

## **RESOLUTION NO. 17-31**

### **Adopting the 2018 Budget**

WHEREAS, The Finance Committee has provided direction to the staff regarding major challenges that the 2018 Budget needs to address;

WHEREAS, The Finance Committee received the summary level draft 2018 Budget, prepared by staff, at its October 2017 meeting;

WHEREAS, The Finance Committee considered the recommended 2018 Budget, prepared by staff, at its November 2017 meeting and recommended its approval to the Board of Directors;

WHEREAS, The recommended budget has been developed in accordance with the terms and conditions contained within the Airport Use Agreement and Premises Lease that became effective January 1, 2015, as amended by the First Universal Amendment;

WHEREAS, In order to assist the airlines serving Washington Dulles International Airport (Dulles International) by reducing the level of operating expenses and debt service included in the 2018 airline rates and charges, the recommended 2018 Budget provides (a) for the use of \$43.6 million in Passenger Facility Charge revenues to pay debt service attributable to the AeroTrain and (b) for a transfer to Dulles International of \$35 million from the Airports Authority's share of the 2017 Net Remaining Revenue generated at Ronald Reagan Washington National Airport (Reagan National);

WHEREAS, In order to assist the airlines serving Dulles International, the Commonwealth incentivized the negotiation of a seven-year extension of an amendment to the 2015 Airport Use Agreement and Premises Lease with the airlines at Dulles International by providing to the Airports Authority \$50 million in funding—\$25 million in 2017 and \$25 million in 2018—to reduce airline operating costs and further strengthen the competitive position of Dulles International; and the recommended 2018 Budget applies \$25 million of this Virginia funding in 2018;

WHEREAS, The recommended 2018 Budget provides for a reasonable level of expenditures to be made or to accrue in 2018 (a) from the Aviation Enterprise Fund, to operate Reagan National and Dulles International Airports, to repair and maintain the facilities at these Airports, and to undertake needed capital



improvements at the Airports, and (b) from the Dulles Corridor Enterprise Fund, to operate the Dulles Toll Road, to repair and maintain Toll Road facilities, to undertake capital improvements for the betterment of the Toll Road and otherwise within the Dulles Corridor, and to continue construction of the Dulles Corridor Metrorail Project, and further provides that there will be sufficient revenues in 2018 to cover these expenditures; now, therefore, be it

RESOLVED, That the 2018 Budget, as presented at the December 2017 meeting of the Board of Directors, is hereby adopted;

2. That the following sums, totaling \$1,110,108,000, are hereby authorized to be expended from the Aviation Enterprise Fund in 2018 for the operation, maintenance, care, improvement and protection of Reagan National and Dulles International Airports:

- (a) \$702,234,000 for the Aviation Operation and Maintenance Program, including \$342,811,000 of this total for debt service;
- (b) \$65,212,000 for the Aviation Capital, Operating and Maintenance Investment Program (COMIP); and
- (c) \$342,662,000 for the Aviation Capital Construction Program (CCP);

3. That the following sums, totaling \$48,866,000, are hereby authorized to be expended from the Aviation Enterprise Fund in 2018 for the following distinct operations within the Operations and Maintenance Program:

- (a) \$31,657,000 for expenses for parking operations;
- (b) \$5,706,000 for expenses for taxi operations;
- (c) \$4,537,000 for expenses for concessions management;
- (d) \$1,900,000 for expenses for Airports Authority-owned buildings at Dulles International;
- (e) \$4,510,000 for expenses for telecommunications against estimated telecommunications revenue of \$4,909,000; and
- (f) \$556,000 for expenses, excluding debt service, for the leaseback of Dulles International Air Traffic Control Tower against estimated revenue of \$3,742,000;

4. That the following sums, totaling \$788,506,000, are hereby authorized to be expended from the Dulles Corridor Enterprise Fund in 2018 for the operation,

maintenance, care, improvement and protection of the Dulles Toll Road and for the planning, design and construction of the Dulles Corridor Metrorail Project:

- (a) \$116,600,000 for the Dulles Corridor Operation and Maintenance Program, including \$86,408,000 of this total for debt service;
- (b) \$5,720,000 for the Dulles Corridor Renewal and Replacement (R&R) Program;
- (c) \$626,235,000 for the Dulles Corridor Capital Improvement Program (CIP), consisting of \$51,964,000 for Dulles Corridor Improvements and \$574,271,000 for the Dulles Corridor Rail Project; and
- (d) \$39,951,000 to be transferred to reserve accounts within the Dulles Corridor Enterprise Fund, as identified in the 2018 Budget;

5. That any revenue received or accrued by the Dulles Corridor Enterprise in 2018 that, at the conclusion of 2018, exceeds the expenditures, obligations and transfers to a reserve account pursuant to this Resolution, or to a reserve fund or account under the Master Indenture of Trust Securing Dulles Toll Road Revenue Bonds, dated as of August 1, 2009, and the Transportation Infrastructure Finance and Innovation Act (TIFIA) Loan Agreement, dated as of August 20, 2014 (collectively, the 2018 Expenditures, Obligations and Transfers), shall be transferred to the Dulles Corridor Reserve and Toll Rate Stabilization Fund (Stabilization Fund) which is maintained pursuant to the Indenture; and further, in the event that the revenue received and accrued by the Dulles Corridor Enterprise in 2018 is less than the 2018 Expenditures, Obligations and Transfers, a sum equal to the amount of such revenue shortfall shall, at the conclusion of 2018, reduce the amount budgeted to the Stabilization Fund;

6. That the President and Chief Executive Officer is hereby authorized to reprogram expenditures within each of the six Programs identified in this Resolution, so long as the total expenditures within any such Program in 2018 do not exceed the level authorized herein; provided, that any such reprogramming which increases or decreases an expenditure item or project by more than \$10 million in a calendar year for any expenditure item or project in the COMIP, CCP, R&R, or CIP shall be submitted to the Finance Committee and the Board of Directors for approval before it may take effect. All other material reprogramming of expenditures within any of the six Programs shall be reported to the Finance Committee on a quarterly basis, no later than two months after the end of each quarter at the May, August, November and February Committee meetings, and shall include year-to-date cumulative material budget reprogramming equal or greater than the following:

- (a) Aviation Operation and Maintenance Program (\$250,000);


- (b) Aviation Capital, Operating and Maintenance Investment Program (\$500,000 or any new project, regardless of dollar amount);
- (c) Aviation Capital Construction Program (\$500,000 or any new project, regardless of dollar amount);
- (d) Dulles Corridor Operation and Maintenance Program (\$250,000);
- (e) Dulles Corridor Renewal and Replacement Program (\$500,000 or any new project, regardless of dollar amount); and
- (f) Dulles Corridor Capital Improvement Program (\$500,000 or any new project, regardless of dollar amount);

7. That the new and expanded authorized capital projects identified in the 2018 Budget, in the amount of (i) \$54,104,000 within the Aviation Capital Operating and Maintenance Investment Program, (ii) \$35,738,000 within the Aviation Capital Construction Program, (iii) \$3,368,000 within the Dulles Corridor Renewal and Replacement Program, and (iv) \$19,538,000 within the Dulles Corridor Improvement Program pertaining to the Dulles Toll Road, are hereby approved and authorized, and hereafter shall be considered a part of their respective approved and authorized Programs.

RECORDED VOTE:

Members Present	<u>13</u>
Members in Favor	<u>13</u>
Members Against	<u>0</u>
Members Abstaining	<u>0</u>

Adopted December 13, 2017

  
Monica R. Hargrove  
 Monica R. Hargrove, Secretary