

## RESOLUTION NO. 20-21

### Adopting the 2021 Budget for the Metropolitan Washington Airports Authority

WHEREAS, The Finance Committee has provided direction to staff regarding major challenges that the 2021 Budget needs to address;

WHEREAS, The Finance Committee received the summary level draft 2021 Budget, prepared by staff, in October 2020;

WHEREAS, The Finance Committee considered the recommended 2021 Budget, prepared by staff, at its November 2020 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 and Second Universal Amendments;

WHEREAS, In order to mitigate the financial impact of the COVID-19 pandemic, the Metropolitan Washington Airports Authority (Airports Authority) plans to apply any remaining balance available of the Coronavirus Aid, Relief, and Economic Security (CARES) Act funding as of December 31, 2020 (estimated at \$154,732,000) in 2021;

WHEREAS, In order to assist the airlines serving Ronald Reagan Washington National Airport (Reagan National) and Washington Dulles International Airport (Dulles International) by reducing the level of debt service included in the 2021 airline rates and charges, the recommended 2021 Budget provides (a) for the use of \$9,854,000 of Passenger Facility Charge revenues to pay debt service related to capital projects at Reagan National; (b) for the use of \$26,263,000 of Passenger Facility Charge revenues to pay debt service attributable to the AeroTrain at Dulles International; and (c) for a transfer to Dulles International of \$2,327,000 from the Airports Authority's share of the 2020 Net Remaining Revenue generated at Reagan National;

WHEREAS, In order to assist the airlines serving Dulles International, the Second Universal Amendment to the 2015 Airport Use Agreement and Premises Lease with the airlines at Dulles International provides that any or all Western Lands Accounts Withdrawals, including Interest Earnings (as defined in the amendment) realized on investment assets held in the Western Lands



account (established pursuant to the amendment) may only be used to reduce the costs that the Airports Authority would otherwise include in calculating rentals, fees and charges assessed to airlines operating at Dulles International, and the recommended 2021 Budget includes \$4,000,000 in estimated interest earnings and \$35,000,000 from the Western Lands Account to be used in this manner;

WHEREAS, In order to mitigate rates and charges at Dulles International, the recommended 2021 Budget provides for a rate abatement of \$10,000,000 at Dulles International from the Airports Authority's Net Remaining Revenue;

WHEREAS, The recommended 2021 Budget provides for a reasonable level of expenditures to be made or to accrue in 2021 (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 2021 to cover these expenditures; now, therefore, be it

RESOLVED, That the 2021 Budget, as presented at the December 2020 meeting of the Board of Directors, is hereby adopted;

2. That the following sums, totaling \$1,291,644,000 are hereby authorized to be expended from the Aviation Enterprise Fund in 2021 for the operation, maintenance, care, improvement and protection of Reagan National and Dulles International Airports:

- (a) \$715,880,000 for the Aviation Operation and Maintenance Program, consisting of \$383,813,000 for operating expenses and \$332,067,000 for debt service after the use of \$9,854,000 and \$26,263,000 of Passenger Facility Charge revenues at Reagan National and Dulles International respectively to pay debt service;
- (b) \$110,519,000 for the Aviation Capital, Operating and Maintenance Investment Program (COMIP), including \$9,000,000 of Rate Stabilization at Reagan National; and
- (c) \$465,245,000 for the Aviation Capital Construction Program (CCP);

3. That the following sums, totaling \$508,546,000 are hereby authorized to be expended from the Dulles Corridor Enterprise Fund in 2021 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) \$131,389,000 for the Dulles Corridor Operation and Maintenance Program, consisting of \$26,636,000 for operating expenses and \$104,753,000 for debt service and financing fees after the use of \$42,000,000 of unrestricted reserves to pay debt service;
- (b) \$4,517,000 for the Dulles Corridor Renewal and Replacement (R&R) Program;
- (c) \$351,267,000 for the Dulles Corridor Capital Improvement Program (CIP), consisting of \$11,988,000 for Dulles Corridor Improvements and \$339,279,000 for the Dulles Corridor Rail Project; and
- (d) \$21,373,000 to be transferred to reserve accounts within the Dulles Corridor Enterprise Fund, as identified in the 2021 Budget;

4. That any revenue received or accrued by the Dulles Corridor Enterprise in 2021 that, at the conclusion of 2021, exceeds the expenditures, obligations and transfers to a reserve account pursuant to this Resolution or to a reserve fund or account under either the Master Indenture of Trust Securing Dulles Toll Road Revenue Bonds, dated as of August 1, 2009 (Dulles Toll Road Indenture), made in 2021 (collectively, the 2021 Expenditures, Obligations and Transfers), shall be transferred to the Dulles Corridor Reserve and Toll Rate Stabilization Fund (DCE Reserve) which is maintained pursuant to the Dulles Toll Road Indenture; and further that, in the event the revenue received and accrued by the Dulles Corridor Enterprise in 2021 is less than the 2021 Expenditures, Obligations and Transfers, a sum equal to the amount of such revenue shortfall shall, at the conclusion of 2021, be applied to reduce the amount budgeted to the DCE Reserve and/or withdrawn from unrestricted reserves;

5. 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 2021 do not exceed the level authorized herein; provided, that any such reprogramming which increases or decreases an expenditure item or project in the COMIP, CCP, R&R, or CIP by more than \$10,000,000 in 2021 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);

6. That no additional capital program authorization is being added in the 2021 Budget to the Aviation Capital, Operating and Maintenance Investment Program, the Aviation Capital Construction Program, the Dulles Corridor Renewal and Replacement Program, and the Dulles Corridor Improvement Program pertaining to the Dulles Toll Road.

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 16, 2020

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Monica R. Hargrove, Secretary