

SUMMARY MINUTES  
FINANCE COMMITTEE  
MEETING OF DECEMBER 16, 2015

Mr. Curto chaired the December 16 Finance Committee Meeting, calling it to order at 9:22 a.m. A quorum was present during the Meeting: Mr. Caputo, Mr. Chapman, Mr. Kennedy, Ms. Merrick, Mr. Pozen, Ms. Wells and Mr. Conner, *ex officio*. Mr. Griffin, Ms. Hanley, Ms. Lang, Mr. McDermott, Mr. Mims and Mr. Williams were also present.

Ms. Wells stated that after a consultation with the Ethics Officer, it had been determined that she had a conflict of interests because her husband's law firm has a Substantial Financial Interest in one of the proponents. Accordingly, Ms. Wells recused herself from participating in the Finance Committee's consideration of whether to approve the selection of an underwriter pool. She stated that a recusal agreement had been executed with the Ethics Officer and the Secretary, and a copy had been filed in the Board's official records.

Mr. Pozen stated that he had also consulted with the Ethics Officer and had determined that he had a conflict of interests since his firm represents an affiliate of one of the proponents. He also recused himself from participating in the Finance Committee's consideration of whether to approve the selection of an underwriter pool. Mr. Pozen stated that a recusal agreement had been executed with the Ethics Officer and the Secretary, and a copy had been filed in the Board's official records.

Recommendation Regarding Selection of Underwriter Pool and Underwriting Syndicate for the Airport System Revenue and Refunding Bonds, Series 2016. Andy Rountree, Vice President and Chief Financial Officer, was joined by Ken Cushine of Frasca & Associates L.L.C. to present the recommendation to approve the resolution to appoint the Underwriter Pool; amend the 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 concur with the issuance of a limited competition within the Underwriter Pool to select an Underwriting Syndicate and the evaluation criteria. As part of the 2016 Plan of Finance, the Authority is pursuing issuance of the Series 2016 Bonds which may include approximately \$470 million of refunding bonds and up to \$270 million of new money bonds to fund the current and new Capital Construction Program. Mr. Rountree noted that the Board has reserved to itself the authority to select an underwriting

syndicate of investment banks and to select a senior manager(s) in accordance to Resolution No. 01-20.

Mr. Rountree reported that at its October meeting, the Finance Committee had concurred with the issuance of a Request for Proposals (RFP) seeking qualifications from investment banking firms for selection of the underwriter pool from which a subset would have been selected as the syndicate for the initial Series 2016 Bond issuance. The RFP was issued on October 22 and 31 proposals were received on November 13. Mr. Rountree thanked all of the firms that had submitted proposals. He reviewed the evaluation criteria and presented the proposed schedule for the limited competition.

Mr. Curto commended staff and the financial advisors for the hard work and support in completing this effort.

The Committee approved the recommendation. Mr. Curto stated that he would offer a recommendation later in the day's meeting.

Financial Advisors' Report – Aviation Enterprise. Mr. Cushine noted that the action item regarding the pool for the underwriting services had been presented. He reported that Authority staff continued to work to define the preliminary 2016 Plan of Finance. Mr. Cushine stated that the Authority's refunding opportunity for the 2016 Bonds appeared favorable. The potential issuance of new money would depend on the capital planning needs for 2016 as the analysis continues. As the planning process continued, recommendations and updates would be provided to the Committee and to the Board.

Financial Advisors' Report – Dulles Corridor Enterprise. Jim Taylor of Mercator Advisors LLC reported that there were no action items. He reviewed the relevant news regarding toll facilities in Northern Virginia. Mr. Taylor noted that the Dulles Corridor Advisory Committee had met in December and details of the actions taken by the Commonwealth Transportation Board regarding I-66 would be provided in next month's Financial Advisors' report.

November 2015 Financial Report – Aviation Enterprise. Mr. Rountree was joined by Chris Wedding, Controller. Mr. Rountree reported that revenue year-to-date totaled \$699.7 million, with total revenue 6.1 percent higher than the prior year. As requested, the presentations had been enhanced to provide an expanded review of the trending airline and

non-airline growth at both Airports during 2013 through 2015. Mr. Rountree reported that the year-to-date airline revenue was \$378.7 million and non-airline revenue was \$321.0 million. Expenses year-to-date totaled \$559.2 million, which was 0.6 percent lower than the prior year. Operating income was \$140.5 million year-to-date, compared to \$97.3 million for the prior year. Debt service coverage through November was 1.57x; 1.54x is projected by the end of the year.

Mr. Curto inquired about the information that Jerome Davis, Executive Vice President and Chief Revenue Officer, reported monthly regarding the multiple areas of non-airline revenue. Mr. Rountree referred to the “financial indicators” page columns highlighted in materials provided for the day’s meeting that illustrate financial details for specific line items. Mr. Curto asked about the goal for debt service coverage ratio. While the required legal coverage is 1.25x, Mr. Rountree stated that rating agencies typically prefer 1.45x or higher for the bond credit rating category.

November 2015 Financial Report – Dulles Corridor Enterprise. Mark Adams, Deputy Chief Financial Officer, reported that Toll Road revenue was \$138.9 million year-to-date, which was an increase of 1.7 percent. Toll Road transactions totaled 90.1 million year-to-date, which were 1.7 percent higher than prior year-to-date. Electronic toll collections were up 1.2 percent at 84.2 percent year-to-date. Expenditures were at \$25.3 million year-to-date, an increase of 3.3 percent compared to the prior year.

Mr. Caputo inquired whether E-ZPass tolls are taxed to defray costs associated with the Dulles Toll Road. Mr. Adams explained that taxes were not assessed, but that transaction and violation fees are paid for processing. He further explained that in July 2014 the General Assembly had transferred the \$1 fee paid for E-ZPass accounts to the Toll Road owner.

The meeting was thereupon adjourned at 9:42 a.m.