

## BOARD OF DIRECTORS MEETING

Minutes of March 20, 2019

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 9:19 a.m. and immediately recessed the meeting to allow the Risk Management Committee to consider the recommendation of the 2019 Audit Plan, which the Board of Directors would also consider later in the meeting. The Chairman reconvened the Board of Directors meeting at 9:22 a.m. Twelve Directors were present during the meeting:

Warner H. Session, Chairman  
Earl Adams, Jr.  
Judith N. Batty  
John A. Braun  
Albert J. Dwoskin  
Katherine K. Hanley

Robert W. Lazaro, Jr.  
Thorn Pozen  
David G. Speck  
William E. Sudow  
Mark E. Uncapher  
Joslyn N. Williams

The Secretary and Executive Management were present:

John E. Potter, President and Chief Executive Officer  
Jerome L. Davis, Executive Vice President and Chief Revenue  
Officer

### I. MINUTES OF THE FEBRUARY 27, 2019 BOARD OF DIRECTORS MEETING

The Chairman called for the approval of the Minutes of the February 27, 2019 Board of Directors Meeting, which were unanimously approved.



## II. COMMITTEE REPORTS

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

Mr. Adams reported that the Business Administration Committee had met that morning and on February 27. At the day's meeting, the Committee had approved recommendations to amend the reimbursement agreement with American Airlines for design and construction of improvements to the baggage system in Terminal B/C at Ronald Reagan Washington National Airport (Reagan National) and to award a contract for custodial services at Reagan National. Mr. Adams stated that he would offer a resolution later in the day's meeting for the contract award for custodial services. He reported that the Committee had also discussed the pre-solicitation terms for the development and operation of a fast food pad site concession at Washington Dulles International Airport (Dulles International). Additional discussion would occur later that day when the Committee reconvened, at which time the staff would also present the Quarterly Acquisition Report for the quarter ended December 31, 2018.

Mr. Adams also reported that in February the Committee had concurred with the revised pre-solicitation terms for the rental car concession contract at Dulles International.

## III. INFORMATION ITEMS

### a. President's Report

Mr. Potter extended condolences to colleagues at Ethiopian Airlines (Ethiopian) and the families and loved ones of those who lost their lives in a tragic accident in Africa several days ago. He stated that Ethiopian is part of the Dulles International family, and thoughts and prayers from the Metropolitan Washington Airports Authority (Airports Authority) are with friends and relatives of those affected. Mr. Potter reported that the Airports Authority is monitoring developments with the Boeing 737-Max, the type of aircraft involved, which was grounded by governments around the world following the Ethiopian tragedy and a fatal crash of a Lion Air flight in Indonesia involving the same type of plane a few months earlier. He stated that the grounding order had not significantly impacted Dulles International or Reagan National as only a small number of flights at both Airports used this type of plane on a regularly-scheduled basis. Mr.

Potter advised that there are only three Boeing 737-Max aircraft at each Airport and airlines have begun substituting other aircraft for the grounded planes.

Mr. Potter noted that the day marked the first day of spring, and it would hopefully be the end of the winter weather season and much of the airport snow removal budget remains unspent. He reported that the Airports Authority is grateful to members of the Airports' snow removal teams who work long hours under tough conditions to clear away the snow on runways, roadways and other areas to keep the Airports running smoothly for passengers.

Mr. Potter reported that the arrival of spring is also good news for the Silver Line and Project Journey, which will hopefully allow better progress under better weather conditions. He noted that the *Washington Business Journal* recently published a list of the top 25 transportation projects in the National Capital Area ranked by their value. Mr. Potter stated that Phase 2 of the Silver Line ranked number three, followed by Project Journey, which ranked number four. He further stated that it is good to see recognition of the Airports Authority's efforts to improve the regional transportation infrastructure.

Mr. Potter shared a slide of an Airports Authority Police Department promotion ceremony. The eight officers, who were recently promoted, are new leaders that are part of the team that keeps the Airports, the Dulles Toll Road, and other facilities safe, secure and orderly. Mr. Potter reported that the Airports Authority is fortunate to have such a highly-skilled and dedicated group of officers under the leadership of Bryan Norwood, Vice President for Public Safety, and Police Chief David Huchler. He congratulated Sergeants Stephanie Poyner, Lewis Golladay, Sundi Harris, Kimberly Mason, and Justin Bauer; Lieutenants Gregory Belden and Scott Morris; and Major Joseph Kluh. The officers received a round of applause.

Mr. Potter reported that both Airports proudly host honor flights on which several of the airlines fly veterans from World War II, Korea and other conflicts to visit monuments in Washington, DC. He stated that there would be a very special flight on March 23 at Reagan National when American Airlines would host a flight with 30 of the nation's 72 living recipients of the Medal of Honor. Mr. Potter explained that the Medal of Honor is the American military's highest award for valor in action against an enemy, and it had been given to only 3,500 members of

the armed forces during the nation's history. He stated that the Airports Authority looked forward to welcoming, honoring, and thanking the recipients for their service.

Mr. Potter also recognized the Travelers Aid volunteers who staff the information booths at both Airports. He reported that last year more than 47 million people traveled through Reagan National and Dulles International and more than 3 million passengers received direct assistance from the 600 volunteers who make up the Travelers Aid team at both Airports. The volunteers, who are visible throughout the terminals in their blue vests, perform a variety of important tasks, including answering questions about the Airports and services, such as ground transportation, to helping folks find their way around the Airports, to tracking down missing wallets and luggage, offering language translation, and providing all sorts of other assistance and advice. Mr. Potter stated that since the Travelers Aid representatives staff the information desk in both international arrival areas at Dulles International, they are often among the first smiling faces international passengers see upon arrival in the United States. At Reagan National the volunteers are particularly helpful to passengers during the Project Journey construction process, especially in light of the regular changes inside the terminals and outside on the curbs and roadways. Mr. Potter reported that the volunteers who staff the Travelers Aid information booths at Reagan National, including two new locations on the baggage claim level, have been instrumental in helping customers find their way. He stated that the Airports Authority owes a large debt of gratitude to the Travelers Aid volunteers. Mr. Potter recognized Ed McGee, a Traveler's Aid volunteer at Reagan National since 2016. For the second consecutive year, Mr. McGee is the winner of the William Dukstein Service Award, which is named in honor of the very first Travelers Aid volunteer and is awarded to the individual with the highest number of annual volunteer hours. In 2018 Mr. McGee volunteered 613 service hours. He was joined at the day's meeting by Leanne Omland, the Travelers Aid Manager at Reagan National. Mr. Potter stated that Mr. McGee exemplifies the spirit of public service that characterizes the men and women of the Airport community who volunteer tirelessly to provide world-class transportation services for the National Capital Region. Mr. McGee received a round of applause as he accepted the Airports Authority's gratitude to him and his Travelers Aid colleagues who do such important work.

b. Executive Vice President's Report

Despite the impacts of the recent winter weather and the month-long federal government shutdown, Mr. Davis reported that the Airports Authority is off to a good start for 2019 in terms of business performance and revenue, which is evidenced in the most recent passenger traffic statistics at both Airports. He shared a slide that illustrated that passenger traffic for January was unchanged at Reagan National and up about 1.5 percent at Dulles International. Mr. Davis noted that another area airport had reported a decline in passenger traffic for January. He stated that when the January passenger traffic statistics for Reagan National and Dulles International are compared to January 2018, which did not have the limiting factors of snow and a partial government shutdown, there was a slight system-wide increase of less than 1 percent in passenger activity. Mr. Davis reported that the recent passenger traffic statistics bode well for the continued pattern of passenger growth overall, much of which is the result of growth due to new airlines and destinations being added at Dulles International. In addition to airline growth, he stated that the revenue picture is positive across the organization; overall, non-airline revenue increased by 3.4 percent in February and 2.5 percent year-to-date. Mr. Davis reported that revenue for the parking and ground transportation category is flat year-to-date. He advised that continued growth in Transportation Network Company revenue was offset by the Airports Authority's customer service initiative that offers 60 minutes of free parking at Reagan National to mitigate the roadway impacts of Project Journey construction activities. Mr. Davis further advised that the Airports Authority fully supports the customer service initiative offering, which represents a cost of slightly more than \$1 million, is considered a trade-off to help to ensure that the organization meets the demands of the passengers. Terminal concessions revenue increased approximately 8.5 percent year-to-date. Mr. Davis reported that food and beverage transactions contributed to a good portion of that growth with an increase of more than 14 percent compared to the prior year. Additionally, business-to-business revenue increased 11.6 percent in February and 5.9 percent year-to-date with advertising revenue as a key driver of this category exceeding 16 percent growth.

Mr. Davis reported that there are a number of key initiatives in 2019 that will keep the Airports Authority on its growth path. He stated that real estate is one of the focus areas and recalled the recent major transaction with the Western Lands that provided the Airports Authority with a very

good financial advantage for years to come. Mr. Davis noted that discussion on plans for a fast food operation on the pad site near the Dulles gas station would continue later that day. He reported that the Airports Authority would also be focused on the land around the new Metro station on Route 606, as well as the 606 frontage farther south. Additionally, staff will discuss the Airports Authority's plans for a new hotel and conference center near the Dulles terminal at the April Committee Meeting.

Mr. Davis shared a slide of the Cherry Blossom Garden and stated that the Airports Authority's marketing team is planning a number of activities in the coming weeks to help celebrate the annual Cherry Blossom Festival (Festival), which began that day, that draws large numbers of visitors to the metropolitan area. The Festival, along with other seasonal events like spring break, makes Reagan National and Dulles International very busy places during this time of the year. Mr. Davis stated that visitors in both Airports and around the nation's capital will be greeted with an array of celebratory activities. As an official sponsor of the Festival, festivities would kick off the following day with a highly-anticipated launch of the Airports Authority's signature Cherry Blossom Park at Dulles International, complete with Japanese culture music, crafts, garden seating featuring café-style tables and trellises with park benches, and lots of blooming cherry blossoms. To further brighten up both Airports, they are decorated with pink external lighting and customers inside the Airports' concessions can take advantage of a cherry blossom gift with a purchase. Mr. Davis reported that the Airports Authority "Shop, Eat, Drink Pink at the Airport" promotion features stores and restaurants offering cherry blossom pins, souvenirs, food and drink specials. He stated that the promotion includes the free gift of a 2019 National Cherry Blossom Festival tote bag when customers buy \$100 worth of merchandise at the Airports' shops or restaurants. Chryssa Westerlund, Vice President for Marketing and Consumer Strategy, showed the Directors one of the gift tote bags and Mr. Davis invited them to get one before they left for the day. He advised that the Airports Authority is again an official sponsor of two parade floats at the National Cherry Blossom Parade on April 13. A group of Festival volunteers will be in attendance wearing Airport-branded T-shirts and as a part of the Airports Authority's sponsorship, banners will be displayed along the parade route. Additionally, the Airports Authority will offer digital aviation fans an opportunity to win free tickets to National Cherry Blossom events through the Airport Facebook pages. Mr. Davis reported that the Airports Authority is proud to be a sponsor of

such a vibrant springtime tradition and encouraged everyone to join the festivities and enjoy the picturesque views of the beautiful cherry trees along the tidal basin in downtown DC, as well as the trees around Reagan National and Dulles International.

Mr. Davis stated that the Airports Authority and its Airport partners are committed to delivering a great passenger experience daily. He shared a video of an amazingly dedicated employee of Southwest Airlines at Reagan National recently when she showed how strong that commitment is to go the extra mile for a customer [when she accompanied a nervous passenger on a flight to Jamaica]. The video was well received.

#### IV. NEW BUSINESS

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

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

WHEREAS, In March 2018, the Business Administration Committee concurred with staff's recommendation to issue a solicitation for custodial services at Ronald Reagan Washington National Airport (Reagan National), using the competitively negotiated "Best Value" procurement method;

WHEREAS, The scope of work for the custodial services contract at Reagan National includes terminal public area cleaning, floor care, carpet care, restroom cleaning and restocking, office cleaning, trash and recycling receptacle cleaning;

WHEREAS, Currently, custodial services provided encompass a service area of approximately 1.5 million square feet;

WHEREAS, The future security checkpoint facilities and north concourse are included in the scope of work beginning with the first of the three one-year option periods, and the facilities will add approximately 245,000 feet to the custodial requirement when they become operational in 2021;

WHEREAS, The Department of Supplier Diversity established a 100 percent Local Disadvantaged Business Enterprise participation requirement for the contract;

WHEREAS, The contract will have a two-year base term with three one-year option periods and will require the contractor to comply with the Airports Authority's living wage rate of \$14.88 per hour, throughout the base term and option periods;

WHEREAS, A Request for Proposals was issued on July 27, 2018, and 13 proposals were received on October 18, 2018;

WHEREAS, The Technical Evaluation Committee reviewed and evaluated the proposals submitted in response to the solicitation; and

WHEREAS, The Business Administration Committee is satisfied with the results of the competitive procurement process, as presented at its March 20, 2019 meeting and recommended that the Board of Directors approve the selection of COA Virginia, Inc.; now, therefore, be it

RESOLVED, That the selection of COA Virginia, Inc., to provide custodial services at Reagan National for a proposed two-year base contract for a total of \$19,168,345 with a total value of \$52,813,572 for the five-year contract is approved; and

2. That the President and Chief Executive Officer is authorized and directed to enter into a contract with COA Virginia, Inc., consistent with the terms presented to the Business Administration Committee at its March 20, 2019 meeting.

The final resolution as 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. Williams moved the confirmation of the following members of the Employee Relations Council, all of whom were confirmed: Robert B. Lubic, Gail Smith, and Donald S. Wasserman (incumbents); and Garvin Lee Oliver, Rosemary Pye, Elliott H. Shaller, Andrew M. Strongin, Blanca E. Torres, and William Kirk Underwood (new members).

A copy of the staff recommendation paper, including the panels on which the members will serve and resumes for each member, is included in the Board of Directors Office.

c. Recommendation to Approve the 2019 Audit Plan

Mr. Braun moved the recommendation to approve the 2019 Audit Plan, which was unanimously approved.

A copy of the confidential 2019 Audit Plan is included in the Board of Directors Office.

d. Approval of President's Designation of Ethics Officer

Mr. Potter presented the approval of his designation of Felice Smith as the Ethics Officer. He stated that Ms. Smith's entire career has been in the public sector, including the Export-Import Bank of the United States, the Library of Congress, and the Department of Justice. Ms. Smith holds a law degree from Howard University School of Law and a Bachelor of Arts degree from the University of North Carolina-Chapel Hill. Mr. Potter stated that Ms. Smith is a current member of the Virginia Bar and that her extensive experience as an attorney in the public sector, particularly in the ethics area, makes her well qualified to assume the role of the Ethics Officer.

Mr. Potter also thanked Bruce Heppen for serving as the Acting Ethics Officer for the past seven months.

Mr. Pozen moved the approval of Ms. Smith, noting that the Board had received a copy of her resume. He stated that he had already had the opportunity to speak with Ms. Smith and that he was very impressed with her thoughts and ideas. Mr. Pozen also thanked Mr. Heppen who has been a stalwart and terrific in his work.

Ms. Smith was unanimously approved as the Ethics Officer, and she received a round of applause.

A copy of Ms. Smith's confidential resume is included in the Board of Directors Office.

V. UNFINISHED BUSINESS

There was not any unfinished business.

VI. OTHER BUSINESS & ADJOURNMENT

The Meeting was thereupon adjourned at 9:47 a.m.

Respectfully submitted:



Monica R. Hargrove  
Vice President and Secretary

Approved April 17, 2019