

MASSACHUSETTS PORT AUTHORITY
MINUTES OF THE MEETING HELD ON
APRIL 28, 2016 AT 9:00 A.M.
ONE HARBORSIDE DRIVE, EAST BOSTON, MA

The meeting of the Members of the Massachusetts Port Authority was held at One Harborside Drive, East Boston, Massachusetts on April 28, 2016. Chairman Michael P. Angelini presided. Lewis G. Evangelidis, Elizabeth Morningstar, John A. Nucci, Sean M. O'Brien, Thomas P. Glynn, CEO and Executive Director, Catherine McDonald, Chief Legal Counsel, Elizabeth Morse, Chief of Staff, John P. Prankevicius, Director of Administration and Finance and Secretary-Treasurer, George Naccara, Chief Security Officer, Lisa Wieland, Port Director, James Doolin, Chief Development Officer, Houssam H. Sleiman, Director, Capital Programs & Environmental Affairs, Matthew Brelis, Director of Media Relations, Gordon Carr, Deputy Chief of Staff for Management Initiatives, Sal Amico, Aviation Business General Manager, and Michael A. Grieco, Assistant Secretary-Treasurer were in attendance.

The meeting commenced at 9:05 A.M.

Public Comment

Mr. Bill Driscoll, Jr. expressed concern regarding the impact of the volume and frequency of airplanes flying over the Town of Milton. Mr. Driscoll requested that the Authority work with the FAA so that the flights are distributed equitably over the region and that over water flight paths are utilized during night hours.

Ratification and approval of the minutes of the March 24, 2016 Board Meeting

Upon a motion duly made and seconded, it was

VOTED:

To ratify and approve the minutes of the March 24, 2016 Board Meeting.

Members Angelini, Evangelidis, Morningstar, Nucci, and O'Brien voted Yes.

Chairman's Comments

Report of the CEO

Mr. Glynn provided information on proposed on-line changes to the public comment registration, on the 2016 international and domestic passenger growth at Logan, on a potential JetBlue Logan to Cuba route, on the public education efforts regarding drone restrictions near airports, on the Wings for Autism event at Logan, on the Central Massachusetts Tourism Ads at Logan, on the Worcester Airport monthly load factors, on the Senate Water Resources Development Bill that could provide additional funds for the Boston Harbor Dredging project, on the 30th anniversary of the Black Falcon Cruise Terminal and the start of the cruise season, on the South Boston Waterfront Transportation Center, on the start of Roseland Phase II, on the South Boston event and plaque dedication in recognition of Lowell Richards, on the Congressman Lewis visit and the annual student STEM Expo, on the Massport Means Business event, on the Logan Earth Day alternative transportation newspaper ads, green shuttle buses, and the annual Sustainability Report, and on the Authority's business activity and financial performance. Mr. Freni provided information on recent gun seizures by the TSA across the country and at Logan, on the very strong Logan passenger numbers in April and for 2016 to date, and on a recent incident of a drone striking an airplane at Heathrow Airport.

Strategic Plan Implementation

Update on Two Federal Grants and Secretary Foxx Visit

Ms. Wieland reported that COSCO sent a 8,500 TEU ship to test Conley's operational ability for a ship that size and subsequently informed her that Conley will remain on COSCO's Asia to East Coast service deploying a 8,500 TEU ship. Ms. Wieland also reported on the visit to the Port of Boston by U.S. DOT Secretary Fox who heard from local business leaders about the importance of Conley to importers and exporters. Secretary Fox was also briefed about Conley's revitalization project including an overview of the work to be done if FASTLANE and TIGER federal grant funds are received.

Safety and Security Committee

Committee Update

Mr. Naccara noted the Committee Meeting held earlier today that included presentations by representatives of the National Counterterrorism Center and by the Federal Security Director for the Transportation Security Administration.

Human Resources and Compensation Committee

Media Relations Department Leadership Presentation

Mr. Brellis showed an organizational chart of the Media Relations Department. Mr. Brellis also had some members of his department introduce themselves and describe their areas of responsibility.

Community Outreach Committee

Massport CAC Update

Mr. Glynn noted that on May 7th Authority staff would be conducting an orientation session for Members of the Massport Community Advisory Committee.

Real Estate and Strategic Initiatives Committee

Waterside Place

Mr. Doolin provided information on the Phase 2 project location, on the Phase 2 project development program, and on the Phase 2 project schedule.

Grand Prix of Boston MOU

Mr. Carr noted that all parties to the MOU had executed the agreement and that the Tenant Management Plans are due by May 1st.

Facilities and Construction Committee

MPA W212 – CAT III Instrument Landing System and Taxiway Improvements, Worcester Regional Airport, Worcester, MA, Full Project Budget

Mr. Sleiman provided information on the instrument approach categories, on the number of flight diversions at Worcester Airport that would have occurred by approach category, on visibility categories measured by Runway Visibility Range, and on other required components of the CAT III project. It was also noted that when the CAT III System is operational at the end of 2017 that the system will be maintained by the FAA.

Upon a motion duly made and seconded, it was

VOTED:

To authorize the CEO & Executive Director, Secretary-Treasurer or Assistant Secretary-Treasurer to take all actions necessary or desirable and to execute all agreements necessary or desirable in order to continue with and complete the Authority's Capital Project known as the CAT III Instrument Landing System and Taxiway Improvements (MPA W212) subject to the following conditions: funds expended for the CAT III Instrument Landing System and Taxiway Improvements Capital Project shall not exceed \$32,000,000.00 (the "Approved Full Budget") as shown on the Financial Summary presented at the Board Meeting on April 28, 2016; the Director of Capital Programs and Environmental Affairs will provide to the Board annual updates on expenditures, contract amendments and change orders related to the CAT III Instrument Landing System and Taxiway Improvements Capital Project and shall report back to the Board if at any time during the life of the Project it appears likely that the Project will exceed the Approved Full Budget; the Director of Capital Programs and Environmental Affairs shall also report any material changes to the scope of work for the Capital Project as described in the back up materials presented at the Board Meeting on April 28, 2016. The CEO & Executive Director shall obtain all necessary permits and approvals and shall conduct all required environmental reviews prior to the execution of any agreement or to the commencement of any action all as may be required by law. Any agreement arising out of this vote shall contain such other terms and conditions as the person executing in accordance with this vote deems necessary or desirable.

Members Angelini, Evangelidis, Morningstar, Nucci, and O'Brien voted Yes.

MPA L811 – Taxiway B Rehabilitation and Other Miscellaneous Airfield Improvements, Logan International Airport, East Boston, MA, Partial Project Budget

Upon a motion duly made and seconded, it was

VOTED:

To authorize the CEO & Executive Director, Secretary-Treasurer or Assistant Secretary-Treasurer to take all actions necessary or desirable and to execute all agreements necessary or desirable in order to continue with and complete the Authority's Capital Project known as the Taxiway B Rehabilitation and Other Miscellaneous Airfield Improvements (MPA L811) subject to the following conditions: funds expended for the Taxiway B Rehabilitation and Other Miscellaneous Airfield Improvements Capital Project shall not exceed \$10,000,000.00 (the "Approved Partial Budget") as shown on the Financial Summary presented at the Board Meeting on April 28, 2016; the Director of Capital Programs and Environmental Affairs will provide to the Board annual updates on expenditures, contract amendments and change orders related to the Taxiway B Rehabilitation and Other Miscellaneous Airfield Improvements Capital Project and shall report back to the Board if at any time during the life of the Project it appears likely that the Project will exceed the Approved Partial Budget; the Director of Capital Programs and Environmental Affairs shall also report any material changes to the scope of work for the Capital Project as described in the back up materials presented at the Board Meeting on April 28, 2016. The CEO & Executive Director shall obtain all necessary permits and approvals and shall conduct all required environmental reviews prior to the execution of any agreement or to the commencement of any action all as may be required by law. Any agreement arising out of this vote shall contain such other terms and conditions as the person executing in accordance with this vote deems necessary or desirable.

Members Angelini, Evangelidis, Morningstar, Nucci, and O'Brien voted Yes.

MPA L1409 – A380 Airfield Improvements, Logan International Airport, East Boston, MA,
Project Budget

Upon a motion duly made and seconded, it was

VOTED:

To authorize the CEO & Executive Director, Secretary-Treasurer or Assistant Secretary-Treasurer to take all actions necessary or desirable and to execute all agreements necessary or desirable in order to continue with and complete the Authority's Capital Project known as the A380 Airfield Improvements (MPA L1409) subject to the following conditions: funds expended for the A380 Airfield Improvements Capital Project shall not exceed \$10,000,000.00 (the "Approved Budget") as shown on the Financial Summary presented at the Board Meeting on April 28, 2016; the Director of Capital Programs and Environmental Affairs will provide to the Board annual updates on expenditures, contract amendments and change orders related to the A380 Airfield Improvements Capital Project and shall report back to the Board if at any time during the life of the Project it appears likely that the Project will exceed the Approved Budget; the Director of Capital Programs and Environmental Affairs shall also report any material changes to the scope of work for the Capital Project as described in the back up materials presented at the Board Meeting on April 28, 2016. The CEO & Executive Director shall obtain all necessary permits and approvals and shall conduct all required environmental reviews prior to the execution of any agreement or to the commencement of any action all as may be required by law. Any agreement arising out of this vote shall contain such other terms and conditions as the person executing in accordance with this vote deems necessary or desirable.

Members Angelini, Evangelidis, Morningstar, Nucci, and O'Brien voted Yes.

MPA M545 – New Berth 10 at Coastal, Maritime, South Boston, MA, Partial Project Budget

Mr. Sleiman noted the expectation that Berth 10 will be served by two cranes, each approximately 195 feet high, and that the cranes will be able to serve a 10,000 TEU ship that is loaded about 7 high and about 19 wide.

Upon a motion duly made and seconded, it was

VOTED:

To authorize the CEO & Executive Director, Secretary-Treasurer or Assistant Secretary-Treasurer to take all actions necessary or desirable and to execute all agreements necessary or desirable in order to continue with and complete the Authority's Capital Project known as the New Berth 10 at Coastal (MPA M545) subject to the following conditions: funds expended for the New Berth 10 at Coastal Capital Project shall not exceed \$5,000,000.00 (the "Approved Partial Budget") as shown on the Financial Summary presented at the Board Meeting on April 28, 2016; the Director of Capital Programs and Environmental Affairs will provide to the Board annual updates on expenditures, contract amendments and change orders related to the New Berth 10 at Coastal Capital Project and shall report back to the Board if at any time during the life of the Project it appears likely that the Project will exceed the Approved Partial Budget; the Director of Capital Programs and Environmental Affairs shall also report any material changes to the scope of work for the Capital Project as described in the back up materials presented at the Board Meeting on April 28, 2016. The CEO & Executive Director shall obtain all necessary permits and approvals and shall conduct all required environmental reviews prior to the execution of any agreement or to the commencement of any action all as may be required by law. Any agreement arising out of this vote shall contain such other terms and conditions as the person executing in accordance with this vote deems necessary or desirable.

Members Angelini, Evangelidis, Morningstar, Nucci, and O'Brien voted Yes.

Audit and Finance Committee

Logan Shuttle Bus Contract Amendment, Back Bay Pilot Program Extension, Fare Structure

Mr. Amico provided information on the Back Bay Logan Express Pilot Program including ridership, cost, and user survey data, on a new fare and extension period recommendation, and on an amended contract amount.

Upon a motion duly made and seconded, it was

VOTED:

WHEREAS, as part of the Authority's continuing effort to improve the environment and promote high occupancy vehicle transportation to Boston-Logan International Airport (the "Airport"), on March 20, 2014, the Members of the Authority (the "Board") approved a plan to initiate a new shuttle service between the Back Bay section of the City of Boston and the Airport (the "Back Bay Pilot Service"); and

WHEREAS, ridership has steadily grown on the Back Bay Pilot Service and passenger feedback is very positive as to the value of the Back Bay Pilot Service; and

WHEREAS, given the level of passenger interest in the Back Bay Pilot Service, staff recommends that the Authority continue the Back Bay Pilot Service until September 30, 2017, and continue to engage Paul Revere Transportation LLC to provide the Back Bay Pilot Service coterminous with the existing Airport Shuttle Bus Service Contract through the expiration of the Airport Shuttle Bus Contract on September 30, 2017; and

WHEREAS, staff recommends that the Board approve a change in the fare structure as follows: a one-way full fare of \$7.50; a one-way fare of \$3.00 for valid MBTA Charlie Card Holders; and an Airport Employee Pass of \$60.00 per month; and

WHEREAS, staff recommends that the Board authorize staff to continue to monitor the ridership of the Back Bay Pilot Service and the revenue, collect other relevant data to assess the success of the Pilot Service and report on same to the Board.

NOW, THEREFORE, BE IT RESOLVED AND VOTED THAT:

The Chief Executive Officer and Executive Director (the "CEO") the Director of Administration and Finance/Secretary-Treasurer (the "CFO") and the Assistant Secretary- Treasurer, each acting singly (each an "Authorized Officer"), are each hereby authorized to:

1. Amend the Airport Shuttle Bus Service Contract with Paul Revere Transportation LLC to include the Back Bay Pilot Service through September 30, 2017, and increase the Not-To Exceed cost of the Contract in the additional amount of \$2,000,000 related to the extension of the Back Bay Pilot Service.
2. Authorize the imposition and collection of the fare structure that follows effective as of June 1, 2016, or as soon thereafter as staff can implement such new fare structure:
 - one-way full fare of \$7.50 in each direction of the Back Bay Pilot Service; and
 - one-way fare of \$3.00 for valid MBTA Charlie Card Holders in each direction of the Back Bay Pilot Service; and
 - an Airport Employee Pass of \$60.00 per month.

Each Authorized Officer is hereby authorized to take any and all necessary or desirable or implementing actions and necessary amendments to the Airport Shuttle Bus Service Contract as the Authorized Officer may deem necessary to extend the Back Bay Pilot Service which are not inconsistent with the terms of this Vote.

Members Angelini, Evangelidis, Morningstar, Nucci, and O'Brien voted Yes.

Assent Agenda

MPA M487 – Berths 4/5 Fendering, Black Falcon Cruise Terminal, South Boston, MA, Project Budget

Upon a motion duly made and seconded, it was

VOTED:

To authorize the CEO & Executive Director, Secretary-Treasurer or Assistant Secretary-Treasurer to take all actions necessary or desirable and to execute all agreements necessary or desirable in order to continue with and complete the Authority's Capital Project known as the Berths 4/5 Fendering (MPA M487) subject to the following conditions: funds expended for the Berths 4/5 Fendering Capital Project shall not exceed \$2,400,000.00 (the "Approved Budget") as shown on the Financial Summary presented at the Board Meeting on April 28, 2016; the Director of Capital Programs and Environmental Affairs will provide to the Board annual updates on expenditures, contract amendments and change orders related to the Berths 4/5 Fendering Capital Project and shall report back to the Board if at any time during the life of the Project it appears likely that the Project will exceed the Approved Budget; the Director of Capital Programs and Environmental Affairs shall also report any material changes to the scope of work for the Capital Project as described in the back up materials presented at the Board Meeting on April 28, 2016. The CEO & Executive Director shall obtain all necessary permits and approvals and shall conduct all required environmental reviews prior to the execution of any agreement or to the commencement of any action all as may be required by law. Any agreement arising out of this vote shall contain such other terms and conditions as the person executing in accordance with this vote deems necessary or desirable.

Members Angelini, Evangelidis, Morningstar, Nucci, and O'Brien voted Yes.

Telecommunications Infrastructure Services Contract Amendments

Upon a motion duly made and seconded, it was

VOTED:

To authorize the CEO & Executive Director, Secretary-Treasurer or Assistant Secretary-Treasurer to execute on behalf of the Authority amendments to the agreements with LCN/Division of Edward G. Sawyer, Co. and Sullivan & McLaughlin Company, Inc. for telecommunications cabling infrastructure. Under the terms of the amendments the not-to-exceed amounts will be increased by \$600,000.00 each for a two-year period resulting in a total not-to-exceed amount of \$1,200,000.00 each for the period ending June 30, 2018. The agreements shall contain such other terms and conditions as the person executing in accordance with this vote deems necessary or desirable.

Members Angelini, Evangelidis, Morningstar, Nucci, and O'Brien voted Yes.

Logan Office Center Janitorial Services Contract

Upon a motion duly made and seconded, it was

VOTED:

To authorize the CEO & Executive Director, Secretary-Treasurer, or Assistant Secretary-Treasurer to execute on behalf of the Authority an agreement with S.J. Services for janitorial services at the Logan Office Center, the Bird Island Flats Garage, Parking Lots A and B, and the Harborwalk in the not-to-exceed amount of \$1,076,603.00 for a three-year period. The agreement shall contain such other terms and conditions as the person executing in accordance with this vote deems necessary or desirable.

Members Angelini, Evangelidis, Morningstar, Nucci, and O'Brien voted Yes.

Logan Office Center Security Services Contract Amendment

Upon a motion duly made and seconded, it was

VOTED:

To authorize the CEO & Executive Director, Secretary-Treasurer or Assistant Secretary-Treasurer to execute on behalf of the Authority an amendment to the agreement with G4S Secure Solutions (USA) Inc. to provide security services for the Logan Office Center, the Bird Island Flats Parking Garage, Parking Lots A and B, and the Harborwalk. Under the terms of the amendment the not-to-exceed amount will be increased \$1,021,680.00 for a two year period resulting in a total not-to-exceed amount of \$2,008,099.00 for the period ending June 30, 2018. The amendment shall contain such other terms and conditions as the person executing in accordance with this vote deems necessary or desirable.

Members Angelini, Evangelidis, Morningstar, Nucci, and O'Brien voted Yes.

Transportes Aereos Portugueses S.A. d/b/a TAP Portugal Operating Agreement

Upon a motion duly made and seconded, it was

VOTED:

To authorize the CEO & Executive Director, Secretary-Treasurer or Assistant Secretary-Treasurer to execute on behalf of the Authority, conditional upon receipt of all required documentation, an agreement with Transportes Aereos Portugueses S.A. d/b/a TAP Portugal and to take such other action as may be deemed appropriate to allow Transportes Aereos Portugueses S.A. d/b/a TAP Portugal to conduct operations at Logan International Airport. Transportes Aereos Portugueses S.A. d/b/a TAP Portugal will pay all applicable fees established by the Authority for use of Airport premises, including but not restricted to landing fees, parking fees, rental charges for terminal or other space at the Airport, and such other charges and fees as the Authority has established or may establish from time to time. Before the agreement is executed, or Transportes Aereos Portugueses S.A. d/b/a TAP Portugal is otherwise authorized to commence operations, Transportes Aereos Portugueses S.A. d/b/a TAP Portugal shall have valid and current certifications and authorizations from all state, federal and other governmental regulatory bodies for the aircraft used and the aircraft operation conducted, and the operating agreement shall be subject to cancellation or termination by the Authority. The agreement shall contain such other terms and conditions as the person executing in accordance with this vote deems necessary or desirable.

Members Angelini, Evangelidis, Morningstar, Nucci, and O'Brien voted Yes.

Debt Issuance and Debt Management Policy

Upon a motion duly made and seconded, it was

VOTED:

WHEREAS, the Massachusetts Port Authority (the "Authority") has entered into a Trust Agreement dated as of August 1, 1978, with U.S. Bank National Association (successor-in-interest to State Street Bank and Trust Company), as trustee (as amended and supplemented from time to time, the "1978 Trust Agreement"), a PFC Revenue Bond Trust Agreement dated as of May 6, 1999, with The Bank of New York, as trustee (as amended and supplemented from time to time, the "PFC Trust Agreement") and a CFC Revenue Bond Trust Agreement dated as of May 18, 2011, with U.S. Bank National Association (as amended and supplemented from time to time, the "CFC Trust Agreement" and, with the 1978 Trust Agreement and the PFC Trust Agreement, the "Trust Agreements"); and

WHEREAS, pursuant to the 1978 Trust Agreement, all Revenues of the Authority (as defined in the 1978 Trust Agreement) are pledged thereunder and shall be held, invested and applied in accordance with said 1978 Trust Agreement; and

WHEREAS, pursuant to the PFC Trust Agreement, all passenger facility charges ("PFCs") currently collected by the Authority are pledged thereunder and shall be held, invested and applied in accordance with said PFC Trust Agreement; and

WHEREAS, pursuant to the CFC Trust Agreement, all customer facility charges ("CFCs") currently collected by the Authority are pledged thereunder and shall be held, invested and applied in accordance with said CFC Trust Agreement; and

WHEREAS, the Authority periodically issues tax-exempt and taxable debt pursuant to the Trust Agreements; and

WHEREAS, pursuant to Mass. General Laws, Chapter 6, §98 and 976 CMR 2.04, the Commonwealth's State Finance and Governance Board requires certain state entities that issue debt, including the Authority, to adopt appropriate policies and adhere to best practices with respect to investments, borrowing and other financial transactions and, further, inform the State Finance and Governance Board of any proposed new debt issuances and demonstrate how said transaction relates to the Authority's Debt Issuance and Debt Management Policy; and

WHEREAS, the Internal Revenue Service (“IRS”) has expanded its audits of municipal issuers in order to ensure post-issuance tax law and records retention compliance and the IRS, the Government Finance Officers Association (“GFOA”) and the National Association of Bond Lawyers (“NABL”) strongly recommend that issuers adopt written post issuance compliance policies and procedures; and

WHEREAS, the Dodd-Frank Act has mandated the regulation of Municipal Advisors and instituted other requirements of participants in the municipal market, and the Securities and Exchange Commission (“SEC”) has instituted numerous enforcement actions relating to disclosure by municipal issuers and has issued regulations relating to Municipal Advisors, and the Municipal Securities Rulemaking Board (“MSRB”) has proposed additional regulations relating to Municipal Advisors; and

WHEREAS, on February 18, 2010, in accordance with the recommendations of the State Finance and Governance Board, the GFOA, NABL and the IRS, the Members of the Authority voted to approve the Authority’s Debt Issuance and Debt Management Policy in order to establish Board direction and clear delegation of authority for the issuance and management of the Authority’s long and short-term debt in conformance with Massport’s Enabling Act, the Internal Revenue Code, U.S. Treasury Department regulations, other applicable laws and regulations, and with the terms of the Trust Agreements, and on March 13, 2012, and March 21, 2014, the Members of the Authority reauthorized an amended Debt Issuance and Debt Management Policy; and

WHEREAS, Section VIII of the Debt Issuance and Debt Management Policy requires that it be reviewed by Authority staff and reauthorized, as amended, by the Members of the Authority every two years;

NOW, THEREFORE, the Members of the Authority hereby approve the Debt Issuance and Debt Management Policy presented to this meeting in the form attached to this vote as Exhibit A as the policy of the Authority, which shall replace and supersede the Debt Issuance and Debt Management Policy approved on February 18, 2010, and most recently amended on March 21, 2014.

Members Angelini, Evangelidis, Morningstar, Nucci, and O’Brien voted Yes.

EXHIBIT A

**Massachusetts Port Authority
Debt Issuance and Debt Management Policy**

**Adopted by the Board on February 18, 2010
As Amended through April 28, 2016**

Table of Contents

| | |
|---|-----------|
| I. Purpose..... | 2 |
| II. Types of Debt Issued..... | 3 |
| III. Debt Limits..... | 4 |
| A. Legal Limits..... | 4 |
| B. Policy Objectives..... | 6 |
| C. Financial Limits..... | 6 |
| IV. Use of Derivatives..... | 8 |
| V. Debt Structuring Practices..... | 8 |
| VI. Debt Issuance Practices..... | 9 |
| VII. Debt Management Practices..... | 10 |
| A. Form 8038 and Use of Facilities..... | 11 |
| B. Arbitrage Regulations..... | 12 |
| C. Investment of Bond Proceeds..... | 13 |
| D. Disclosure..... | 13 |
| E. Records Retention..... | 14 |
| VIII. Review & Revision of the Policy..... | 15 |

MASSACHUSETTS PORT AUTHORITY DEBT ISSUANCE AND DEBT MANAGEMENT POLICY

I. Purpose

In accordance with the requirements of the Massachusetts State Finance and Governance Board¹, as well as the recommended practices of the Government Finance Officers Association (“GFOA”), the National Association of Bond Lawyers (“NABL”) and the Internal Revenue Service (“IRS”) of the U.S. Department of Treasury, the purpose of the Massachusetts Port Authority (“Massport” or the “Authority”) Debt Issuance and Debt Management Policy (the “Policy”) is to establish direction from the Members of the Authority (the “Board”) for the issuance and management of the Authority’s long and short-term debt in conformance with Massport’s Enabling Act² and other applicable laws, and with the terms of the 1978 Trust Agreement³, the 1999 Passenger Facility Charge (“PFC”) Trust Agreement⁴, and the 2011 Customer Facility Charge (“CFC”) Trust Agreement⁵, as applicable.

Furthermore, the adoption and adherence to a Board-approved Debt Policy will enhance the Authority’s ability to preserve the quality of financial management and the associated double-A level of bond ratings that it has received/earned to date.

The amount of the Authority’s debt that is outstanding and its related annual costs are important long-term obligations. All debt service costs must be paid in full when due. This Policy provides guidelines for effective debt management. It is intended to assure that: (1) all debt is paid on time and in full, (2) the Authority complies with all applicable legal and regulatory requirements, including tax requirements, disclosure obligations and other applicable state and federal laws, and (3) the Authority adheres to prudent policy guidance regarding debt issuance and management that is intended to maintain the Authority’s strong credit ratings.

¹ See 976 CMR 2.04, requiring state entities authorized to issue debt to adopt policies relating to debt management.

² Chapter 465 of the Acts of 1956, as amended (the “Enabling Act”).

³ Trust Agreement dated as of August 1, 1978, as supplemented and amended from time to time (the “1978 Trust Agreement”), between the Authority and U.S. Bank National Association (as successor-in-interest to State Street Bank and Trust Company), as Trustee (the “GARB Trustee”).

⁴ PFC Revenue Bond Trust Agreement dated as of May 6, 1999, as supplemented and amended from time to time (the “PFC Trust Agreement”), between the Authority and The Bank of New York Mellon, as Trustee (the “PFC Trustee”).

⁵ CFC Trust Agreement dated as of May 18, 2011, as supplemented and amended from time to time (the “CFC Trust Agreement” and together with the 1978 Trust Agreement and the PFC Trust Agreement, the “Trust Agreements”), between the Authority and U.S. Bank National Association, as Trustee (the “CFC Trustee”).

II. Types of Debt Issued

Massport may issue revenue bonds and bond anticipation notes (in the form of commercial paper and other short-term debt instruments) under the 1978 Trust Agreement, and project bonds secured by a single stream of revenues (including PFC revenues and CFC revenues under the PFC Trust Agreement and the CFC Trust Agreement, respectively). Massport also may issue subordinated debt under the 1978 Trust Agreement payable solely from the Improvement and Extension (“I&E”) Fund and conduit debt, such as Special Facilities financings, for which dedicated revenues from the financed facility are the sole security for the bonds and a party or parties other than the Authority is the obligor. Each type of debt may be issued on either a tax-exempt or taxable basis.

As a revenue bond authority, all of Massport’s non-conduit debt is backed solely by Massport’s revenues. Since Massport does not have taxing power and cannot pledge taxes or mortgage its properties, Massport does not issue general obligation (“GO”) debt. Massport’s debt does not constitute a general obligation, a debt or a pledge of the faith and credit of The Commonwealth of Massachusetts (the “Commonwealth”) or any political subdivision thereof.

Massport issues debt according to the terms of its various Trust Agreements, which specify which revenues are pledged to repay the debt and other terms. As of 2016, the Authority has issued senior lien debt under three separate trust agreements: the 1978 Trust Agreement, the PFC Trust Agreement and the CFC Trust Agreement. The Authority has also issued subordinate debt, the debt service of which is paid solely from the funds within the I&E Fund under a supplemental agreement to the 1978 Trust Agreement, and commercial paper, payable on a subordinated basis or from the proceeds of subsequently issued bonds.

Under the appropriate legal and administrative conditions, Massport can serve as a conduit issuer whereby an unrelated borrower seeks to access the Authority’s issuing powers while assuming the responsibility to repay the debt. Examples of such issues currently outstanding include special facilities bonds issued to finance (i) the construction of the airplane fuel distribution system at Logan Airport (the “BOSFUEL Bonds”), (ii) the design and construction of Terminal A, and (iii) the Harborside Hyatt Conference Center and Hotel Project.

Each such issue of conduit bonds has its own unique loan and trust agreement that does not pledge any revenue source that would otherwise be available for the repayment of Massport’s own indebtedness under its Trust Agreements.⁶

⁶ A list of all outstanding debt issued by the Authority can be found in the Authority’s audited financial statements, Note 5: Bonds and Notes Payable.

III. Debt Limits

A. Legal Limits

Massport's debt is issued only in compliance with its Enabling Act and other applicable Massachusetts law, the appropriate Trust Agreement, and applicable federal law and Treasury Department regulations.

The Enabling Act requires that all Massport debt be issued to finance capital construction on or in properties owned by or subject to a long-term lease in favor of Massport, or to refund existing debt. Short-term bond anticipation notes, which have been issued in the form of commercial paper, may be issued in a principal amount of up to 10% of the value of the Authority's then outstanding long-term revenue debt. Under the 1978 Trust Agreement, the Authority may not issue revenue anticipation notes, and may not borrow for working capital.

The 1978 Trust Agreement requires that, with stated, limited exceptions, all of the revenues collected under that Trust Agreement be pledged to secure payment of all of the senior debt issued under that Trust Agreement.⁷ The definition of pledged revenues generally includes all revenues generated by Massport, with certain limited exceptions, including PFCs, CFCs and revenues generated by facilities constructed with proceeds of special facilities revenue bonds, the revenues from which are pledged to the repayment of conduit bonds.

Before the Authority can issue additional bonds under the 1978 Trust Agreement, it must comply with certain provisions contained therein:

- Additional bonds must comply with the provisions in Section 210 of the 1978 Trust Agreement that include a choice of tests: either (i) minimum historical debt service coverage when comparing prior actual Net Revenues (pledged revenues minus current expenses as defined by the 1978 Trust Agreement) to the maximum annual anticipated debt service (including the debt to be issued) or (ii) minimum debt service coverage using projected Net Revenues upon completion of the funded projects compared with the maximum annual anticipated debt service.
- Of the other requirements for additional bonds the most significant is the requirement that sufficient revenues be generated to fund projected operating costs, current debt service, a minimum deposit of 1% of replacement cost into the Maintenance Reserve Fund and a deposit to the Payment in Lieu of Taxes Fund sufficient to pay PILOT as and when due, with sufficient funds available for deposit into the I&E Fund that are greater than the amounts required to cover the debt service on any subordinate debt then outstanding. This is referred to as the "One to One" test.

⁷ See Section 101 of the 1978 Trust Agreement.

Before the Authority can issue additional bonds under the PFC Trust Agreement, it must comply with certain provisions contained therein:

- PFC debt must be sold in conformance with the FAA Final Agency Decision that authorized the use of PFCs for such projects.
- The additional bonds must meet a test projecting debt service coverage (the ratio of PFC Revenues divided by PFC debt service (net of interest on the debt service and debt service reserve funds)) at a minimum specified level.
- The additional bonds must satisfy the First Lien Sufficiency Test, the calculation of which is set forth in the PFC Annual Disclosure published in the Authority's Comprehensive Annual Financial Report.

Before the Authority can issue additional bonds under the CFC Trust Agreement, it must comply with certain provisions contained therein:

Under Section 3.02 of the CFC Trust Agreement, additional parity CFC bonds must either meet a minimum historical debt service coverage test or a minimum projected debt service coverage test.

The Authority must demonstrate continued funding of several reserve funds.

The Authority may issue refunding bonds if it complies with one of the coverage tests or it demonstrates that debt service will be reduced.

The Authority may issue subordinate debt secured by CFCs that meets a lesser coverage test.

For debt obligations to qualify for tax-exempt status under current federal law, the Internal Revenue Code requires, among other things, that the facilities financed by the debt must serve a governmental purpose and not have excessive "private business use," or the debt must qualify as "exempt facility" debt. Tax-exempt debt that finances facilities without excessive private business use will be considered "governmental" debt and in general will not be subject to the alternative minimum tax. Tax-exempt debt that qualifies as "exempt facility" debt will be considered "private activity" debt and, with certain exceptions, will be subject to the alternative minimum tax.

Federal legislation enacted in 2009 permitted state and local governments and public authorities, including the Authority, to sell private activity bonds in 2009 and 2010 the interest on which is not subject to the alternative minimum tax. (This law expired on December 31, 2010.) The Authority issued three series of such bonds in 2010, including one series of bonds under the PFC Trust Agreement. Certain refundings of such bonds may qualify for the same federal income tax treatment.

B. Public Policy Objectives

- Bond-funded projects should be central to Massport's core mission.
- Projects should be funded in a manner that does not overly impair or preclude the funding of future projects.
- Debt practices should support the maintenance of Massport's Aa2 (Moody's), AA (Fitch) and AA (S&P) long-term ratings on its senior lien bonds issued under the 1978 Trust Agreement.
- The Authority should maintain sufficient reserves and funds on hand to be available to pay a portion of expenses and debt service in emergency situations and to be available to finance a portion of projects on a pay-as-you-go basis.
- Projects to be funded with bond proceeds must be included in a five-year capital program ("Five-Year Capital Program") that meets the tests of funding long-term maintenance of the Authority's facilities or airfield requirements at Logan, Hanscom and Worcester Airports.

C. Financial Limits

Revenue bonds for which the Authority is both issuer and obligor should conform to the goal of maintaining the metrics associated with a double-A credit. New aeronautical projects funded with bonds should generate 1.25x coverage. (Coverage is defined as a project's revenue minus operating expenses, divided by the project's annual debt service.) New non-aeronautical projects should generate more than 1.50x coverage if they are to be funded with bonds.

- Individual projects that do not generate at least 1.25x coverage may be considered if (i) such projects are being completed in order to pursue revenue generating projects in the future and (ii) another revenue source has been identified to ensure such coverage. Otherwise, such projects should be funded with internally generated capital (also referred to as "pay-go cash").
- Each fiscal year's financial projections associated with the Five-Year Capital Program should (i) fully fund the debt service for bonds issued under the 1978 Trust Agreement, (ii) fund projected operating expenses, (iii) maintain the desired minimum balances in the Maintenance Reserve Fund (\$30 million) and in the I&E Fund (\$50 million), and (iv) pass the "One-to-One" test each year (which means that sufficient revenues must be collected to fund operating expenses, current debt service, the deposit of at least 1% of the replacement cost of the Authority's assets into the Maintenance Reserve Fund, the required deposit into the Payment in Lieu of Taxes Fund, and still make a deposit into the I&E Fund that is greater than the debt service requirements of the subordinate debt then outstanding).

- Each year's projections within the five-year forecast should aim to demonstrate annual debt service coverage (that is, Revenues according to the 1978 Trust Agreement⁸ less current expenses according to the 1978 Trust Agreement divided by annual debt service) in excess of 2.00x. The coverage shown for the least robust year in the five-year projections should not be below 1.75x.
- Each year's projections should demonstrate day's cash (the combined ending balance, aggregating the balances in the operating reserve⁹, the Maintenance Reserve Fund and the I&E Fund (including the Capital Budget Account) divided by the quotient of the Current Expense Budget divided by 365) of 200 days, with the goal of attaining overall liquidity (defined as cash plus unutilized commercial paper) of 250 days cash on hand.
- Each year's projections should demonstrate an operating ratio (Operating Expenses plus PILOT payments divided by Operating Revenues (i.e. revenues without interest earnings)) that should be no more than 70%, with a goal of attaining 65%.
- Neither the Maintenance Reserve Fund nor the I&E Fund is pledged to or expected to be used for the payment of debt service on senior lien tax-exempt debt, nor is there reasonable assurance that amounts would be available in such funds to pay debt service in the event the Authority encounters financial difficulties (in the rare instances where subaccounts within the I&E Fund are used to pay debt service on subordinate debt, appropriate measures are taken to ensure compliance with the arbitrage rules).

Conduit debt may be issued when the project is central to the Authority's mission, will be owned by the Authority, subject to a lease to the obligor for a period at least equal to the term of the debt and is or will be located on Authority property.

It is Massport's desire to issue such conduit debt in ways that do not place substantial operating or administrative burdens on the Authority should the obligor be unable to repay the debt obligations in the future. Furthermore, Massport would not expect to sell conduit debt that relies on the Authority's general creditworthiness or individual revenue sources of the Authority.

Short-term debt issuance is limited by the Enabling Act to a maximum principal amount of 10% of the Authority's outstanding revenue bonds, and to the purpose of funding capital projects. Matters of specific sizing of short-term debt and its term should be consistent with the Authority's financial plan supporting that year's Five-Year Capital Program.

⁸ The debt limits are calculated according to terms defined in the 1978 Trust Agreement, which are not the same as the terms used in GAAP accounting that form the basis of the Authority's audited financials.

⁹ See, generally, sub clause (iv) of Section 506(II) of the 1978 Trust Agreement.

IV. Use of Derivatives

- Use of derivatives in connection with debt must comply with the terms of the Authority's Financial Hedging Policy adopted by the Authority on October 21, 2004, as amended from time to time, and with the Investment Oversight Committee's Financial Hedging Policies and Procedures then in effect.
- Bond Counsel and the Financial Advisor and/or an independent Swap Advisor will be consulted in the event the Authority is considering entering into any swap or other derivative in connection with tax-exempt debt.
- In order to use derivative products, the Authority must comply with the requirements set forth in 976 CMR 2.01 – 2.08 regarding submittal to and review of derivative products by the State Finance and Governance Board.

V. Debt Structuring Practices

- The maximum term of Massport's debt should not exceed the useful life of the assets financed, generally 25 to 30 years. Shorter-lived assets should be funded with internally-generated funds or grants, or with short-term debt.
- The debt service schedule should generally provide for substantially level debt service payments in the aggregate in order to maximize future debt capacity, unless circumstances, as described in a memo prepared by the Financial Advisor, warrant differing treatment.
- Debt that is non-callable beyond customary periods (usually ten years) should generally be avoided to optimize future flexibility. In the event that a longer non-callable period is considered, a cost benefit analysis should be performed in connection with making such determination.
- Capitalized interest (or the payment of interest from bond proceeds) should be limited to two years unless the project construction period specifically calls for a longer time period; capitalized interest should be avoided on PFC and CFC debt, with respect to which the revenue streams are independent of the completion date of the project, unless using capitalized interest provides a financial or economic benefit without incurring additional risk.
- The Authority's debt portfolio will be structured in accordance with the criteria of the rating agencies then in effect for double-A credits. As of the date of this Policy, the guidelines are that fixed rate debt should constitute at least 70% of the revenue bond portfolio. All variable-rate debt outstanding, including utilized and outstanding commercial paper, should be hedged. Variable-rate debt will be considered hedged if the Authority has either an equivalent amount of cash, or through the use of interest rate swaps or other derivative hedging products. Debt hedged with interest rate swaps and derivative products should not exceed 15% of the portfolio.

VI. Debt Issuance Practices

- The Authority will engage Bond Counsel to advise it on its debt issuances and related matters.
- The Authority will engage a Financial Advisor, to advise it on, among other matters, the advantages, disadvantages and risks associated with the financial structure of the proposed debt issuances and to aid the Authority in negotiating the transaction with the investment bankers and to conform with the requirements of the Enabling Act and the relevant Trust Agreement. The Authority shall ensure that the Financial Advisor is a duly registered municipal advisor in good standing with the Securities and Exchange Commission (“SEC”) and the Municipal Securities Rulemaking Board (“MSRB”).
- The Authority will engage Disclosure Counsel to advise it on current disclosure practices and on the type of disclosure that is necessary to comply with regulatory requirements or is otherwise desirable.
- Senior managing underwriters and co-managing underwriters shall be selected through a competitive process.
- It is Massport’s preference to sell debt on a negotiated basis in recognition of the markets’ and the rating agencies’ views of airports and that airport revenue bonds are “story bonds”. Sale through a negotiated process also enables the Authority to select the appropriate time to enter the market and to structure or restructure the debt issues as market conditions warrant. However, from time to time the Authority will consider other methods of selling debt, such as a competitive sale.
- Projects to be funded with a new money issue will first be identified and designated for bond funding in an Inducement Resolution (adopted each year, or more frequently, by the Board following the approval of the Five-Year Capital Program) to ensure compliance with U.S. Treasury Department regulations. The Inducement Resolution will identify those expenditures that the Authority expects to reimburse with proceeds of tax-exempt debt.
- Advance refundings and current refundings will be considered when the following targets are met: aggregate present value savings are at least 3% and the present value savings per bond is generally at least 2% per maturity. In addition to debt service savings, the Authority will consider the opportunity cost of refunding the bonds, the potential loss of call option flexibility, and the potential of refunding the bonds for greater savings in the future when evaluating refunding opportunities. There may be circumstances when these targets are not met due to various factors such as the desire to modify legal provisions, to reduce administrative costs by eliminating an entire outstanding bond issue, or to restructure debt in order to adhere to the financial limits stated in this Policy and, in such cases, such circumstances shall be appropriately memorialized.
- Credit ratings should be maintained with at least two of the three rating agencies currently rating Massport’s bonds: Moody’s, Standard & Poor’s and Fitch, or any other Nationally Recognized Statistical Rating Organization (“NRSRO”) designated by the Authority by notice to the applicable bond trustee.

- Prior to or at the time of the final approval of any resolution to issue debt, the Board should review and adopt a recommendation from the Authority's Financial Advisor regarding the structure, size, and manner of sale of a proposed issue. Any such Board approval and the text of the Financial Advisor's recommendation will be presented for review to the State Finance and Governance Board, if required in accordance with the policies and procedures of that board.
- Prior to the distribution of a Preliminary Official Statement ("POS") relating to an issuance of bonds, the Board will be provided with a draft of the POS and the opportunity to review and comment upon it, and the Board will adopt a resolution authorizing the issuance of the proposed debt and delegating to staff the ability to approve the final pricing of the bonds.
- In order to comply with the SEC's and the MSRB's requirements regarding municipal advisors, and obtain on-going information from parties other than the Financial Advisor that may constitute "municipal advice" under the SEC's regulations, the Authority may utilize the provisions of the "independent registered municipal advisor exception" to the SEC's regulations. In order to do so, the Authority may post or otherwise disseminate to participants in the municipal market the name and principal address of the Financial Advisor, the names of the persons associated with the Financial Advisor that are primarily assigned to serve the Authority, and a summary of the Financial Advisor's scope of services. Before accepting any municipal advice from a person other than the Financial Advisor, such person shall disclose in writing to the Authority and the Financial Advisor that such person is not acting as a municipal advisor and that such person does not have a fiduciary duty to the Authority. Following receipt of such notice, Authority staff may meet with such persons with or without the Financial Advisor being present and may elect to hold any materials provided by such person in confidence, to the extent permitted by applicable law.

VII. Debt Management Practices

On an annual basis, in conjunction with the audit, the Authority will review the procedures below and prepare a memorandum confirming the Authority's continuing compliance with such procedures with respect to each outstanding tax-exempt debt issue.¹⁰ The Authority's staff shall adopt and implement practices and procedures that are intended to ensure compliance with the requirements of federal tax and securities law and regulation relating to tax-exempt bonds.

¹⁰ Certain of the procedures contained in this Section VII of the Policy have been modeled on the Post Issuance Compliance Checklist jointly developed by NABL and the GFOA.

A. Form 8038 and Use of Facilities

- Form 8038-G (for governmental bonds) or Form 8038 (for private activity bonds) shall be filed promptly after closing, and proof of filing the form with the IRS will be included in the official bond transcript.
- New money commercial paper issued within an 18-month period will be treated as a single issue for tax purposes, and a single Form 8038-G or 8038 (as applicable) shall be filed at the beginning of each such 18-month period, except as may be otherwise provided in the applicable tax certificates.
- Governmental bonds (Non-AMT debt): Bond Counsel review at the time of issuance, based on information provided by the Authority, will ensure that no private business use arrangement with a private entity beyond permitted *de minimis* use will be included in the financed facilities. The Finance Department will monitor this in an on-going quarterly basis thereafter, consulting with Bond Counsel as required.
- Private activity bonds (i.e., generally bonds on which the interest is subject to the alternative minimum tax): Bond Counsel review at the time of issuance, based on information provided by the Authority, will ensure that the financed facilities will qualify as “exempt facilities” for federal tax purposes. The Finance Department will monitor use of these facilities on an on-going quarterly basis thereafter, consulting with Bond Counsel as required.
- In the event that the Finance Department determines that noncompliant use of financed activities has occurred, or is reasonably expected to occur, the Finance Department will promptly consult with Bond Counsel to determine whether it is necessary to take a remedial action to meet the applicable use-of-proceeds requirements. In the case of governmental bonds, remedial actions may include, depending on the facts and circumstances, the following: redemption or defeasance of nonqualified bonds; alternative qualifying use of disposition proceeds; and alternative qualifying use of financed facilities. In the case of qualified private activity bonds, remedial actions may include redemption or defeasance of nonqualified bonds. In general, the Finance Department will obtain an opinion of Bond Counsel relating to each remedial action. In the event that it is not possible to take a remedial action, because of timing or other factors, the Finance Department will consult with Bond Counsel to determine whether it is necessary to submit a voluntary closing agreement request to the Internal Revenue Service.

B. Arbitrage Regulations

- The Authority will engage a Rebate Consultant to calculate the rebate liability annually for each issue of tax-exempt bonds and to instruct the Authority as to the amount to be paid to the U.S. Treasury Department, if any, on each fifth anniversary of the issuance of each series of bonds and on retirement of the bonds (plus 60 days in each case). Any rebate compliance issues that are identified by the Rebate Consultant or the Authority may be raised with Bond Counsel.
- The Finance Department will monitor the expenditures of new money bond proceeds against the three-year or five-year temporary period, as applicable. The Finance Department will generally take reasonable steps to ensure that all investments (other than United States Treasury Securities – State and Local Government Series, or “SLGs”) are purchased and sold at fair market value. The general policy of the Finance Department is to purchase SLGs for advance refunding escrows. If open market securities or a guaranteed investment contract (“GIC”) are used to fund an escrow in an advance refunding (or are acquired with bond proceeds in any other case), Bond Counsel will confirm that such securities or GIC are properly bid.
- The Accounting Department will oversee the creation of new classifications within funds, as requested by the Assistant Treasurer, to ensure the correct use of each classification and the appropriate treatment of interest earnings on each classification.
- Interest earned on the bond project or construction funds may be used to pay debt service for the related bonds. This is to say that the bond project funds generally will be “gross funded”; if such funds were “net funded” the interest earned thereon would be used to pay project costs.
- Reimbursement of pre-issuance expenditures will only occur upon delivery of a memo to Accounting prepared by the Financial Program Manager or the Capital Budget Manager, with approval from the Director of Treasury, in conformity with the Authority’s Inducement Resolution and other federal tax requirements.
- The Investment Strategy Committee will monitor the rate of expenditure of the bond project funds to determine whether the funds comply with the six-month, 18-month or two-year spending exceptions to rebate.
- The Financial Program Manager will publish a list of which projects are funded by which funds to guide the Accounts Payable department in the proper coding of any project to a bond project fund.
- If there is a need to transfer any project expenditure made prior to the issuance of the debt into a bond project fund, the Financial Program Manager will prepare a memo addressed to Accounting requesting such a transfer, and will confirm such transfers with the Director of Treasury.

C. Investment of Bond Proceeds

- All investment decisions and practices should comply with the Authority's Investment Policy adopted on July 20, 2000, as amended from time to time, the investment restrictions set forth in the 1978 Trust Agreement (which are typically reflected in the Investment Policy), and with the Investment Oversight Committee's Policies and Procedures then in effect.
- All structured and other investments of bond proceeds should be acquired in compliance with federal tax regulations, in consultation with Bond Counsel. The Authority prefers to fund debt service reserve funds with cash. Such cash could be derived from bond proceeds or internal funds. Any alternate funding plan will be included in the recommendation from the Authority's Financial Advisor.

D. Disclosure

- The Authority's Secretary-Treasurer shall oversee and, advised by Disclosure Counsel and Authority staff, shall be responsible for the filing and accuracy of all primary and secondary disclosure regarding the Authority and its debt obligations.
- The Authority will comply with the requirements of the 1978 Trust Agreement and PFC Trust Agreement continuing disclosure agreements and the CFC Trust Agreement continuing disclosure certificate (collectively, the Authority's "disclosure undertakings") by filing or causing to be filed annual financial information and operating data and event notices in accordance with Rule 15c2-12(b) (5) of the Securities Exchange Act of 1934, as amended.
- The Authority will comply with the Annual Filing requirements of its "disclosure undertakings" through the publication of an Official Statement, by inclusion of the appropriate information in the Authority's Consolidated Annual Financial Report ("CAFR"), or otherwise.
- The Secretary-Treasurer shall take reasonable actions to obtain timely knowledge of any event that must be disclosed pursuant to the "disclosure undertakings".
- Both Annual Filings and any required event notices will be filed with the Electronic Municipal Market Access ("EMMA") system. EMMA is the comprehensive source for official statements, continuing disclosure documents, advanced refunding documents and real-time price information on municipal securities maintained by the Municipal Securities Rulemaking Board ("MSRB"). (See www.emma.msrb.org). The Authority will engage Disclosure Counsel to guide its primary and secondary market disclosure, and to prepare event notices as necessary.
- The Authority shall employ a Dissemination Agent. The Authority has engaged the Digital Assurance Certification, L.L.C. (or "DAC") to perform this role for the Authority's bonds.
- Disclosure shall be posted electronically on EMMA by the Dissemination Agent.
- The Authority will comply with the terms of the 1978 Trust Agreement, PFC Trust Agreement and CFC Trust Agreement relating to the submission of annual

budgets, audited financials, traffic reports, proof of insurance, etc. to the GARB Trustee, the PFC Trustee and the CFC Trustee, as applicable.

- The Authority will comply with the terms of the Enabling Act and other appropriate state legislation regarding the delivery of the audited financials and the annual report to the Governor, and of the biannual report on debt issuance to the Secretary of Administration and Finance, the State Auditor, the Chairs of Senate and House Ways and Means Committees, and the Senate and House Chairs of the Joint Committee on Bonding, Capital Expenditures and State Assets.
- The Authority shall post its Official Statements and CAFRs electronically on its website.¹¹ The Authority may post additional information approved by the Secretary-Treasurer on the Investor Relations section of its website.
- The Authority's staff that are involved in the preparation and dissemination of its disclosure, including without limitation finance staff designated by the Secretary-Treasurer and legal staff designated by the Chief Legal Counsel, shall receive appropriate training no less than once each calendar year regarding the requirements and practices of applicable regulatory bodies concerning disclosure relating to the Authority.

E. Record Retention¹²

- The formal transcript of the bond issue containing copies of all material contracts, certificates and legal opinions, will be kept (i) permanently by the Legal Department and (ii) by the Secretary-Treasurer for six (6) years after the final maturity of the bond issue (or if such issue is refunded, for six (6) years after maturity of the last refunding issue).
- The investment records of debt service funds, debt service reserve funds, bond project funds, and any other funds containing bond proceeds (including bidding records), the records relating to the calculation and payment of rebate (e.g., rebate consultant's reports and IRS form 8038-T), and any records relating to derivatives entered into with respect to tax-exempt bonds will be kept by the Assistant Treasurer for six (6) years after the maturity of the bond issue (or if such issue is refunded, for six (6) years after maturity of the last refunding issue).
- Construction invoices for the projects funded with bond proceeds will be kept by the Accounts Payables department. Summary records of the expenditure of bond funds will be kept by the Director of Treasury. All such records should be held for six (6) years after the maturity of the bond issue (or if such issue is refunded, for six (6) years after maturity of the last refunding issue).
- With respect to governmental bonds, records of any private business uses should be held for six (6) years after the maturity of the bond issue (or if such issue is refunded, for six (6) years after maturity of the last refunding issue).

¹¹ Copies of Annual Statements prepared pursuant to SEC Rule 15c2-12 with respect to the Authority's bonds issued under the Trust Agreements can be found in the Investor Relations section of the Authority's website at <http://www.massport.com/massport/Investor%20Relations/InvestorRelationsdefault.aspx> and are also available at <http://www.emma.msrb.org>.

¹² All record retention periods herein have been established in accordance with the requirements of the IRS, the Massachusetts Statewide Records Retention Schedule and the Authority's Investment Policy, as applicable.

- The memorandum memorializing the Authority's continued compliance with the procedures described above with respect to each tax-exempt debt issue will be retained for six (6) years after the maturity of the last issue outstanding to which the memorandum relates (or the last issue that refunds any such issue).
- For purposes of this section the "final maturity" refers to the earlier of stated final maturity or the date the last bond of an issue is actually retired.
- The records required to be kept under this section may be in any form as may be permitted by applicable law, including electronic form or other digital storage media.

VIII. Review and Revision of the Policy

This policy will be reviewed by Authority staff and reauthorized (as amended) by the Board every two years.

Executive Session

Upon a motion duly made and seconded, it was

VOTED:

That the Authority enter executive session to discuss the deployment of security personnel or devices, or strategies with respect thereto; and

That the Authority enter executive session to consider the purchase, exchange, lease or value of real property, specifically regarding the Massport Marine Terminal, the Summer Street Hotel RFP, and Worcester Airport easements, since a discussion in open session may have a detrimental effect on the negotiating position of the Authority; and

That the Authority enter executive session to discuss litigation strategy, specifically regarding the Terminal C Connector Project, Litigation – Strategy/Review, the Hanscom Field Accident Litigation, and Mitigation, since a discussion in open session may have a detrimental effect on the litigating position of the Authority.

Members Angelini, Evangelidis, Morningstar, Nucci, and O'Brien voted Yes.

Mr. Angelini stated that the Authority will not reconvene after Executive Session.

The public session adjourned at 10:20 A.M.

Michael A. Grieco
Assistant Secretary-Treasurer

List of Documents and Other Exhibits Used in Public Session

1. Board Book
2. Bill Driscoll, Jr. Handout
3. CEO Report PowerPoint
4. Strategic Plan Implementation PowerPoint Slides
5. Media Relations Department Organization Chart PowerPoint Slide
6. Waterside Place PowerPoint Slides
7. Grand Prix of Boston MOU PowerPoint Slide
8. Worcester CAT III ILS Upgrades and Taxiway Project Update PowerPoint
9. Logan Shuttle Bus Contract Amendment PowerPoint Slides