

MASSACHUSETTS PORT AUTHORITY
MINUTES OF THE MEETING HELD ON
FEBRUARY 13, 2020 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 February 13, 2020. Chairman Lewis G. Evangelidis presided. Patricia A. Jacobs, John A. Nucci, Sean M. O'Brien, Stephanie L. Pollack, Laura Sen, Lisa Wieland, Chief Executive Officer and Executive Director, Reed Passafaro, Chief of Staff, Catherine McDonald, Chief Legal Counsel, John P. Prankevicius Director of Administration and Finance and Secretary-Treasurer, Edward C. Freni, Director of Aviation, Alaina Coppola, Director, Community Relations and Government Affairs, Hank Shaw, Chief Security Officer, Michael Meyran, Port Director, Daniel Gallagher, Director of Aviation Business and Finance, Andy Davis, Director, Worcester Airport, Anna M. Tenaglia, Deputy Director of Administration and Finance, and Michael A. Grieco, Assistant Secretary-Treasurer were in attendance.

The meeting commenced at 9:00 A.M.

Public Comment

There were no requests to speak during the Public Comment Period.

Ratification and approval of the minutes of the January 16, 2020 Board Meeting

Upon a motion duly made and seconded, it was

VOTED:

To ratify and approve the minutes of the January 16, 2020 Board Meeting.

Members Evangelidis, Jacobs, Nucci, O'Brien, Pollack, and Sen voted Yes.

Chairman's Comments

Report of the CEO

Ms. Wieland presented information on the travel restrictions to the United States from China in response to the coronavirus, on the recent Worcester Airport active shooter training drills, on the CARE Team victim assistance training provided by the FBI, on Boston's top ten rank for the Best Cities for Jobs by WalletHub, on the robust economic activity in key Commonwealth industries reported in the Federal Reserve's January Beige Book, on a new charter flight operator at Hanscom Field, on the airport and port components of the U.S. House of Representatives' infrastructure plan, on the collaboration with the City of Boston and MassDOT for potential ferry service at Lewis Mall, on recognition of the Authority's Real Estate Diversity and Inclusion Initiative model, on Worcester Airport partnering with a local television weather forecaster on the deployment of a mobile radar while the government weather radar was down, on Logan's rank as the fifth best domestic airport for dining options by Wanderu, on the positive response by Logan passengers to the new Ride App area amenities in the Central Parking Garage, on the improved customer experience from moving the Back Bay Logan Express location, on the Authority's media ad on the ways to best prepare for traveling during the upcoming school vacation, on Delta CEO Ed Bastian's keynote address at the Consumer Electronics Show highlighting technology investments to enhance the travel experience, on the Authority's six month financial results for FY20, on the Authority and the City of Boston's kickoff of the planning and design phase for the new Orient Heights Senior Center, on the Authority's new scholarship honoring former Port Director Deb Hadden, and on the recognition in local newspapers of the Authority's continued support for community programs.

Director of Aviation Presentation

Mr. Freni presented information on the Authority's 15th annual Safe and Logan Stars event with Boston Police Commissioner William Gross, on the five percent increase nationally in the number of guns brought to airport checkpoints in 2019 and the twenty percent decrease at New England airport checkpoints, on the strong Logan passenger volume in January, on relocating the taxis and limos from the Terminal C curb to the Central Parking Garage due to the Canopy Project construction, on JetBlue's announced route change at Logan, on the airlines' strong financial results in the fourth quarter, on JetBlue and Delta's commitment to the Boston market, on the extension of the 737 Max flight cancellations into June, on the Logan Runway 9-27 maintenance project, and on the retirement of Troop F Major Chuck Atchison from the State Police.

Director of Maritime Presentation

Mr. Meyran presented information on sixty-eight million dollars allocated to the Boston Harbor Deepening Project in the President's FY21 budget proposal, on the modest growth in East Coast container volume for 2019, on an increase in Conley container volumes in January, on the key takeaways from Maritime Department staff meetings with cruise lines to market the Flynn Cruiseport, on EPA Regional Administrator Dennis Degiel's tour of Conley and his recognition of the Authority's effort at Conley to transition to cleaner emission trucks, on the ocean carriers efforts to implement the International Maritime Organization (IMO) 2020 regulation mandatory low-sulphur fuel to reduce emissions, and on Carnival being the first cruise company to join the Getting to Zero Coalition, an alliance of organizations committed to accelerating the decarbonization of the international shipping industry.

Strategic Plan Implementation

Logan Forward

Mr. Gallagher presented information on the status of the Logan Ride App Operations plan, on the January average daily flight schedule including the number of departing and arriving seats, and on the decline in the January Ride App deadhead rate by sixteen percent from the 2019 baseline.

Worcester Airport

Mr. Davis presented information on Worcester Airport (the "Airport") as a part of the regional airport system, on the Airport's passenger volume since 1980, on the Authority's investments in the Airport of more than \$100 million since taking ownership in 2010, on the commercial passenger service added at the Airport since 2013, on the Airport's economic impact, on the Airport's market area and the number of passengers generated annually, on the Authority's 2019 campaign to raise awareness of the Airport and to target new passenger markets, on the campaign to market the Central Massachusetts region as a destination, on general aviation and corporate activity at the Airport, on private investment in the corporate aviation market at the Airport, on future air cargo operations opportunities, on future opportunities for aviation and compatible non-aviation development, and on goals going forward.

Safety and Security Committee

Emergency Preparedness Update

Mr. Shaw, Mr. Freni, and Mr. Meyran presented information on the Authority's coronavirus planning and preparedness activities, both internally and externally with Logan Airport partners and CDC personnel, on the novel coronavirus timeline, on the three screening levels and the outreach efforts at Logan, on the federal government and the airlines' steps taken to restrict and to suspend travel to and from China, on the screening and outreach efforts at the Port of Boston, and on the expected large reduction in container volumes from Chinese ports.

Human Resources and Compensation Committee

Community Outreach Committee

Federal Update

Ms. Coppola presented information on the February 24th field hearing focusing on aviation cargo scanning and screening technologies to be chaired by Senator Markey at Logan, and on the recent letter sent by the Authority to the FAA requesting that the FAA revisit its policy prohibiting the re-treatment of homes within the latest 65 DNL contour that were previously sound insulated during the early years of the residential soundproofing program.

Real Estate and Strategic Initiatives Committee

Facilities and Construction Committee

Audit and Finance Committee

Wholesale Electric Power Purchase

Ms. Tenaglia presented information on the Authority's electricity procurement contracts, on the current historically low natural gas prices, on the Authority's current power supply transactions, on the savings generated by the electricity procurement program during the last five year period, and on the next steps.

Upon a motion duly made and seconded, it was

VOTED:

WHEREAS, Massport has been a Federal Energy Regulatory Commission ("FERC") licensed wholesale purchaser of power since 1996 and may purchase bulk electricity supply from any supplier licensed to do business in the Commonwealth; and

WHEREAS, Independent System Operator New England ("ISO New England") is the regional transmission organization ("RTO") recognized by FERC, serving Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont, and its responsibilities include: 1) reliable operation of New England's bulk electric power system, 2) development, oversight and fair administration of New England's wholesale electricity marketplace, and 3) management of the comprehensive bulk electric power system and wholesale markets' planning processes that are intended to address New England's electricity needs in the future; and

WHEREAS, the Authority became a member of ISO New England in 2005, and as a member, has purchased necessary ancillary services and a portion of its energy requirements on the spot market; and

WHEREAS, in May 2015, the Board authorized the Authority to: (i) enter into Master Power Supply Agreements (the "MSAs") for wholesale electric power with one or more suppliers, each with a term of six (6) years and (ii) enter into one (1) or more power supply transaction agreements pursuant to those MSAs for a term of three (3) years; and

WHEREAS, the Authority entered into MSAs with 5 suppliers (Shell Energy North America (US), L.P., NextEra Energy Power Marketing, LLC, Exelon Generation Company LLC, EDF Trading North America, LLC, and BP Energy Company) in May 2015 and, based on bids received from those suppliers for heat rate energy blocks, entered into two (2) separate power supply transaction agreements with BP Energy Company and Shell Energy North America (US), L.P. in June 2015; and

WHEREAS, in October 2017, the Board authorized the Authority to enter into additional power supply transaction agreements for the period from January 1, 2019, through December 31, 2021, the second three (3) year term under the MSAs, and, based on bids received from those suppliers for heat rate energy blocks, entered into separate power supply transaction agreements with BP Energy Company and Shell Energy North America (US), L.P.; and

WHEREAS, the MSAs will expire on December 31, 2021 and the term of the power supply transaction agreements executed pursuant to those MSAs will also expire on December 31, 2021; and

WHEREAS, the Authority wishes to extend (i) the current MSAs with the 5 suppliers for a three (3) year period ending December 31, 2024, and (ii) enter into one (1) or more additional power supply transaction agreements for a three (3) year term ending December 31, 2024 and for a not to exceed amount of \$77.1 million, in order to be able to continue to lock in favorable electricity prices in the futures market in accordance with the Authority's Energy Hedge Policy; and

WHEREAS, the Authority intends to issue a Request for Qualifications ("RFQ") for additional suppliers, with the expectation of adding to the pool of prequalified suppliers, thereby enhancing competition for various electricity products including heat rate energy blocks, fixed price energy blocks, heat rate load following energy, fixed price load following energy and renewable energy credits, and as a result of the RFQ process, to enter into one or more MSAs with additional wholesale suppliers, with a term ending December 31, 2024.

NOW, THEREFORE, BE IT RESOLVED AND VOTED THAT:

The Director of Administration & Finance and Secretary-Treasurer and the Chief Legal Counsel, or their respective designees, each acting singly, are each hereby authorized to negotiate on behalf of the Authority, and the Chief Executive Officer and Executive Director, Director of Administration & Finance and Secretary-Treasurer or Assistant Secretary-Treasurer, each acting singly, (each, an "Authorized Officer") are each hereby authorized to execute and deliver on behalf of the Authority: (i) amendments to the existing Master Power Supply Agreements for a three (3) year extension of the term to December 31, 2024, (ii) one or more new Master Power Supply Agreements with additional wholesale suppliers, with a term ending December 31, 2024, and (iii) one or more power supply transaction agreements for a term of three (3) years, from January 1, 2022, through December 31, 2024, each containing such terms and conditions not inconsistent with this Vote as the Authorized Officer may determine are necessary or desirable; provided that the total expenditures, including ancillary energy costs, ISO-NE expenses, and electric transmission and distribution expenses, made pursuant to such power supply transaction agreements shall not exceed \$77,100,000.

The Chief Executive Officer and Executive Director or the Director of Administration & Finance and Secretary-Treasurer or the Deputy Director of Administration & Finance will report the result of the procurement at the next meeting of the Members of the Authority following the completion of the procurement process and the execution of the power supply transaction agreements authorized by this Vote.

Members Evangelidis, Jacobs, Nucci, O'Brien, Pollack, and Sen voted Yes.

Woburn Logan Express Bus Service Contract

Mr. Gallagher noted that the Woburn service currently accounts for about twenty-two percent of all Logan Express ridership.

Upon a motion duly made and seconded, it was

VOTED:

The Director of Aviation and the Chief Legal Counsel or their designees are hereby authorized to negotiate, and the Chief Executive Officer and Executive Director, the Secretary-Treasurer or the Assistant Secretary-Treasurer, each acting singly (each an "Authorized Officer"), are hereby authorized to execute and deliver, on behalf of the Authority, an agreement with Paul Revere Transportation, LLC to operate the Woburn Logan Express Bus Service between Boston-Logan International Airport and the Woburn Logan Express Bus Facility located at the Anderson Regional Transportation Center, in Woburn, Massachusetts, for a term of seven (7) years commencing on or about July 1, 2020. The amount payable over the seven-year term shall be in the not-to-exceed amount of \$43,104,613. The agreement shall contain such other terms and conditions consistent with this vote as the Authorized Officer executing the agreement in accordance with this vote determines are necessary or desirable.

Members Evangelidis, Jacobs, Nucci, O'Brien, Pollack, and Sen voted Yes.

FY20 Six Month Financial Performance

Mr. Prankevicius presented information on the positive business activity at Logan and the Cruiseport, on the decline in container volume at Conley, on the increase in operating revenue, on the increase in expenses largely due to safety and security, HOV initiatives, and Ride App Program activities, on the healthy net contribution, on the increase in the debt service amount, on the FY20 full year forecast, and on some risks and conclusions.

FY19 Uniform Guidance Audit of Federal Awards and Passenger Facility Charges

Mr. Prankevicius noted the opinion of Ernst & Young, the Authority's independent auditor, that the Authority complied with all federal award requirements for federal grants and passenger facility charge revenues.

Assent Agenda

Austrian Airlines Operating Agreement

Upon a motion duly made and seconded, it was

VOTED:

To authorize the Chief Executive Officer and Executive Director, Director of Administration & Finance and Secretary-Treasurer, and Assistant Secretary-Treasurer, each acting singly, (each, an “Authorized Officer”) to execute on behalf of the Authority, conditional upon receipt of all required documentation, an agreement with Austrian Airlines AG d/b/a Austrian Airlines Inc. or to take such other action as may be deemed appropriate to allow Austrian Airlines AG d/b/a Austrian Airlines Inc. to conduct operations at Logan International Airport. Austrian Airlines AG d/b/a Austrian Airlines Inc. 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 Austrian Airlines AG d/b/a Austrian Airlines Inc. is otherwise authorized to commence operations, Austrian Airlines AG d/b/a Austrian Airlines Inc. 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 Evangelidis, Jacobs, Nucci, O’Brien, Pollack, and Sen voted Yes.

Motion to Enter Executive Session

Upon a motion duly made and seconded, it was

VOTED:

That the Authority enter executive session to consider the purchase, exchange, lease or value of real property, specifically regarding the Ross Rectrix Worcester lease amendment, Parcel H RFP update, and the Constitution Marina lease, since a discussion in open session may have a detrimental effect on the negotiating position of the Authority.

That the Authority enter executive session to discuss litigation strategy, specifically regarding a litigation update, since a discussion in open session may have a detrimental effect on the litigating position of the Authority.

Members Evangelidis, Jacobs, Nucci, O'Brien, Pollack, and Sen voted Yes.

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

The public session adjourned at 11:00 A.M.

Michael A. Grieco
Assistant Secretary-Treasurer

List of Documents and Other Exhibits Used in Public Session

1. Board Book
2. PowerPoint Presentation Slides
3. Back Bay Logan Express Video