

**VOLUNTARY NOTICE  
REGARDING COVID-19**

*On May 6, 2020, the Massachusetts Port Authority (“Massport” or the “Authority”) posted on the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system (EMMA) a voluntary notice regarding the impact to date of and its responses to the COVID-19 pandemic and the actions taken by federal and state governments to address such pandemic. The Authority is providing this voluntary disclosure regarding such matters, as of the date of this filing, as an update and supplement to the earlier notice. The Authority may provide additional voluntary disclosure on the matters set forth below from time to time; however, the Authority is not obligated to do so, unless otherwise required by the terms of its continuing disclosure undertakings or applicable federal securities laws.*

**Fiscal Year 2021 Budget**

On June 18, 2020, the Authority’s Board approved the Authority’s fiscal year 2021 operating budget (the “FY21 Budget”). In developing the FY21 Budget, the Authority analyzed two planning scenarios—(i) a most likely case and (ii) a worst case—and then as a conservative measure, the Authority used the worst case planning scenario to develop the FY21 Budget. The FY21 Budget is based on an expectation of a slow and measured recovery in passenger volumes and business activity. Revenues are targeted at \$600 million, which represents a \$307 million (or 34%) decline from FY20 budgeted operating revenues. The Authority has developed several strategies to help balance the \$307 million revenue loss, which includes significant reductions in operating and capital expenses and the expected use of CARES Act funding to balance the budget, all as further described below.

The following table provides business activity projections for fiscal year 2021 as compared to the fiscal year 2020 budgeted levels (\$ in millions).

**Business Activity Projections**

	<b>Revenue (\$ in millions)</b>	<b>Change vs. FY20 Budget (\$ in millions)</b>	<b>Logan Passengers</b>	<b>Conley Containers (TEUs)</b>	<b>Cruise Passengers</b>
<b>FY20 Budget</b>	\$907	--	42 million	164,000	400,000
<b>FY21 Budget Scenarios:</b>					
Worst Case	\$600	(\$307)	13 million	104,000	31,000
Most Likely Case	\$675	(\$232)	22 million	130,000	66,000

The \$307 million projected revenue decline in fiscal year 2021 as compared to the fiscal year 2020 budget is comprised of the following (\$ in millions).

**Revenue Budget Comparison**

	<b>FY20 Budget</b>	<b>FY21 Budget</b>	<b>Amt.</b>	<b>%</b>
<b>Total Massport</b>	\$907	\$600	(\$307)	(34%)
Logan	755	487	(268)	(35%)
Hanscom	14	12	(2)	(13%)
Worcester	3	2	(1)	(45%)
Maritime	100	64	(36)	(36%)
Real Estate	25	25	0	0%
Investment Income	10	10	0	0%

The Authority has developed the following strategies to offset the \$307 million projected revenue loss in FY21. The Authority cannot predict at this time whether these measures will be adequate to mitigate the negative financial effects of the COVID-19 pandemic. The Authority expects to continue to assess and implement opportunities to reduce costs and adjust operations to keep its facilities safe and efficient in response to the ongoing changes.

- **Strategy 1: Reduction in Fiscal Year 2021 Operating Expenses.** The FY21 Budget includes \$100 million of expense reductions, including but not limited to: a hiring freeze; reducing overtime and limiting approved overtime to safety and critical operations; suspending certain employee benefits, and eliminating all non-essential employee travel; postponing certain Authority initiatives and discretionary spending; reduced spending on professional services; continuing several Logan Airport business activity adjustments including the continued consolidation of all Logan Airport parking at the central parking garage and related closure of all other parking garages and the reduction of contracted services with Logan Express and other busing services; and a reduction in stevedoring, overtime and other related expenses at Conley Terminal.

- **Strategy 2: Suspension of Capital Projects.** The FY21 Budget includes the suspension of approximately \$1 billion of capital spending. These actions allow the Authority to lower the amount of pay-go capital and debt service deposits required to fund these capital projects. In particular, these reductions will lower the required FY21 deposit to the Maintenance Reserve Fund to \$70.0 million, which reflects an approximately 1.0% replacement value of the Authority’s assets in accordance with the 1978 Trust Agreement and is a 28% reduction from the FY20 budgeted deposit of \$97.7 million. Furthermore, the Authority’s modular five-year capital program is flexible and allows for further adjustments to projects if necessary.

- **Strategy 3: Strategic Taxable Debt Issuance to Improve Liquidity Position and Achieve Debt Service Relief.** As disclosed in the May 6 voluntary EMMA filing, on April 3, 2020, the Authority issued two series of bonds in a direct purchase transaction with Bank of America, N.A., the proceeds of which are being used to refinance certain debt outstanding and provide additional new money funds for certain capital projects. This transaction resulted in cash flow savings of \$24.6 million in fiscal year 2021, providing budgetary relief and further supporting the Authority’s operating cash flow. In addition, on June 24, 2020, the Authority used available cash in its CFC Stabilization Fund to defease \$66 million (or 34%) of its outstanding CFC Bonds. This transaction allowed the Authority to improve its debt coverage ratio with respect to these bonds, while reducing by \$7.6 million scheduled debt service payments in FY21 that otherwise would have been paid from operations.

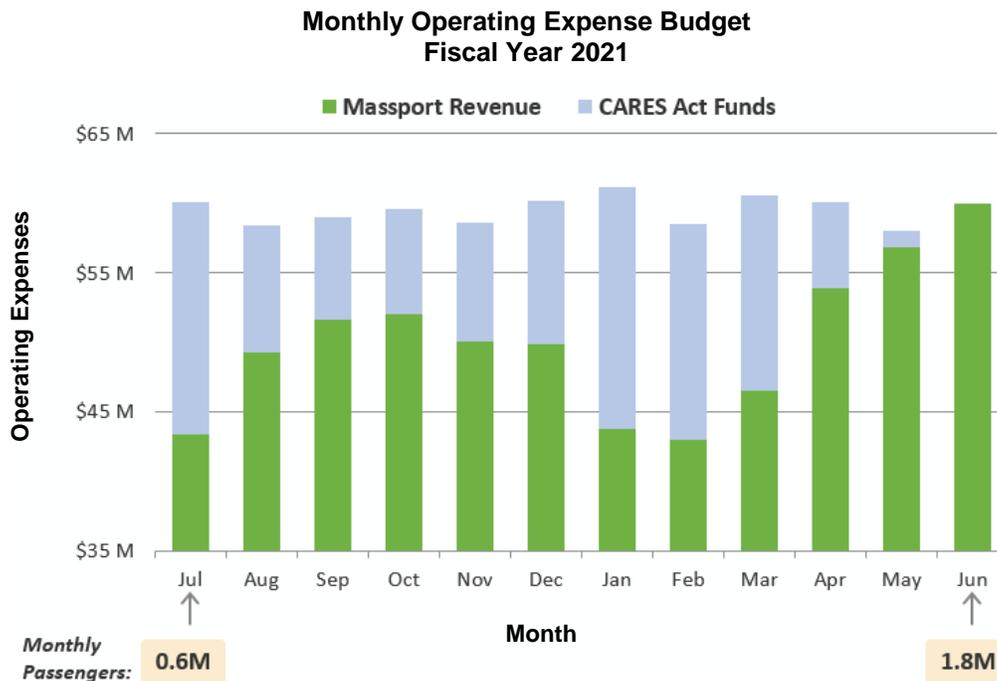
- **Strategy 4: Effective Utilization of CARES Act Stimulus Funds.** As disclosed in the May 6 voluntary EMMA filing, on April 14, 2020, the FAA notified the Authority that it will receive \$143.6 million in CARES Act funding for each of its three airports as follows:

	<b>CARES Act Stimulus Funding</b>
Logan Airport	\$141.3 million
Worcester Regional Airport	\$1.3 million
Hanscom Field	\$1.0 million

The Authority is submitting expense reimbursements to the FAA under the federal CARES Act for wages, operating expenses and debt service associated with commercial parking, transportation service and concession related expenses incurred at Logan Airport, among other items. The Authority’s

financial plan used \$31 million of CARES Act funding in fiscal year 2020, with the remaining \$113 million expected to be used in fiscal year 2021.

The following graph denotes the Authority’s projected monthly operating expense budget for FY 21 and the amount of monthly revenue the Authority expects to generate, consistent with the “worst case” business activity scenario described above. The difference (reflected in the monthly blue bars) represents the monthly cash flow shortfalls for which the Authority has planned in the FY21 Budget. The Authority expects to manage these monthly cash flow shortfalls using federal Cares Act funding received for expense reimbursement submissions, as noted above. The Authority currently projects that a combination of revenues generated under the “worst case” business activity scenario and federal Cares Act funding will collectively be sufficient to fund the Authority’s planned expenses for FY21, with June 2021 identified as the first self-sufficient month.



- Strategy 5: Restoration Plan.** Should actual passenger volumes in FY21 exceed projections, the Authority has developed a restoration plan that will restore budget reductions as business activity improves beyond the conservative estimates in the FY21 Budget. The restoration plan will reopen the Terminal B Garage, Economy Garage and/or employee parking in other currently closed lots, increase Logan Express busing frequencies and restore additional shuttle bus services at Logan Airport in a gradual and targeted manner. The plan also restores the payment to the Retiree Benefits Trust that was deferred in the FY21 Budget, as well as certain employee benefits and wage adjustments. The plan also calls for the restoration of certain capital projects.

**Massport Tenant Sustainability and Recovery Plan**

In response to requests for rate relief, on April 23, 2020, the Authority’s Board approved a tenant sustainability and recovery plan (the “FY20 Plan”) to support tenants and business partner relationships for the remainder of fiscal year 2020. Details of the FY20 Plan were provided in the May 6 voluntary EMMA filing.

On June 18, 2020, in response to continued requests for rate relief, the Authority's Board approved a Tenant Sustainability and Recovery Plan for 2021 (the "FY21 Plan"), effective July 1, 2020. The FY21 Plan includes the following provisions:

***Domestic and International Airlines.*** The FY21 Plan provides for an adjustment to certain activity based rates and charges (baggage fees, landing fees and Terminal E passenger fees), effective July 1, 2020 through September 30, 2020. Said activity based rates and charges shall then be subject to an additional true up for the period of October 1, 2019 through September 30, 2020 (the "2020 True-up") in amounts to be determined in September 2020. Each airline will be required to pay its applicable share of the 2020 True-up amounts due to the Authority, less its applicable share of a total of \$20,000,000 (said \$20,000,000, the "Accommodation Amount," and said 2020 True-up, less the Accommodation Amount, the "2020 Initial True-up Amount") not later than December 18, 2020 (the "Payment Deadline"), with any late payments bearing interest. Provided that an airline has paid to the Authority its applicable share of the 2020 Initial True-up Amount (as well as regular rates and charges for the use of the Airport due and unpaid before the Payment Deadline) on or before the Payment Deadline, the Authority expects to enter into an agreement with such airline to repay, as part of the annual rates and charges, its applicable share of the Accommodation Amount over a period of three (3) years, commencing January 1, 2021 and ending December 31, 2023 (the "Accommodation Period"), payable in equal monthly installments plus interest thereon at the then current Treasury bill interest rate, and pre-payable at any time without penalty. As a result of the FY21 Plan, the Authority expects that the collection of the \$20,000,000 Accommodation Amount will not be received in FY21, but rather will be received in installments over the three-year Accommodation Period.

***Airport Tenants.*** Certain terminal area concession tenants were granted a three month waiver of minimum annual guaranteed ("MAG") rent payments, but not percentage rent, pursuant to the FY20 Plan. The FY21 Plan approved an additional waiver of MAG, but not of percentage rent, commencing July 1, 2020 and ending not later than June 30, 2021, provided that each such tenant must enter into an agreement with its subtenant(s) to waive in its entirety subtenant MAG during the same time period. This waiver is expected to cost the Authority an estimated \$8.675 million in fiscal year 2021, which amount will not be recovered.

### **The Authority's Liquidity Position**

As of May 31, 2020, the Authority's liquidity position remained favorable. According to the internally prepared management statements, the Authority had \$663 million of restricted funds for capital projects and debt service, \$101 million of customer facility charge revenues, and \$59 million of passenger facility charge revenues, all of which may be used towards the Authority's Capital Program and debt payments. The Authority's unaudited unrestricted net position for the same period was \$229 million.

In addition, the Authority maintains a commercial paper facility of up to \$150 million of which \$22 million is outstanding as of the date of this notice. The Authority is exploring expanding its commercial paper facility to approximately \$200 million.

The Authority is also exploring other credit programs or facilities that might be available to it, including the short-term loans available from the Federal Reserve through the Municipal Liquidity Facility ("MLF") program implemented as part of the CARES Act.

### **Conclusion**

It remains uncertain whether airlines will reinstate service at reduced levels this summer, and if so, how passenger demand will respond. In addition to the expectation of significantly reduced passenger

demand, other variables that may affect domestic air travel include the speed at which different domestic and international geographic regions will recover from the pandemic as well as the potential for additional government mandated travel restrictions.

The Authority cannot predict (i) the duration or extent of the COVID-19 outbreak or another outbreak or pandemic; (ii) the scope or duration of restrictions or warnings related to air travel, gatherings or any other activities, and the duration or extent to which airlines will reduce services at the Airport, or whether airlines will cease operations at the Airport or shut down in response to such restrictions or warnings; (iii) what effect any COVID-19 or other outbreak or pandemic-related restrictions or warnings may have on air travel, cruise demand and port activity and the resulting impact on Authority revenues and expenses; (iv) whether and to what extent COVID-19 or another outbreak or pandemic may disrupt the local, state, national or global economies, manufacturing or supply chains, or whether any such disruption may adversely impact Airport- or Port- related construction, the cost, sources of funds, schedule or implementation of the Authority's Capital Program, or other Authority operations; (v) the extent to which the COVID-19 outbreak or another outbreak or pandemic, or the resultant disruption to the local, state, national or global economies, may result in changes in demand for air travel, or may have an impact on the airlines or concessionaires serving the Airport, or the airline and travel industry, generally; (vi) whether or to what extent the Authority may provide deferrals, forbearances, adjustments or other changes to the Authority's arrangements with its tenants and Airport concessionaires; or (vii) whether any of the foregoing may have a material adverse effect on the finances and operations of the Authority. Future outbreaks, pandemics or events outside the Authority's control may further reduce demand for travel, which in turn could cause a decrease in passenger activity at the Airport and declines in Authority revenues.

The COVID-19 pandemic is ongoing, and its dynamic nature leads to uncertainties, including relating to the ultimate geographic spread of the virus; the severity of the disease; the duration of the pandemic; actions that may be taken by governmental authorities to contain the outbreak or to treat its impact; the impact of the pandemic and any travel restrictions on the demand for air travel, including at the Airport, on port and cruise activity, or on Authority revenues and expenses; the impact of the outbreak on the local or global economy or on the airlines and concessionaires serving the Airport, or on the airline or travel industry generally.

*This statement contains "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Such statements may involve known and unknown risks, uncertainties, and other factors that may cause the actual results, performance and achievements to be different from future results, performance and achievements expressed or implied by such forward-looking statements. Investors are cautioned that the actual results could differ materially from those set forth in the forward-looking statements.*

*The publication of this statement does not constitute or imply any representation (i) that the foregoing is material to investors, (ii) regarding any other financial, operating or other information about the Authority or its bonds or (iii) that no other circumstances or events have occurred or that no other information exists concerning the Authority or its bonds which may have a bearing on the financial condition of the Authority, the security for its bonds, or an investor's decision to buy, sell or hold any bonds.*

MASSACHUSETTS PORT AUTHORITY

Date: July 17, 2020