenient access to their vehicles when they return from their trips. Mr. Davis reported that the Airports Authority would launch a new curbside valet parking service at Dulles International called "Valet Your Way" with the catchy tagline: "Fast and Easy." He stated that the new service would allow customers to drop off their vehicles at a conveniently-located area on the departures curb near the TSA Pre-Check entrance. Mr. Davis advised that the

majority of valet services offered at airports are curb side. He stated that the existing valet service at Dulles International has had a negative trend line for the past several years, decreasing approximately 10 percent each year in total transactions. Valet Your Way will provide customers an opportunity that has not been offered before, noting that passengers would pull up to the curb, use the valet service, and proceed into the Airport. When the passengers return to Dulles International, they text their car claim ticket numbers to the valet service center, and by the time they retrieve their luggage and exit the terminal, their vehicles will be waiting for them at the valet service center. The rate for the valet service is \$35 per day.

Mr. Davis reported that the first 100 customers who used Valet Your Way would receive some special Dulles-branded items, such as key chains with thumb drives, to help promote the new service. He stated that a soft launch [on October 31] would be held initially before beginning a strong marketing campaign. Mr. Davis acknowledged staff from the Office of Revenue, Airport Operations, Public Safety and TSA who worked diligently on Valet Your Way. He also acknowledged the great effort by Matt Sherwood of the Marketing and Consumer Strategy team, and other important players like Daniel Ogembo and Phoejin Kim of the Consumer Strategy team; the Dulles team led by Mike Stewart, Vice President and Airport Manager, Dulles International; along with Bill Lanham, Angela Jordan, Steve Settle, and Larry Ferrigno; the Public Safety leadership of Tim Lehman and Jason Mosely of the Airport Police Department; and the Technology team led by Mr. Kundu, along with Tom Pfeifer, Kevin James, Reagan Malone and Russ Lyons. Mr. Davis asked that team members in attendance stand to be recognized, and they received a round of applause.

Mr. Davis shared his personal beliefs about the importance of being creative and innovative during today's fast-paced society, using Uber as an example. He stressed the importance of listening to customers and responding to their needs, which is how Valet Your Way evolved.

Ms. Hanley inquired whether passengers using Valet Your Way would drop their vehicles off on the departure level at the center point of the Airport. Mr. Davis responded that the valet service would be located on the right side of the upper end at door #3. Ms. Hanley observed that the existing valet is located at door #4. She inquired about the pick-up location of vehicles for passengers who use the service. Mr. Davis stated that vehicles would be picked up where the existing valet service is

located. Ms. Hanley shared that she is glad that the Airports Authority has scheduled a soft opening because she is interested in learning about the potential impact that Valet Your Way would have on other patrons who are either dropping people off or picking people up so that necessary adjustments could be identified and implemented [prior to the grand opening]. Mr. Davis stated that he is aware that some immediate lessons will be learned and adjustments could be made. He observed that there is no way to know initially whether an adequate number of employees will be available to fulfill the demand of potential customers.

Mr. Tejada inquired as to whether Valet Your Way would only be used at Dulles International, to which Mr. Davis responded affirmatively. He also inquired whether there is a similar service currently provided at Reagan National. Mr. Davis responded negatively. He stated that the idea was introduced at Reagan National a couple years ago, but a decision was made not to pursue it because of the planned construction.

Mr. Tejada inquired about the company that provides the carts to help passengers transport their large luggage at both Airports. Mr. Davis stated that Smart Carte is available to passengers [for rent].

Mr. Adams extended favorable comments to staff for its efforts to increase non-airline revenue, noting the increase that has occurred during the last three years. He inquired whether the services of Valet Your Way would be provided using Airports Authority's employees. Mr. Davis stated that a third-party vendor would provide the service, similar to the contract for shuttle bus services. He noted that the Airports Authority collects the revenue and benefits from the profit margin, and it pays the vendor for the provision of services. Mr. Adams inquired whether the Valet Your Way service would also be provided by the existing valet service, which Mr. Davis confirmed. He noted that the drop-off for the new valet services would occur at a different location. Mr. Adams stated that he would reach out to a friend that he hears from regularly about the need of valet service at Dulles International to share the recent developments.

Mr. Davis reported that the daily rate for Valet Your Way is \$35. He observed that a great deal of flexibility and parking at the curb side for an overnight stay or multiple nights is not presently offered. After the initial start-up period has ended and staff has an opportunity to assess its usage, supplemental options can be added to promote revenue opportunities.

Mr. Pozen expressed his view about the innovative and creative valet service, and he stated that he looked forward to seeing how it will work. He inquired whether passengers' vehicles will be stored in the existing valet lot and be picked up from the curb and stated that customers would not have the option to drop off their vehicles at the existing valet service lot, all of which Mr. Davis confirmed. Mr. Pozen inquired whether the \$35 price per day represented the total cost, which Mr. Davis confirmed. He stated that the use of the existing valet service was declining and that staff remained hopeful to stabilize the transactions, enhance the overall awareness of Valet Your Way, and to effectively market it in the future.

Mr. Sudow shared favorable comments about the increase in non-airline revenue. He stated that he was encouraged by the Polaris lounge and United's investment. Mr. Sudow inquired whether staff believed that the new lounge may have an adverse impact on overall concession revenue or, at a minimum, an impact on the growth of concession revenue at Concourse C/D. Mr. Davis stated that staff continues to be mindful [about potential impacts], noting that they are working to identify other locations where new restaurant options/food selections could be developed in an effort to maintain sufficient options.

Mr. Griffin inquired about the location where the vehicles would be stored. Chryssa Westerlund, Vice President for Marketing and Consumer Strategy, stated that depending on how long the customer would be away would help to determine the location. She noted that the process would be very similar to how the valet parking operations are currently handled. Ms. Westerlund stated that vehicles that would be picked up that day would be stored in a close-by valet lot while other vehicles belonging to passengers who would be traveling for an extended period of time would be stored in an alternative lot.

Mr. Uncapher observed that a slight decrease had occurred in non-airline revenue at Reagan National. He inquired whether staff had performed an extensive review of revenue collected from each terminal to determine if Project Journey construction had impacted non-airline revenue. Mr. Davis stated that staff consistently considers the potential impact that construction may have and confirmed that it had impacted non-airline revenue. He stated that the Airports Authority could be collecting revenue from a parking area that is now being provided to passengers on a complimentary basis. Mr. Davis further stated that extending the complimentary parking option to customers impacts revenue, but he

recognizes its importance from a passenger experience standpoint. Mr. Potter observed that inclement weather impacted passenger traffic at Reagan National and also contributed to the year's non-airline revenue decline, and that staff is predicting that 2019 will be a promising year that will produce an increase in non-airline revenue.

Mr. Speck inquired about the pricing structure used for the valet service currently provided at Dulles International. Ms. Westerlund stated that the cost for the existing service is \$35 for the first day and \$30 for subsequent days [per trip]. Mr. Speck observed that a substantial number of flights arrive between 4:00 a.m. to 10:00 p.m., and he inquired about impacts to passengers when their flights are delayed and they need to retrieve their vehicles after 10:00 p.m. Ms. Westerlund stated that the valet service center is staffed 24 hours a day, 7 days a week so passengers would be able to pick up their vehicles, as well as drop them off, at any time.

Mr. Potter stated that Valet Your Way adds an option for passengers to drop off their vehicles at the ticketing level, but that the same services provided by the existing valet product would continue.

Mr. Speck observed that the premise for curbside valet service is the convenience for passengers to drop off their vehicles, avoid the weather elements and proceed into the terminal while someone parks their vehicles. He stated that since passengers would retrieve their vehicles at the existing valet lot that one of the benefits of valet parking is minimized because their vehicles would not be returned to the curbside. Ms. Westerlund acknowledged Mr. Speck's observation. She advised that staff considered models for passengers to retrieve vehicles from the existing valet lot and from curbside. Surprisingly, passengers who currently use the service prefer to continue to retrieve their vehicles from the existing valet service center. Passengers advise that they have returned to the Airport by sending a text message and their vehicles are ready for pickup upon their arrival at the valet service center; no waiting is required for someone to retrieve their vehicles and deliver them. Mr. Davis noted that a good percentage of travelers tend to have a form of nervous anxiety prior to departure so staff believes that Valet Your Way will respond to the need to get them to the gate as quickly as possible.

Mr. Williams stated that during the day's discussions about revenue enhancement and passenger satisfaction, he was reminded of an article he had read in FlyerTalk. He recommended that everyone read the

online publication that provides information on passenger and consumer activities. Mr. Williams recalled a report published earlier in the year that rated terminal and restroom cleanliness as being far more important to overall passenger satisfaction than any other aspect of airport infrastructure. He asked executive management about the accuracy of the report, the importance of terminal and restroom cleanliness, and how Dulles International ranked in these two important areas. Ms. McKeough stated that based on the results of surveys taken at Reagan National and Dulles International over the years, the esthetic experience is extremely important to customers. She reported that employees spend a tremendous amount of time perfecting the Airports Authority's protocols that are used with contractors to ensure that restrooms are kept clean. Ms. McKeough recalled that a couple of months ago new technology was launched at Dulles International that allows visitors using the restrooms the ability to report both positive comments and concerning issues so that the Airports Authority could be responsive. She stated that in addition to dedicating a tremendous amount of time analyzing the cycle time for cleaning and attending to the Airports' restroom facilities, they have also been remodeled in recent years to keep them looking contemporary and appropriate for customers. Based on experience over the past several years, Ms. McKeough stated that restrooms are important.

As previously reported, the first 100 travelers who used Valet Your Way would find a gift bag, filled with tchotchkes, in their vehicles when they retrieved them. Mr. Davis referred to a table in the conference room and invited each Director to take a similar gift bag.

IV. NEW BUSINESS

a. Recommendation to Award a Sole Source Contract for Police Tasers

Mr. Adams moved the adoption of the following resolution, which was unanimously approved by all 13 Directors present:

WHEREAS, Consistent with established law enforcement practices, the Airports Authority is equipped with Tasers that can be used if necessary, under established protocols, to control an individual and assist in resolving a critical situation;

WHEREAS, Many of the Airports Authority's existing Tasers have reached or are nearing the end of the manufacturer's recommended useful life;

WHEREAS, Axon Enterprise, Inc. is the sole manufacturer and distributor of Taser equipment used by law enforcement;

WHEREAS, The proposed contract is for a five-year term, which aligns with the expected useful life of the equipment, at an estimated total cost of \$557,650; and

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 Axon Enterprise, Inc. to provide and maintain support of Tasers for the Airports Authority Police Department.

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

b. Recommendation to Award a Contract for New Computer-aided Dispatch System and Records Management System

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

WHEREAS, The Airports Authority's computer-aided dispatch (CAD) software serves as a central hub for dispatching emergency response resources and the records management system (RMS) software stores and manages critical public safety records;

WHEREAS, The Airports Authority's current portfolio of public safety systems, including CAD and RMS software, as well as their related sub-components, was last refreshed in 2010;

WHEREAS, The current systems are costly to maintain due to the utilization of numerous vendors and third-party interfaces;

WHEREAS, The CAD system lacks integration with the Airports Authority's existing Motorola radio system;

WHEREAS, Utilizing a vendor-managed integration platform will minimize the need for custom-built managed interfaces and reduce related overhead costs while enhancing the systems' capabilities, security, interoperability, and reliability;

WHEREAS, The implementation of a consolidated solution with Motorola Solutions, Inc. (Motorola) will modernize the Airports Authority's public safety systems' technology, provide a robust CAD system and field technology to aid threat detection and situational awareness, integrate with the Airports Authority's existing radio system, and provide the majority of the public safety systems' technology requirements;

WHEREAS, Motorola is also the unified CAD provider for 50 percent of the National Capital Region (NCR) and provides radio communications equipment for the entire NCR;

WHEREAS, Following a competitive procurement process, Prince William County awarded a contract to Motorola for CAD and RMS in October 2012, which meets the Airports Authority's needs;

WHEREAS, Utilization of this competitively-procured contract, which is permitted under Section 1.3.1 of the Contracting Manual, will allow the Airports Authority to obtain terms and conditions, including advantageous pricing and discounts, that are in the organization's best interest; and

WHEREAS, The proposed contract term consists of a five-year base term and one five-year option period for a total of 10 years and the cost for the total term is estimated not to exceed \$8,250,000; now, therefore, be it

RESOLVED, That the President and Chief Executive Officer is authorized to enter into a contract with Motorola Solutions, Inc. for software, hardware, and professional services to update the Airports Authority's Public Safety CAD, RMS, and their associated interfaces with other Airports Authority public safety systems, consistent with the terms presented to the Business Administration Committee at its October 17, 2018 meeting.

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

c. Recommendation to Exercise an Option Year for the Medical and Dental Benefit Plans for Employees and Retirees

Mr. Pozen moved the adoption of the following resolution, which was unanimously approved by all 13 Directors present:

WHEREAS, The Airports Authority competitively bid the Medical, Dental, and Prescription Drug Plans for active employees and retirees in 2014;

WHEREAS, Contracts were awarded, effective January 1, 2015, for a three-year base term, with additional option years exercisable at the Airports Authority's discretion;

WHEREAS, These contracts are with UnitedHealthcare and Kaiser Permanente, which includes a pharmacy plan, for the provision of Group Medical insurance plans, and with Metropolitan Life Insurance Company for the provision of Dental insurance plans for Airports Authority employees and retirees (collectively, Contracts);

WHEREAS, Providers in the healthcare marketplace do not generally provide a fixed price for healthcare contracts beyond such contracts' initial base period;

WHEREAS, Consistent with this industry practice, the Contracts that were awarded effective January 1, 2015, do not contain a fixed, or any other, price for their option years;

WHEREAS, The exercise of a contract's unpriced option years is viewed as a sole-source procurement action under the

Airports Authority's Contracting Manual and requires Board of Directors' approval if the cost of exercising the option exceeds \$200,000; and

WHEREAS, The Airports Authority's estimated cost of exercising a one-year option under all of the Contracts is \$30.3 million, thereby requiring Board approval of extending the Contracts for an additional year; now, therefore, be it

RESOLVED, That the President and Chief Executive Officer is authorized to execute a one-year extension for each of the Contracts, effective January 1, 2019, consistent with the terms and conditions presented to the Human Resources Committee at its September 2018 meeting.

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

d. Recommendation to Approve the Request of Virginia Department of Transportation for Easement across Washington Dulles International Airport Property at Route 29

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

WHEREAS, As part of the Route 28 Public Private Partnership Corridor Improvement Program (Program), the Virginia Department of Transportation (VDOT) has completed several phases of construction and widening along Route 28, between I-66 and Route 7 in Fairfax and Loudoun Counties;

WHEREAS, Portions of Route 28 are located on Airports Authority property at Washington Dulles International Airport (Dulles International), subject to a 1977 easement granted by the Federal Aviation Administration and a 2016 easement granted by the Airports Authority;

WHEREAS, VDOT received funding in June 2018 for another component of the Program, to widen northbound Route 28, between the Dulles Toll Road and Sterling Boulevard, from three lanes to four lanes (Project);

WHEREAS, In order to complete this Project, VDOT has requested permanent transportation easements across 4.948 acres of Airports Authority property at Dulles International;

WHEREAS, This is VDOT's final request for easements on Airports Authority property in connection with the Program;

WHEREAS, The Project is expected to improve traffic flow and reduce congestion and delays on Route 28, which will benefit the Airports Authority and the users of Dulles International; and

WHEREAS, The Strategic Development Committee has reviewed the proposed easements, as presented by staff at its September 2018 meeting, and recommended that the easements should be granted at no cost; now, therefore be it

RESOLVED, That the President and Chief Executive Officer is authorized and directed to execute the easements to VDOT as identified in detail in the documents presented to the Board of Directors at its October 2018 meeting.

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

V. UNFINISHED BUSINESS

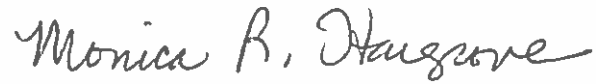
There was not any unfinished business.

VI. OTHER BUSINESS & ADJOURNMENT

Mr. Sudow requested that staff provide an informal review of the Living Wage Policy (Policy), with regard to the details of the approved Policy, its potential impact to the 2019 Budget, and the contractors' compliance

with the Policy. Chairman Session acknowledged the request. [Phil Sunderland, Vice President and General Counsel, and the Vice President for Audit are working on reports to the Board in response to the request.] The Meeting was thereupon adjourned at 10:00 a.m.

Respectfully submitted:



Monica R. Hargrove
Vice President and Secretary

Approved November 14, 2018