

BOARD OF DIRECTORS MEETING

Minutes of March 16, 2016

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 9:00 a.m. Seventeen Directors were present during the meeting:

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

The 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

I. MINUTES OF THE FEBRUARY 17, 2016 BOARD OF DIRECTORS MEETING

The Chairman called for the approval of the Minutes of the February 17, 2016 Board of Directors Meeting, which were unanimously adopted.

II. COMMITTEE REPORTS

a. Business Administration Committee – A. Bradley Mims, Member

Mr. Mims reported that the Business Administration Committee had last met February 17. Staff had presented the Quarterly Acquisition Report.

b. Dulles Corridor Committee – Katherine K. Hanley, Co-Chair

Ms. Hanley reported that the Dulles Corridor Committee had last met February 17. Staff had presented the Dulles Corridor Metrorail Project Monthly Cost and Schedule Update for Phase 2.

III. INFORMATION ITEMS

a. President's Report

Mr. Potter referenced the day's closure of the Washington Metropolitan Area Transit Authority's (WMATA) Metrorail system and stated that he hoped that customers are faring well. He wished the WMATA colleagues well as they deal with these difficult developments.

Mr. Potter reported that Lynn Chapman and his family are moving. He expressed his personal thanks for Mr. Chapman's leadership and guidance, as well as his appreciation of his perspectives and advice. Mr. Potter thanked Mr. Chapman for his contribution to the Authority and stated that it had been an honor to work with him. Mr. Chapman received a round of applause.

Since Mr. Potter had begun recent meetings reporting on winter weather challenges, he noted that the following week would mark the official start of spring. As a result of the warm weather, Mr. Potter stated that the National Park Service had accelerated its prediction for the peak of the cherry blossoms. He reported that Mr. Davis would provide a report on the National Cherry Blossom Festival and the Authority's sponsorship later in the day's meeting.

Mr. Potter reported that the Virginia General Assembly had taken its final vote the prior week on next year's budget for the Commonwealth and had granted Governor McAuliffe's request for \$50 million in financial assistance for Washington Dulles International Airport (Dulles

International). He explained that the assistance will make a crucial difference at a very critical time for Dulles International when the Authority is working to bring additional passengers to the Airport, which will also help to reduce the airlines' cost per enplanement. Mr. Potter reported that staff is examining the budget law's requirements for the use of the financial assistance, which will be used the best way possible. He recognized the hard work of the Authority's Government Affairs team in Richmond led by the State and Local Government Affairs Manager, Michael Cooper, who met with members of the House and Senate and their staffs over the course of the legislative season. Mr. Potter also recognized the teamwork of other Authority staff, including Ms. McKeough and Andy Rountree, Vice President and Chief Financial Officer, who visited Richmond to take part in this effort, as well as Phil Sunderland, Vice President and General Counsel, for his wise counsel throughout. He thanked the Governor, the members of the General Assembly, and the airlines for their support, as well as all the businesses and community leaders that supported the enabling legislation.

Mr. Potter also reported that he had briefed the Committee of the Whole of the Council of the District of Columbia (Council) at the annual oversight hearing the prior week. He had provided information on the Authority's progress in strengthening Dulles International's competitive position and on efforts to accommodate the growing crowds at Ronald Reagan Washington National Airport (Reagan National). Mr. Potter stated that he had reminded the Council of the significant economic contributions that each Airport makes to the District, noting that Reagan National supported approximately 54,000 jobs while Dulles International supported about 68,000 jobs.

Mr. Potter stated that the Council seemed particularly receptive to the Authority's support of the growing tourism industry and partnership with Destination DC. He reported that the Authority was grateful that Elliott Ferguson, CEO of Destination DC, had also testified at the hearing regarding his collaboration with the Authority in pursuit of increasing tourism. Mr. Potter also thanked Bill Jarvis, a D.C. business executive, whose company plays a big role in the Authority's concessions redevelopment program, for his testimony. The hearing also included information on aircraft noise, which is a growing concern for several neighborhoods in the District as well as communities in Maryland and Virginia. Mr. Potter stated that the Council was very interested in the activities of the Community Noise Working Group, which was organized by the Authority to bring community representatives from across the

region together with representatives of the airlines and the Federal Aviation Administration to identify potential ways to mitigate the noise problem around Reagan National. The Council also expressed interest in the outreach programs, which are designed to raise awareness amongst small and minority-owned businesses about contracting opportunities with the Authority. Mr. Potter noted that Mr. Davis would provide additional information on the March 22 Airport Minority Advisory Council (AMAC) Conference later in his report.

Mr. Potter thanked Vice Chairman Warner Session, who had also testified at the hearing, as well as Joslyn Williams and Barbara Lang from the District and Brad Mims from Maryland for their attendance.

With the recent media reports of Dulles International having the fastest customs processing lines of any major international gateway in the country, Mr. Potter reported that the Global Gateway Alliance had noted a recent ranking in which the average customs processing time at Dulles International was just over 11 minutes, less than half the processing time of John F. Kennedy, San Francisco, and Miami International Airports. He noted that government statistics show that customs wait times at Dulles International are down 32 percent from a year ago, and that 40 percent of international passengers are using either global entry or automated passport kiosks, which provide a better airport experience. Mr. Potter stated that the improvements by the U.S. Customs and Border Protection (CBP) offer a great example of the different parties of the airport community working together for the good of the traveling public. He noted that the results are the product of a strong partnership between Chris Browne, Vice President and Airport Manager, and staff at Dulles International and Wayne Biondi, the CBP's Port Director at Dulles International. Mr. Potter stated that the Authority is honored and grateful that Mr. Biondi and his staff share the same commitment to passengers. An example of this collaboration includes the introduction of a new smartphone app, which allows passengers to complete their customs paperwork before they deplane. Mr. Potter explained that once passengers entered the Arrivals Hall, a CBP agent would scan their phone screen for their information, which helps expedite the customs process. He stated that the Authority is excited about the introduction of this app, and is also pleased about the progress the airport community is making together in other areas, including the Airport's staffing efforts to assist travelers using the automated passport kiosks in the Arrivals Hall and the work being done by CBP to address their staffing coverage during peak hours and on weekends. Mr. Potter recognized Mr. Biondi

and Mr. Browne for their efforts to make international travelers arriving in the United States feel welcome. They both received a round of applause.

Mr. Potter reported that Morehouse College of Atlanta would honor Earl Adams on March 18 as its Distinguished Alumnus of the Year for the Washington Area. [Mr. Adams was not present at the time.] He also reported that Joslyn Williams had been honored on March 12 for his distinguished career at the AFL-CIO. Mr. Potter congratulated Mr. Williams, who received a round of applause. He stated that Directors must be very community-minded and that it was good to learn about and share in the recognition of their good work and accomplishments.

b. Executive Vice Presidents' Reports

Ms. McKeough reported that March is the beginning of a very busy timeframe for passenger activity at both Airports. While staff is prepared operationally to handle that increased volume, challenges periodically occur throughout the peak season. At Reagan National, there is a demand for public parking. While a substantial amount of discussion had occurred regarding the shortage of parking at Reagan National and the Capital Construction Program plans to improve it, Ms. McKeough stated that extra effort would be dedicated to promote the availability of an online parking reservation program. She recalled that the Authority had activated the new parking product for the convenience of its customers in the spring of 2014. Although its use is improving, even more customers would benefit greatly if they were aware of the online parking reservation program and took the time to use it. Ms. McKeough reported that the Offices of Communications and Marketing had developed a number of promotions to further advise the Authority's customers that the most convenient way to be assured of available parking at Reagan National would be to use the parking reservation system. She stated that hopefully, some of the Authority's increased marketing efforts will result in increased usage.

Ms. McKeough also reported that parking availability is not normally a challenge at Dulles International as a substantial number of parking options are available. She noted that the latest parking offering, located in front of the front door in the surface parking lot, had been well received and is being utilized regularly.

Ms. McKeough reported that staff is monitoring the current travel season at Dulles International to coordinate passengers' movements with the ongoing construction of the Metrorail Project at the front door of Dulles International. She thanked Mr. Browne and Charles Stark, Executive Director of the Dulles Corridor Metrorail Project, for their efforts to coordinate the activities of an active construction site during major busy Airport operations to ensure that passengers are able to park and enter into the Main Terminal without obstruction. Ms. McKeough stated that the end result, Metrorail to Dulles International, is going to be great for the passengers, but the Authority wants to assure that the travel experience and getting to that milestone is equally as seamless and easy for the customers.

Ms. McKeough reported that another potential challenge is the impact that the peak travel season may have on the Transportation Security Administration (TSA) security lines at both Airports. She recalled that recent national news coverage reported wait times at TSA checkpoints had become a significant issue at many airports across the country. Ms. McKeough reported that the TSA Administrator had acknowledged the challenges that the TSA organization is having in addressing the aviation growth throughout the country. She advised that similar experiences, as reported across the country, with regard to the wait times had not occurred at Reagan National and Dulles International within recent months. Ms. McKeough reported that the average wait times continue to be approximately 10 minutes at Reagan National and about 15 minutes at Dulles International. She stated that the Authority will continue to monitor this activity at both Airports as it remains very cognizant of the commentary from the Administrator with his acknowledgement of TSA's resource constraints and the impacts of the increased aviation activity across the country. Ms. McKeough reported that staff would present a recommendation to the Business Administration Committee later that day to support the Authority in another proactive effort to ensure that the TSA security checkpoints at Reagan National and Dulles International are as well-resourced as possible. The recommendation would activate a third-party registered traveler program at both Airports, similar to the ones that have already been activated at other airports across the country.

With regard to allowing scheduled service flights between the United States and Cuba, the United States Department of Transportation (DOT) had recently announced that it will award 210 weekly flights to Cuba - approximately 140 of those flights would be to Havana, and the other 70

to other smaller markets within Cuba. Ms. McKeough stated that a total of 556 requests had been submitted to the U.S. DOT. As expected, there had been a great deal of demand by many U.S. carriers to service Cuba through many of the Florida markets, particularly Orlando, Miami, and Fort Lauderdale, that all have very large Cuban populations. Ms. McKeough reported that United Airlines (United) had also filed an application to serve Dulles International to Havana on a Saturday service offering, and it is the only application that the government received for such service out of the greater Washington, D.C. area. She stated that it appeared that the capital-to-capital service would be a logical fit and hoped that it would receive prioritization for one of DOT's allocations. In addition to supporting United in its filing, the Authority had also submitted its own filing and the Authority's intergovernmental team and community relations team is working with all of the different chambers of commerce and business associations in the region to line up letters of support for that service. Ms. McKeough reported that hopefully DOT would make a decision by this summer so that this service could actually be activated by United later this year. She stated that staff would keep the Board advised.

Mr. Davis described a couple of videos that provided an insight on what the Authority is doing to connect with its passengers at both Airports, as well as attract new passengers. He reported that staff had developed a new 30-second concession advertisement dedicated to inform passengers about some of the improvements at Dulles International. A regional tourism video would also be displayed at the International Arrivals Building (IAB) designed for foreign passengers, i.e., passengers arriving from China would view a custom video designed especially for them. Mr. Davis reported that the Authority also has the option to expand that video to include multiple countries, which he believed would potentially increase tourism opportunities.

Mr. Davis reported that in the first two months of the year, non-airline revenue had increased by \$4.3 million over the prior year, including a 7-percent increase in transportation revenue, an 11-percent increase in interterminal revenues, and a 14-percent increase in business-to-business revenues. He explained that the results reflect the accumulation of many current and previous actions, such as the concessions transformation where more than 100 new concessions had opened, and ongoing turnaround and advertising revenue trends had occurred.

Mr. Davis shared a marketing slide that staff had focused on in 2015 that provided guidance with regard to defining goals, identifying targeted segments and markets, and launching a new brand and a new logo. He stated that staff is currently working to align the products to the segments that had been identified either by messaging information about existing services or introducing new products and services, which will challenge the Authority to define the terms used to describe its brands, as well as how they should be supported.

Mr. Davis reported that although the AMAC Conference is not a passenger event, the Authority is working diligently to use it as an opportunity to promote its messages to the public. While a substantial number of different marketing activities promoted the Conference, the Authority's sponsorship included *Washington Informer* weekly newspaper and *Washington Informer* digital e-blast radio promotions for the weeks of March 14 and March 21. Mr. Davis explained that marketing efforts would be used to inform officials from visiting airports about the unique activities presently underway at Reagan National and Dulles International, as well as future promotional activities. He stated that the AMAC Conference will be held on March 22 at the Renaissance Hotel in Washington, D.C.

Mr. Davis also provided an update about the upcoming Cherry Blossom Festival activities. He noted that several items had been highlighted to illustrate new ideas, which would also be included in the upcoming video.

With regard to other marketing activities, Mr. Davis stated that the Authority is focusing heavily on the use of radio, digital, and video advertisements. He shared a slide that illustrated a snapshot of how each type of advertisement would be used to promote the Authority's activities throughout the year.

Mr. Davis also shared a slide that depicted the Authority's key marketing focus to connect with its passengers in a more engaging way through digital marketing and strategic plans. He noted that consumers are bombarded with traditional advertising methods, which are largely ineffective. When an organization focuses on its customers' preferences and interests, they will follow the organization and view the content. In the Authority's case, digital followers had increased over 20 percent in the last 90 days. Mr. Davis shared a 14-month chart of customer reach on posts throughout the Dulles International Facebook page, which

showed that more than 8,000 posts had occurred in the summer of 2015. While that was a large increase over past years, Mr. Davis stated that the same Facebook page was now reaching levels as high as 20,000 to 30,000 daily posts. He noted that the darker color on the displayed chart represented an increase in revenue resulting from focused content aimed at targeted customers at targeted times. Mr. Davis explained that the Authority was able to accomplish this feat because it had consolidated the digital footprint of the Airports to align the Authority's marketing message directly with Marketplace, the Authority's Concession Manager.

According to the Trip Advisor slide, Mr. Davis reported that a significant number of travelers in the Americas choose to take a trip based on flights, deals, and other incentives. He explained that staff attempted to use this insight in connection with other information relative to individual airlines that can be shared with the public, such as available fares, and post them on the Authority website. Mr. Davis shared the outcome of the Fly Dulles Deals Campaign which the Authority had developed. He noted that the Campaign informed customers about the latest airline deals from Dulles International, which could potentially serve as a rewarding marketing effort.

Mr. Davis then shared several video presentations. He noted that the Authority's logo would be included in all promotions across the area for the Cherry Blossom Festival activities. Another video served as an example of the Chinese message used to greet passengers at the IAB upon arrival from China. Mr. Davis stated that the Authority is using multiple ways to connect with passengers and offer them a reason to not only use Reagan National or Dulles International, but to also enjoy the entire metropolitan region. The Authority's objective is to inform its customers continuously about the exciting developments underway.

IV. NEW BUSINESS

The Chairman offered an official welcome to Monica Hargrove. He thanked the entire Board Office staff for accomplishing a wonderful transition during the last month.

V. UNFINISHED BUSINESS

There was not any unfinished business.

VI. OTHER BUSINESS & ADJOURNMENT

Since Mr. Adams was not present during Mr. Potter's report, the Chairman also recognized the award that Mr. Adams would receive on behalf of Morehouse College and offered his congratulations. Mr. Adams received a round of applause.

The Chairman reported that Mr. Chapman had joined the Board on October 12, 2012. He had served on many Committees, but most notably the Strategic Development Committee, with great distinction. The Chairman stated that Mr. Chapman had contributed good humor, measured counsel, careful reflection, and balanced judgment throughout all proceedings, which had served as a model for outstanding service. He also stated that he would be missed, presented him with a gift, and wished him the best of luck in every endeavor. Mr. Chapman received a round of applause.

The Meeting was thereupon adjourned at 9:35 a.m.

Respectfully submitted:

Monica R. Hargrove
Vice President and Secretary