

BOARD OF DIRECTORS MEETING

Minutes of December 16, 2015

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 9:45 a.m. Fourteen Directors were present during the meeting:

Frank M. Conner III, Chairman	Barbara Lang
C. Charles Caputo	William Shaw McDermott
Lynn Chapman	Caren Merrick
Michael A. Curto	A. Bradley Mims
Anthony H. Griffin	Thorn Pozen
Katherine K. Hanley	Nina Mitchell Wells
Richard A. Kennedy	Joslyn N. Williams

The Interim 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

Mr. Conner recessed the Meeting at 9:46 a.m. to allow the Risk Management Committee to reconvene and to consider the recommendation to approve Office of Audit Policies and Procedures, which the Board would also consider.

Mr. Conner reconvened the Board of Directors Meeting at 9:55 a.m. with the same Directors present.

I. MINUTES OF THE NOVEMBER 18, 2015 ANNUAL BOARD OF DIRECTORS MEETING

The Chairman called for the approval of the Minutes of the November 18, 2015 Annual Board of Directors Meeting, which were unanimously adopted.

II. COMMITTEE REPORTS

a. Finance Committee – Michael A. Curto, Co-Chair

Mr. Curto reported that the Finance Committee had met that morning and on November 18. At the day's meeting, the Committee had: approved the recommendation regarding the selection of the underwriter pool; amended its October 2015 pre-solicitation concurrence by deferring the selection of the underwriting syndicate within the underwriter pool for the initial Series 2016 Bond issuance; and concurred with the issuance of a limited competition within the underwriter pool to select an underwriting syndicate for the Airport System Revenue and Refunding Bonds for Series 2016. Mr. Curto stated that he would offer a resolution later in the day's Board Meeting to establish an underwriter services pool. The Committee had also received the monthly informational Financial Advisors' Reports and Financial Reports for both enterprises.

In November, the Committee had approved the recommended 2016 Budget. Mr. Curto stated that he would offer a resolution later in the day's Board Meeting. In addition to the monthly reports, staff had presented the quarterly reports on the Budget Reprogrammings and the Investment Program. Staff had also presented a Review of the Investment Program.

b. Nominations Committee – Michael A. Curto, Chairman

Mr. Curto reported that the Nominations Committee had last met November 18. In executive session, the Committee had discussed the confidential Report on Candidates for Officers. In regular session, the Committee had advanced the following candidates for election at the Annual Board of Directors Meeting: William Shaw McDermott, Chairman; Warner H. Session, Vice Chairman; and Lisa Makle-Brooks, Secretary (Interim). Mr. Curto reported that the three candidates had been subsequently elected at the Annual Meeting.

c. Risk Management Committee – Nina Mitchell Wells, Co-Chair

Ms. Wells reported that the Risk Management Committee had met that morning and on November 18. At the day's meeting the Committee had approved the Office of Audit Policies and Procedures. Ms. Wells reported that she would offer a recommendation later in the Board Meeting.

In November, staff had presented a recommendation to approve the Risk Management Committee and Office of Audit Charters. The Committee and Board had approved the Charters on November 18.

d. Strategic Development Committee – Lynn Chapman, Co-Chair

Mr. Chapman reported that the Strategic Development Committee had last met November 18. Staff had presented the pre-solicitation terms for multiple-award task order contracts for Construction Management Support Services for the Airports Authority. The Committee had concurred with the terms.

III. INFORMATION ITEMS

a. President's Report

Mr. Potter presented an end of the year update on the Authority's 2015 Management Plan (Plan). [A copy of the update is attached.] He reported that the Plan outlined the four business strategies: improve Dulles International's competitive position; continue to focus on the organization's reputation; maintain safe and secure operations; and aggressively recruit and develop talent (as a substantial amount of turnover had occurred due to an aging workforce).

Additionally, the Plan sets forth four major tactical Corporate Goals that would focus on creating customer satisfaction for all Authority stakeholders; realize operational and overall efficiencies; grow revenue; and ensure that the Authority is an employer of choice for those who want to serve the traveling public.

With regard to the 2015 accomplishments to improve Dulles International's competitive position, Mr. Potter reported that the Authority's aggressive pursuit of air service had led to key wins; concessions revenue had increased 13.5 percent year-to-date through

October; the lease for an extended cargo building had increased \$12 million over the prior agreement; a new gas station would be built; and a new Fixed Base Operator contract had been awarded to Landmark Aviation, which would increase the Minimum Annual Guarantee by \$3.9 million. Other accomplishments included the refinancing of \$217 million of aviation debt; re-bid of parking and shuttle bus contracts, which would yield cost savings; and the 2016 cost per enplanement (CPE) is estimated at \$22.59, which is 25 percent lower than the projection in May 2014, as a result of disciplined cost management, staff efforts with regard to the debt service coverage provision, the new Use and Lease Agreement and the increase in revenue. Mr. Potter stated that 2015 had been a good year with regard to the outcome of Dulles International.

In terms of the Authority's reputation, Mr. Potter reported that staff had done an outstanding job with the new branding initiative and logos and the commitment to deliver top-quality service. Additionally, the Office of Information Technology (IT) and other staff had delivered a new state-of-the-art website, including a cutting edge wayfinding feature. Mr. Potter thanked Goutam Kundu, Chief Information Officer, and his staff for their work. He reviewed the other accomplishments associated with the Authority's reputation: smoothly enacted the ground transportation effort associated with the transportation network companies; successful outcome in its Supreme Court challenge in terms of ensuring tolling capabilities, for which he thanked Phil Sunderland, Vice President and General Counsel, and his team for their efforts; receipt of the second \$100 million installment pledged from the Commonwealth of Virginia; and progressed Phase 2 construction. Mr. Potter stated that the Authority had established a Community Working Group (Working Group) to address noise concerns at Reagan National. He noted that the local representatives and the Federal Aviation Administration had been actively engaged and that the Working Group had made its first recommendation. Mr. Potter stated that work would continue, and he thanked Ms. McKeough for leading the Working Group. He reported that the Authority had worked with the District of Columbia to create a joint certification program. Mr. Potter explained that when businesses enrolled to participate in the DC procurement program, they would automatically become eligible to participate in the Authority's Local Disadvantaged Business Enterprise Program thereby eliminating the burdensome administrative eligibility process. He stated that the staff is working diligently with elected officials and organizations to actively participate and the Authority's contributions are being recognized.

In terms of safety and security operations, Mr. Potter reported that the Authority had hired a full-time emergency preparedness coordinator, who reported to Ms. McKeough; conducted a triennial full-scale exercise, emergency security drills and numerous tabletops, as well as a substantial amount of work with mutual aid partners. Additionally, the Police Department had enhanced its security protocols with random employee checks on the ramps. With regard to IT measures, the Authority had continued the migration of contracted resources to in-house with the hiring of 32 new IT employees (and 24 Engineering employees) and the convergence and consolidation of IT infrastructure and applications, along with conducting penetration testing and planning for data center relocation; provided information security awareness training to all employees; and updated IT security policies to reflect best practices.

With regard to people, Mr. Potter reported that the Authority had rolled out a comprehensive workforce development plan, including External Recruitment and Employee Development Programs; hosted a University Day outreach event to foster brand recognition; finalized a Comparability Study, which included public, federal, private and regional sector benchmarking and recommended appropriate changes to the benefits package to maintain affordability; continued to modernize Human Resources policies and practices; and hired more than 250 new employees, as a result of bringing contracted sources in-house and an aging workforce where many retirement-eligible employees had decided to retire.

In conclusion, Mr. Potter stated that 2015 had been a good year. The Authority had enhanced its competitive position with the increased domestic passenger activity and new record levels at Reagan National but more importantly, the sharp decline expected at Dulles International had not occurred. Mr. Potter explained that the Authority's goal was to enhance its non-airline revenue so that airlines can be charged minimal fees to operate at Reagan National and Dulles International while maintaining cost control to ensure that the Authority received the full benefit of the provisions in the Use and Lease Agreement as a result of its negotiations with the airlines. He reported that CPE levels at both Airports would decrease in 2016. Additionally, Mr. Potter reported that an unwavering commitment to customer service would occur, particularly in light of future major construction projects at both Airports. From a reputational standpoint, the Authority has been an integral part of community outreach and a contributor to the economic

development, which led to Governor McAuliffe's recent announcement that the Commonwealth's proposed Fiscal Year 2017-2018 budget will invest \$50 million to attract more customers and airlines to do business at Dulles International.

Mr. Potter reported that the Authority would continue to work hard to deepen its partnerships with the airlines, passengers and surrounding communities; maximize non-airline revenue; and deliver and develop first-class facilities with an infrastructure worthy of the Nation's Capital so that all passengers' experiences are great ones.

Mr. Potter stated that he was grateful to Authority employees for their hard work and to the Board for the respectful manner in which Directors had represented the Authority, dedicated their time and expressed their interests.

Mr. Potter recognized that the day's meeting would be the last one at which Mr. Conner would serve as Chairman. He stated that he believed that the Authority had been fortunate with the leadership of Mr. Conner and the former Chairman, Mr. Curto. Mr. Potter thanked Mr. Conner for his guidance and contributions.

Mr. Potter extended happy holiday wishes to everyone.

Mr. Conner stated that the Authority had undergone a cultural transition during the last four years and the organization's momentum is palpable. He noted that expectations for 2016 would be even higher. Mr. Conner thanked Mr. Potter for his kind comments.

b. Executive Vice Presidents' Reports

Ms. McKeough noted that the October 2015 air traffic statistics had been included in materials provided for the day's meeting. She presented an overview of the anticipated passenger activity levels at both Airports for all of 2015. (A copy of the PowerPoint would be available at the conclusion of the day's meeting.) For the sixth consecutive year, Ms. McKeough stated that the two-Airport system had experienced growth. With the preliminary data collected, she predicted that approximately 44.6 million passengers would be served in 2015, which represents an approximate growth of 5.5 percent compared to 2014. Ms. McKeough stated that the 2015 growth rate for the two-Airport system was favorable when compared to benchmarks of the average increase in aviation

service across the United States in 2015. She reported that the 2015 growth had been sustained by passenger activity at Reagan National throughout the year. For the first time in 17 years, Ms. McKeough predicted that the number of passengers served in 2015 at Reagan National would exceed the number of passengers served at Dulles International.

At Reagan National, 2015 represented the fifth year of consecutive record growth. By the end of the holiday season, approximately 23 million passengers would be served, which totaled 2 million more than the prior year. With regard to the slot activity, Ms. McKeough reported that while business transactions had occurred in 2014, 2015 marked the first full year that airlines had maximized the use of their slots. She congratulated Paul Malandrino, Vice President and Airport Manager, and Bryan Norwood, Vice President for Public Safety, and their teams for their continuous hard work in moving traffic at Reagan National and keeping everyone safe as they travel through the facilities.

Regarding Dulles International, Ms. McKeough reported that the year had begun with deep decreases in passenger activity. Although the decline had occurred during the first quarter into early spring, staff had been very pleased to make successes with attracting and growing new service by working with carriers and sharing financial strategies to market Dulles International. Ms. McKeough reported that passenger activity had begun to increase during the summer and that 2015 is expected to end with the same level of passenger activity that had occurred in 2014. She noted that the 2015 year-end traffic statistics had marked a significant milestone compared to what had been forecasted for the year. Additionally, 2015 is expected to end with approximately 21.6 million passengers, including a 2-percent increase in domestic activity. With regard to international traffic, Ms. McKeough reported that a slight decline is expected in 2015, which would be the first year in more than nine years where international passenger activity would not result in an increase.

Ms. McKeough reported that the Authority had worked closely with local community schools to provide a festive experience for passengers using the Airports during the holiday season. She thanked the Airports' staff and Offices of Communications and Marketing, as well as the following schools that had dedicated their music programs to entertain passengers: Stone Bridge High School Choir and Jazz Band, J. Michael Lunsford Middle School Strings Ensemble, Suzuki Strings, Tuscarora

High School Orchestra, Woodlawn Elementary School Choir and Carl Sandburg Middle School Choir, which was performing at Reagan National that day.

Ms. McKeough extended holiday wishes to everyone.

Mr. Caputo referenced the decreased domestic activity at Dulles International and inquired about Frontier Airlines' (Frontier) 41.2 percent decline in passenger activity. Ms. McKeough reported that Frontier had entered the market in August 2014 with a robust effort to make a statement at Dulles International. Since that time, the carrier's profile has been to adjust service frequently. Additionally, Ms. McKeough stated that Frontier did not offer a large amount of dependable frequency noting that the carrier often served a market once a week rather than daily. She explained that a lot of the changes are in line with Frontier's business model as it tested markets throughout the country, and particularly at Dulles International, to understand which markets would be beneficial for its business model and profit margins. Ms. McKeough noted that seasonality had also been a factor in Frontiers' declined activity.

Mr. Mims asked if the projection for the decrease in international activity at Dulles International for 2015 was attributed to United Airlines (United), to which Ms. McKeough responded affirmatively. She stated that the international projections are predominantly affected by scheduling decisions made by United.

Mr. Potter stated that United's largest market is Europe and that he believed the financial stability there was also a contributing factor to the projected decline in international traffic at Dulles International. With Europe's financial conditions improving, United's recent activity to service Europe had begun to increase. Additionally, the lower CPE at Dulles International would also make it more attractive to United.

As a result of the Authority's great strides in 2015 to improve Dulles International's competitive position and to enhance the organization's reputation, Mr. Davis reported that the Authority had generated strong results across the organization. With regard to a cultural transformation, Mr. Davis stated that airline revenue had exceeded non-airline revenue by over \$120 million two years ago. In 2015, that gap had narrowed to \$58 million. Mr. Davis noted that it was not inconceivable that future non-airline revenue might become a larger source of revenue than the airlines.

Mr. Davis reported that there is a great deal of energy and excitement among Authority staff to be part of a growing and innovative organization. He stated that staff is embracing the Authority's four core values -- integrity, collaboration, mutual respect and pride; collectively challenging each other to lead the industry; and focusing on customer service, which equates to a formula for success.

Mr. Davis provided several examples of collaboration that had occurred in 2015, including the implementation of new parking products and new ground transportation options to improve the customers' journeys and to offer them more choices. While the Authority's new website had been developed as a result of the collaboration of virtually every department throughout the organization, there is also a tremendous amount of pride associated with it. Mr. Davis stated that he expected that several airports would add some of the Authority's new website features to their websites in 2016, which would serve as a validation of the Authority's goal as an industry leader.

Mr. Davis reiterated that 2015 had been a strong year. He reported that the Authority had increased revenue from leases and had made progress in its pursuit of a new gas station and its land development program. Mr. Davis noted that the Authority had launched critical actions to establish commercial viability of the Dulles Western Lands. He reported that the Board's recent approval of the display advertising award would also result in substantial revenue growth. Additionally, the Authority had received tremendous support from elected officials and community leaders for its outreach efforts to raise awareness of current issues throughout the organization.

With regard to customer service, Mr. Davis shared a story about a couple that had flown into Dulles International and had accidentally left an iPad in a Smart Carte while they were loading luggage in the car. A Smart Carte worker found the iPad and took it to Bill Ullman at the Traveler's Aid Desk. Mr. Ullman was initially unable to find a phone number for the couple, but he used the boarding pass to contact United. Upon receiving the phone number from United, Mr. Ullman was able to call the couple and to return the iPad. Mr. Davis stated that everyone involved had collaborated with integrity, mutual respect, and pride in both the organization and their contributions to make customer service a top priority.

Mr. Davis also extended holiday wishes to everyone.

Mr. Mims thanked Mr. Davis and Steve Baker, Vice President for the Office of Customer and Concessions Development, for meeting with Jim Coleman, President and Chief Executive Officer of the Prince George's County Economic Development Corporation. At that meeting, Mr. Davis and Mr. Baker had explained the events underway at the Authority, and Mr. Coleman is excited about Maryland's prospects of future opportunities.

Mr. Curto personally thanked and acknowledged Mr. Davis for his efforts to increase the Authority's revenue.

IV. NEW BUSINESS

a. Adoption of 2016 Budget

Mr. Curto moved the adoption of the following resolution, which was unanimously approved by all 14 Directors present:

WHEREAS, The Finance Committee has provided direction to the staff regarding major challenges that the 2016 Budget needs to address;

WHEREAS, The Finance Committee received the summary level draft 2016 Budget, prepared by staff, at its October meeting;

WHEREAS, The Finance Committee considered the recommended 2016 Budget, prepared by staff, at its November 2015 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 new Airport Use Agreement and Premises Lease that became effective January 1, 2015;

WHEREAS, In order to assist the airlines serving Dulles International by reducing the level of debt service included in the 2016 airline rates and charges, the recommended 2016 Budget provides (a) for the use of \$43.5 million in Passenger Facility Charge revenues to pay debt service attributable to the AeroTrain; (b) for a transfer to Dulles International of \$40

million from the Airports Authority's share of the 2015 Net Remaining Revenue generated at Reagan National; and (c) for a transfer to Dulles International of \$7 million from the Airports Authority's share of the 2015 Net Remaining Revenue generated at Dulles International;

WHEREAS, The 2016 Budget provides for a reasonable level of expenditures to be made or accrued in 2016 (a) from the Aviation Enterprise Fund, to operate Ronald Reagan Washington National and Washington 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 2016 to cover these expenditures; now, therefore, be it

RESOLVED, That the 2016 Budget, as presented at the December 2015 meeting of the Board of Directors, is hereby adopted;

2. That the following sums, totaling \$933,052,900, are hereby authorized to be expended from the Aviation Enterprise Fund in 2016 for the operation, maintenance, care, improvement and protection of Ronald Reagan Washington National and Washington Dulles International Airports:

- (a) \$670,599,000 for the Aviation Operation and Maintenance Program, including \$326,632,000 of this total for debt service;
- (b) \$68,816,900 for the Aviation Capital, Operating and Maintenance Investment Program (COMIP);
and
- (c) \$193,637,000 for the Aviation Capital Construction Program (CCP);

3. That the following sums, totaling \$1,146,049,800, are hereby authorized to be expended from the Dulles Corridor Enterprise Fund in 2016 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) \$78,439,000 for the Dulles Corridor Operation and Maintenance Program, including \$43,740,000 of this total for debt service;
- (b) \$5,485,400 for the Dulles Corridor Renewal and Replacement Program (R&R);
- (c) \$980,628,000 for the Dulles Corridor Capital Improvement Program (CIP), consisting of \$44,588,700 for Dulles Corridor Improvements and \$936,039,300 for the Dulles Corridor Rail Project; and
- (d) \$81,497,400 to be transferred to reserve accounts within the Dulles Corridor Enterprise Fund, as identified in the 2016 Budget;

4. That any revenue received or accrued by the Dulles Corridor Enterprise in 2016 that, at the conclusion of 2016, 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 2016 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 2016 is less than the 2016 Expenditures, Obligations and Transfers, a sum equal to the amount of such revenue shortfall shall, at the conclusion of 2016, reduce the amount budgeted to the Stabilization Fund;

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 2016 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 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);

6. That the new and expanded authorized capital projects identified in the 2016 Budget, in the amount of (i) \$38,969,000 within the Aviation Capital Operating and

Maintenance Investment Program, (ii) \$17,190,000 within the Aviation Capital Construction Program, (iii) \$2,602,000 within the Dulles Corridor Renewal and Replacement Program, and (iv) \$7,724,000 within the Dulles Corridor Capital 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.

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

b. Recommendation Regarding Selection of the Underwriter Pool and Concurrence with a Limited Competition Within the Underwriter Pool to Select the Underwriting Syndicate for Airport System Revenue and Refunding Bonds, Series 2016

Mr. McDermott reported that after consultation with the Ethics Officer, he had determined that he had an apparent conflict of interests in the matter because he represents a rather remote affiliate of one of the proponents. He stated that he had chosen to recuse himself from participating in the Board's consideration of whether to approve the selection of an underwriter pool. Additionally, he stated that he had executed a recusal agreement with the Ethics Officer and the Secretary of the Board and had asked the Secretary to file his recusal agreement in the Board's official records. Mr. McDermott stated that he was stepping back from the Board table while the matter was considered.

As reported at the day's Finance Committee Meeting, Mr. Pozen stated that he had determined that he had an apparent conflict of interests in the matter and that he had chosen to recuse himself from participating in the Board's consideration of whether to approve the selection of an underwriter pool. He reported that he had executed a recusal agreement with the Ethics Officer and the Secretary of the Board and had asked the Secretary to file his recusal agreement in the Board's official records. Mr. Pozen stated that he was stepping back from the Board table while the matter was considered.

Ms. Wells stated that she had also reported at the day's Finance Committee Meeting that she had determined that she had an actual conflict of interests in the matter because her husband's law firm has a Substantial Financial Interest in one of the proponents. Accordingly, Ms.

Wells reported that she was recusing herself from participating in the Board's consideration of whether to approve the selection of an underwriter pool. She stated that she had executed a recusal agreement with the Ethics Officer and the Secretary of the Board and that she understood that the Secretary had filed her recusal agreement in the Board's official records. Ms. Wells reported that she was stepping back from the Board table while this matter was considered.

Mr. Curto then moved the adoption of the following resolution, which was approved [three Directors, as previously noted, recused themselves from the vote]:

WHEREAS, In Resolution No. 01-20, the Board has reserved to itself the authority to select underwriters and a senior manager(s) to lead the underwriting syndicate for each bond sale;

WHEREAS, In October 2015, the Airports Authority issued a Request for Proposals (RFP) seeking proposals from investment banking firms interested in providing underwriting services to support the capital debt financing activities related to the Aviation Enterprise's Capital Construction Program and the Dulles Corridor Enterprise's Capital Improvement Program;

WHEREAS, The RFP process was intended to form a pool of underwriters from which underwriting syndicates would be selected for future bond issuances;

WHEREAS, In November 2015, in response to the RFP the Airports Authority received 31 proposals from investment banking firms;

WHEREAS, A Technical Evaluation Committee (TEC) reviewed these 31 proposals and, using criteria in the RFP, evaluated the proposals based on their responses to the questions posed by the RFP;

WHEREAS, Based on its evaluation of the proposals, the TEC has recommended the following firms to the Finance Committee to form the pool of underwriters (Underwriter Pool) that could provide investment banking services for the Airport

System Revenue Bonds and Dulles Toll Road Revenue Bonds for a term of three years, with an extension option for one or more years at the discretion of the Airports Authority:

Bank of America Merrill Lynch
Barclays Capital Inc.
Citigroup Global Markets Inc.
Goldman Sachs & Co.
Jefferies
J.P. Morgan Securities
Loop Capital Markets
Morgan Stanley
PNC Capital Markets
Raymond James
RBC Capital Markets
Samuel A. Ramirez & Co.
Siebert Brandford Shank & Co.
U.S. Bancorp Municipal Securities Group
Wells Fargo Securities

WHEREAS, The proposing firms that are not included in the above table will be placed in the Airports Authority's bonds selling group and, based on performance, may in the future be added by the Board to the Underwriter Pool;

WHEREAS, The Finance Committee has concurred with the TEC's recommendation and has recommended to the Board of Directors that it select the above listed firms as members of the Underwriter Pool;

WHEREAS, The Board of Directors has reviewed and accepted the recommendation of the Finance Committee; now, therefore, be it

RESOLVED, That the investment banking firms identified in the table in the sixth WHEREAS paragraph are hereby selected to be members of the Underwriter Pool that will be available to provide investment banking services for the Airport System Revenue Bonds and Dulles Toll Road Revenue Bonds for a term of three years, with an extension option for one or more years at the discretion of the Airports Authority; and

2. That, in connection with each future sale of Airport System Revenue Bonds and Dulles Toll Road Revenue Bonds, the Board is authorized to select one or more investment banking firms from the Underwriter Pool to serve as senior, co-senior manager or co-manager for the sale or as a member of the selling syndicate for the sale.

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

c. Recommendation to Approve Office of Audit Policies and Procedures

Ms. Wells offered a motion to approve the Office of Audit Policies and Procedures, which were approved.

Copies of the Office of Audit Policies and Procedures are filed in the Board of Directors Office.

V. UNFINISHED BUSINESS

There was not any unfinished business.

VI. OTHER BUSINESS & ADJOURNMENT

In appreciation to Mr. Conner for his leadership as Chairman, Mr. McDermott presented a “top ten” list of accomplishments by Authority management and staff during his Chairmanship: 1) completed Phase 1 of the Silver Line Metrorail Project; 2) kept Dulles Toll Road rates flat; 3) secured competitive financing of the Transportation Infrastructure Finance and Innovation Act Loan, along with new financing and refinancing; 4) supported new airline and passenger growth; and 5) launched a new concessions program. He stated that all of those accomplishments had helped to add to the comfort, convenience and safety of the traveling public and metropolitan region. Internally, the Authority had 1) created the Revenue Office and strengthened the real estate and corporate strategy function; 2) encouraged management with new corporate branding, website design and passenger satisfaction initiatives; 3) enhanced Risk Management Practices and organized timely responses to the Office of Inspector General audits; 4) organized Board Committees to focus on service to the traveling public and regional stakeholders; and 5) supported Innovative Corporate Policy Changes.

In conclusion, Mr. McDermott graciously described Mr. Conner's character as Chairman and presented him with a framed photograph of the space shuttle landing at Dulles International.

Mr. Conner received a standing ovation. He stated that he appreciated the kind comments and reflected on his six-year tenure on the Board noting that the past four years had been enjoyable because he witnessed the Authority moving forward in many different areas. He believed that his observation was the result of a very good Board, an extraordinary management team and a willingness by everyone at the Authority to embrace the mission of the organization to create two extraordinary airports and to build the Silver Line under budget and on time, under which circumstances it had inherited the Project, while understanding its significant economic impact in this community.

Mr. Conner stated that the Authority's accomplishments have a tremendous impact on everyone in the community, but particularly opportunities provided for those who are less fortunate as the wealth is shared with all of the jurisdictions. He appreciated the Board Members setting aside the personal agendas of each jurisdiction to have thoughtful conversations, even to the point of disagreeing without being disagreeable. Mr. Conner fondly reflected on Mr. Session's leadership in the executive search that secured Mr. Potter and again expressed his appreciation for being a part of the Authority

The Meeting was thereupon adjourned at 10:48 a.m.

Respectfully submitted:

Lisa R. Makle-Brooks
Interim Vice President and Secretary

Attachment



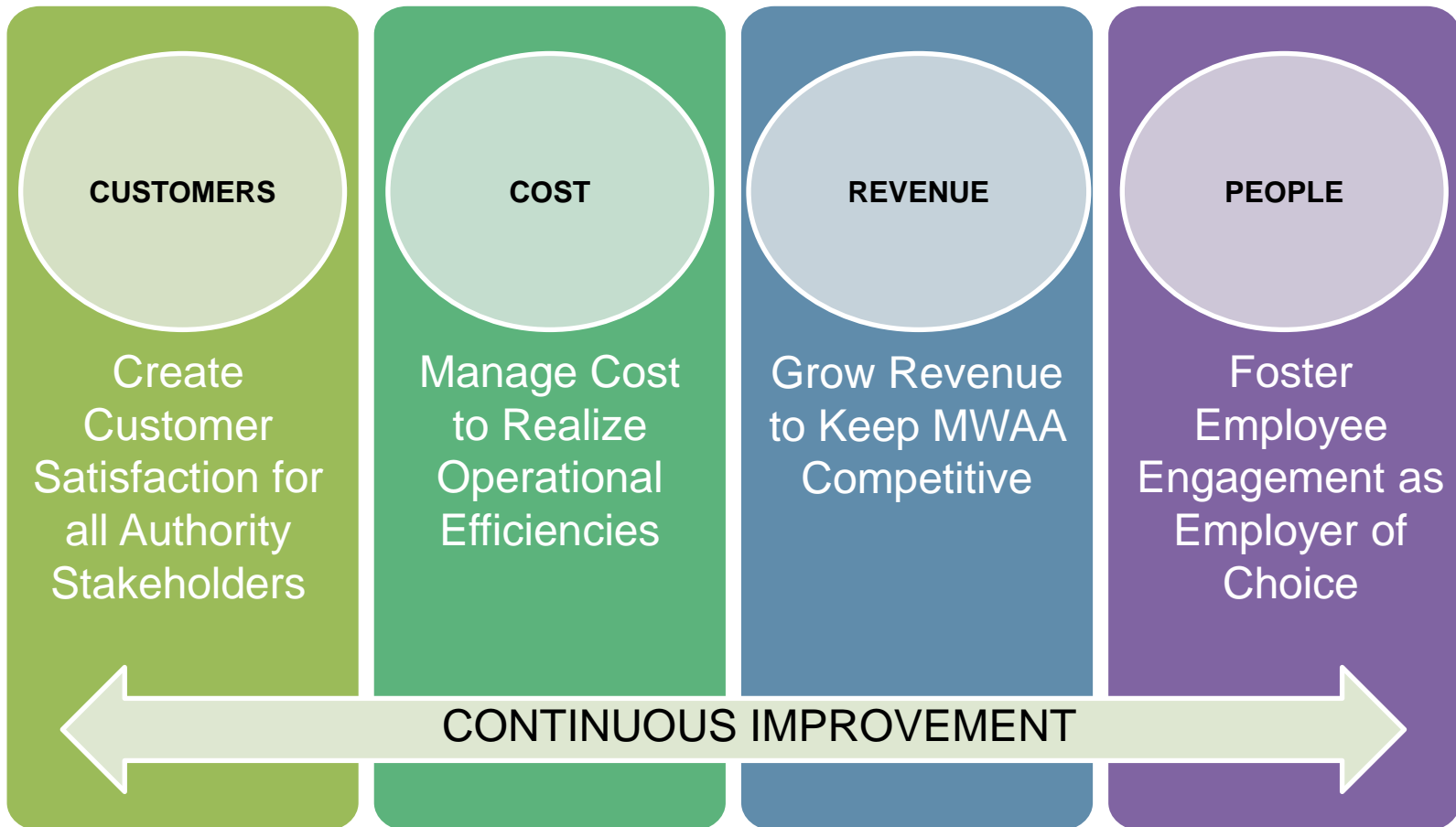
MWAA 2015 Management Plan

End of Year Update
December 2015

Background

- The 2015 Management Plan outlined business strategies to progress the following objectives:
 1. Improve Dulles International Airport's Competitive Position
 2. Enhance the Organization's Reputation
 3. Maintain Safe & Secure Operations
 4. Aggressively Recruit & Develop Talent
- In addition, the Management Plan set forth tactical Corporate Goals that focused the organization on Cost, Revenue, Customers, and People – all with an emphasis on continuous improvement

Corporate Goal Objectives



2015 Accomplishments: Improve Dulles Airport's Competitive Position

- ✓ Continued aggressive pursuit of air service at Dulles led to key wins:
 - Alaska Airlines returned in March and has served 66 K passengers through October
 - Aer Lingus began service in May with 44 K YTD passengers
 - Frontier served 789 K passengers in its first full year of operations
 - LATAM will serve Lima starting in May; this was the largest unserved international market

- ✓ Increased year-to-date concessions revenue 13.5% through October – with growth in parking, rental cars, food and beverage, duty free, newsstands, and advertising

- ✓ Extended cargo building lease for a \$12.7 M increase over prior agreement; solicited a new gas station; and awarded new FBO and advertising contracts, increasing MAGs \$3.9 M and \$4.75 M, respectively

- ✓ Re-financed \$217 M of aviation debt, bringing total re-financings to \$1.9 B for \$183 M net present value savings since 2010; also replaced three liquidity facilities for annual savings of \$2 M

- ✓ Re-bid parking and shuttle bus contracts as well as audit services, which will yield \$4.5 M in cost savings over the next five years

- ✓ Disciplined cost management and additional debt service coverage provision in the new Use & Lease Agreement resulted in estimated 2016 CPE of \$22.59; 25% less than previously forecast



2015 Accomplishments: Enhance the Organization's Reputation

- ✓ Launched new branding initiative, including logos, taglines, and Passenger Pledge, reinforcing our commitment to providing top-quality facilities and services to the traveling public
- ✓ Re-developed the MWAAs website with state-of-the-art features, including wayfinding and flight search tools, and enhanced customer engagement through social media and satisfaction surveys
- ✓ Developed and enacted comprehensive ground transportation policy updates to accommodate TNCs
- ✓ Worked with US DOT attorneys to assist Solicitor's office in preparing successful brief for *Corr v. MWAAs*
- ✓ Received second \$100 M installment pledged from the Commonwealth of Virginia for the Metrorail Project as a result of continued action on DOT OIG recommendations
- ✓ Successfully progressed Phase 2 construction – prioritizing safety, budget, and schedule
- ✓ Established DCA Community Working Group to identify and recommend – in conjunction with local representatives – practical noise mitigation initiatives for FAA's consideration
- ✓ Created joint certification program to enable DC's businesses to more easily qualify for MWAAs procurements
- ✓ Advanced interests and reputation working with elected officials and organizations such as Committee for Dulles, Dulles Rail Association, Board of Trade, 2030 Group, and local Chambers of Commerce



2015 Accomplishments: Maintain Safe & Secure Operations

- ✓ Hired a full-time emergency preparedness coordinator, reporting to the COO, with responsibility for supporting and enhancing an organization-wide response to emergency incidents
- ✓ Conducted triennial full-scale exercise, emergency security drills, and tabletops to ensure staff and mutual aid partners have a rehearsed and coordinated response to crises
- ✓ MWAA Police Department enhanced security protocols with random employee checks
- ✓ Continued migration of contracted resources to in-house talent with the hire of 32 new employees in IT and 24 new employees in Engineering
- ✓ Continued the convergence and consolidation of IT infrastructure and applications
- ✓ Conducted penetration testing and began planning for data center relocation
- ✓ Provided information security awareness training to all MWAA employees
- ✓ Updated IT security policies to reflect best practices

2015 Accomplishments: Aggressively Recruit & Develop Talent

- ✓ Rolled out comprehensive workforce development plan, including:
 - **External Recruitment Programs**
 - Management Intern Program
 - Trades Apprentice Employment Program
 - **Employee Development Programs**
 - Supervisor Training
 - Leadership Development
 - Succession Planning
- ✓ Hosted University Day outreach event to foster brand recognition and educate representatives from local colleges and universities on MWAA career opportunities
- ✓ Finalized Comparability Study, which included public, federal, private and regional sector benchmarking, and recommended appropriate changes to the benefits package to maintain affordability
- ✓ Continued modernizing HR policies and practices, including health and retirement benefits, tuition assistance, on- and off- boarding processes, and wellness initiatives
- ✓ On-boarded 250 new employees in response to growing number of retirements and evolving business needs

Year In Review

- This year's accomplishments have enhanced the competitive position of our Airports through:
 - Increased domestic passenger activity, including new record levels at Reagan National;
 - Aggressive non-airline revenue growth, coupled with strict cost discipline and favorable Use and Lease provisions, resulting in declining CPE levels at both Airports in 2016; and
 - An unwavering commitment to customer service – for our airline partners, concessionaires, and the traveling public
- Throughout the year, Airports Authority leadership conducted multiple discussions with Commonwealth officials, and Governor McAuliffe announced, on December 8, that his proposed Fiscal Year 2017-2018 budget will invest \$50 million to attract more customers and airlines to do business at Dulles International
- The Authority has continued to strengthen its relationships and reputation while remaining responsive to the evolving industry and environment in which we operate. Going forward, we remain committed to:
 - Deepening strategic partnerships with new and existing airlines to drive passenger and cargo growth
 - Cultivating mutually-beneficial relationships with state, local, and federal governments, as well as the business community
 - Maximizing non-airline revenue through innovative and creative pursuits
 - Developing first-rate facilities and infrastructure, worthy of the Nation's Capital
 - Delivering a best-in-class experience to every single customer, every single time
 - Engaging and strengthening our talent to ensure our mission is seamlessly executed well into the future



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