

VOLUNTARY NOTICE
REGARDING COVID-19

This filing is made voluntarily by the Massachusetts Port Authority (“Massport” or the “Authority”) and speaks only of its date. The Authority is providing this voluntary disclosure to provide certain updates on the impact to date and its response to the COVID-19 pandemic. 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 Update on Business Activity

For fiscal year 2021, Boston Logan International Airport (the “Airport” or “Logan”), the principal source of the Authority’s revenues, operating expenses, and net revenues and the dominant factor in the determination of the Authority’s financial condition, continued to experience a decline in many financial and operating metrics as compared to fiscal year 2019, however, during the fourth quarter of fiscal year 2021, passenger and cargo volumes began increasing, with leisure travel activity improving as more of the public received their COVID vaccinations. Compared to the fiscal year 2021 budget, total Logan passengers for May 2021 were 9.9% higher than forecast, and in June 2021 passenger volume continued to trend up, at 22% higher than the previous month. Total June 2021 passengers of 2,121,185, was 46% lower than pre-pandemic June 2019 volume. Monthly airport passenger traffic for all of fiscal year 2021 and the first two months of fiscal year 2022 is set forth below:

	Logan Airport Passengers		
	Domestic	International	Total
Fiscal Year 2021			
July 2020	665,784	72,351	738,135
August	627,928	73,699	701,627
September	567,564	65,793	633,357
October	712,398	69,357	781,755
November	683,525	72,352	755,877
December	692,396	112,436	804,832
January 2021	633,420	106,827	740,247
February	654,281	76,748	731,029
March	954,339	115,832	1,070,171
April	1,285,233	142,054	1,427,287
May	1,599,810	144,315	1,744,125
June	1,914,638	206,547	2,121,185
Fiscal Year 2021 – Totals	10,991,316	1,258,311	12,249,627
Fiscal Year 2022			
July 2021	2,266,670	304,010	2,570,680
August	2,236,686	350,377	2,587,063
Fiscal Year 2019 – Totals	33,833,242	8,030,169	41,863,411
Fiscal Year 2021 – Totals	10,991,316	1,258,311	12,249,627

Major airlines at the Airport operated at 63% of pre-pandemic capacity during June 2021. In June 2021, Logan averaged approximately 788 daily flights, down from 1,250 per day in June 2019, but up 128% as compared to June 2020.

The following table presents the percentage variances for selective operating and financial data for fiscal year 2021, compared with the same periods for fiscal year 2019. Total passengers at Logan for fiscal year 2021

were 71% lower than fiscal year 2019. The percent decrease in Logan revenues generally reflects this reduced passenger activity. The upward trend in passenger activity during the last three months of the fiscal year correlate with improving Logan Airport parking, concession and rental car revenues.

Percentage Change Compared to Fiscal Year 2019

	<u>Jul</u> <u>2020</u>	<u>Aug</u> <u>2020</u>	<u>Sep</u> <u>2020</u>	<u>Oct</u> <u>2020</u>	<u>Nov</u> <u>2020</u>	<u>Dec</u> <u>2020</u>	<u>Jan</u> <u>2021</u>	<u>Feb</u> <u>2021</u>	<u>Mar</u> <u>2021</u>	<u>Apr</u> <u>2021</u>	<u>May</u> <u>2021</u>	<u>Jun</u> <u>2021</u>
Operational Metrics	-											
Domestic Passengers	-79.2%	-80.5%	-79.0%	-76.5%	-75.2%	-72.5%	-71.1%	-71.0%	-66.2%	-56.3%	-48.5%	-38.2%
International Passengers	-90.9%	-91.0%	-90.6%	-89.4%	-86.6%	-80.5%	-79.5%	-83.3%	-81.7%	-79.9%	-81.4%	-75.6%
Total Passengers	-81.5%	-82.7%	-81.3%	-78.7%	-77.1%	-74.0%	-72.7%	-73.1%	-69.0%	-60.9%	-55.0%	-46.3%
Total Operations	-58.9%	-61.2%	-63.4%	-63.2%	-58.2%	-56.9%	-58.4%	-59.8%	-54.6%	-52.6%	-48.9%	-37.0%

Revenue Metrics:												
Parking	-83.9%	-74.4%	-69.5%	-68.9%	-66.0%	-65.5%	-74.1%	-75.6%	-76.1%	-63.5%	-59.8%	-56.7%
Concession	-79.9%	-71.8%	-70.2%	-70.7%	-72.4%	-66.7%	-78.8%	-73.2%	-69.5%	-60.9%	-62.6%	-69.2%
Rental Car	-89.6%	-86.3%	-86.2%	-78.0%	-81.8%	-64.5%	-68.6%	-69.2%	-56.7%	-33.2%	-42.9%	-51.2%

Hanscom Field operations have rebounded to near pre-pandemic levels, with 116,128 total operations in fiscal year 2021, or 5% below fiscal year 2019 levels. At Worcester Regional Airport, JetBlue resumed service to New York-JFK in August 2021 with one daily flight, increasing to two daily flights in October 2021. In addition, JetBlue has announced it will resume service from Worcester Regional Airport to Fort Lauderdale in October 2021; Delta has announced it will begin service to New York-LaGuardia in November 2021; and American has announced it will resume service to Philadelphia in November 2021.

Conley Terminal processed 247,845 TEUs (twenty-foot equivalent units) for the 12-month period ending June 2021, which was 19% below the TEU volume for the 12-month period ending June 2019, and 12% lower than the TEU volume for the 12-month period ending June 2020. The Authority finished fiscal year 2021 volume with a total of 140,750 containers, or 35% ahead of budgeted activity, and the added container revenue was accretive to the Authority's fiscal year 2021 financial performance.

At Flynn Cruiseport Boston, limited cruises have resumed, with Crystal Cruises offering four 7-night sailings, aboard the Crystal Symphony, between Boston and Bermuda in August and September. Additionally, the Ocean Explorer, owned by Vantage Cruise Line, will visit Boston twice in fall 2021 on its inaugural season, sailing to destinations including the Bahamas and Brazil.

Monthly activity at the Authority's port properties for all of fiscal year 2021 and the first two months of fiscal year 2022 is set forth below:

	Maritime Port Properties				
	Containers	TEUs	Cruise Passengers	Automobiles	Bulk Tonnage
Fiscal Year 2021					
July 2020	13,946	24,386	-	2,316	2,719
August	11,594	20,339	-	4,292	11,565
September	14,530	25,790	-	3,981	7,239
October	12,746	22,366	-	5,809	11,585
November	10,680	18,982	-	5,696	11,528
December	14,265	25,434	-	5,324	11,545
January 2021	12,715	22,325	-	5,483	7,691
February	6,920	12,282	-	2,288	7,646
March	12,912	22,642	-	3,990	11,502
April	10,703	18,706	-	2,711	11,537
May	9,507	16,742	-	2,916	15,559
June	10,232	17,851	-	1,844	12,723
Fiscal Year 2021 – Totals	140,750	247,845	0	46,650	122,839
Fiscal Year 2022					
July 2021	9,614	15,098	-	4,244	11,641
August	8,463	16,895	478	2,741	13,149
Fiscal Year 2019 – Totals	174,849	307,331	395,972	50,727	83,844
Fiscal Year 2021 – Totals	140,750	247,845	0	46,650	122,839

Fiscal Year 2021 Results (Audited)

Ernst & Young LLP, the Authority’s independent auditors, completed the Authority’s fiscal year 2021 financial statements and issued a clean audit opinion (or “unmodified opinion”), with a September 30, 2021 opinion date. A summary of the Authority’s fiscal year 2021 financial performance calculated in accordance with Generally Accepted Accounting Principles (“GAAP”), as reflected in the audited financial statements is set forth below. For more information, reference is made to the Authority’s audited financial statements for fiscal years ended June 30, 2021 and 2020, which are available on the Authority’s website at:

<http://www.massport.com/massport/finance/financial-publications/annual-financial-statements>.

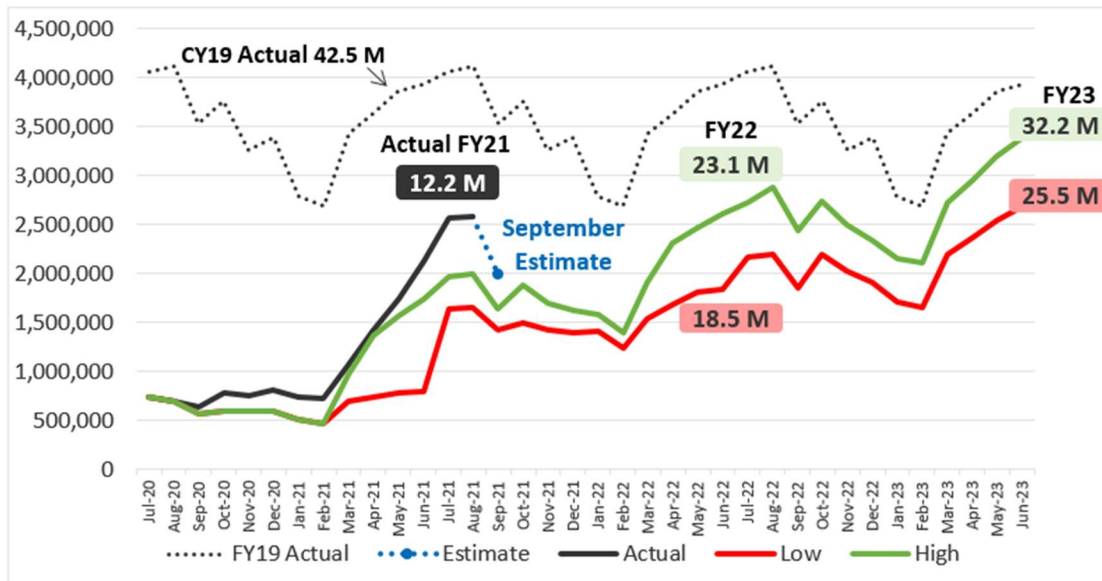
Fiscal Year 2021 Financial Performance:

- Operating revenues were \$657 million, or 20% lower than the prior year due to a decline in business activity caused by the COVID-19 pandemic and various travel bans. Logan Airport’s improved April, May, and June 2021 passenger activity helped drive fourth quarter operating revenues 29% higher than the average earnings from the first three quarters of the fiscal year.
- Operating expenses, excluding depreciation, totaled \$404 million, a reduction of \$102.6 million, or 20% compared to the prior year. Management enacted various cost containment programs, workforce sustainability plans, and several liquidity strategies to reduce costs (see “Update on Authority’s Plan for Financial Sustainability” below).

- Depreciation expense for fiscal year 2021 was \$307.6 million, an increase of \$8.2 million, or 2.8% compared to the prior year.
- The Authority ended the year with an operating deficit of \$54.9 million. Logan Airport’s improved fourth quarter passenger activity helped reverse three consecutive quarters of net losses. The Authority’s earned 4th quarter net income of \$22.4 million, partially offset the previous three quarters’ cumulative loss of \$77.3 million.
- Non-operating income totaled \$76 million, which was \$10 million lower than the prior year. Passenger facility charges, customer facility charges, interest income earned, and the value of investments were a combined \$82 million lower than the prior year. The Authority recognized a \$64 million increase in federal funding to support airport operations (see “Federal Funding to Assist Airports” below), and interest expense was reduced by \$11 million due to debt refinancing and restructurings.
- The Authority’s debt service coverage ratio for fiscal year 2021, prepared in accordance with accounting principles required by the 1978 Trust Agreement, was 5.51 and was aided by the debt restructuring program enacted by management as part of the Authority’s sustainability plan and liquidity strategy, and the accrual of federal support for airports through the Coronavirus Aid, Relief, and Economic Security Act (the “*CARES Act*”) and the Coronavirus Response and Relief Supplemental Appropriation Act (H.R. 133) (the “*CRRSA Act*”) (see “Update on Authority’s Plan for Financial Sustainability” below).
- In fiscal year 2021, the Authority’s CFC Trust coverage ratio was 2.05, exceeding the coverage required by the CFC Trust Agreement by 75 basis points.

Logan Airport Passenger Forecast

The Authority’s current passenger forecast for Logan Airport is reflected below, and reflects a recovery of 60-70% of 2019 passenger volume by fiscal year 2023:



As of July 2021, Logan averaged 378 daily departing flights with 112 non-stop destinations, compared to an average of 479 daily departing flights with 124 non-stop destinations as of February 2020. Logan’s passenger

volume for July and August exceeded the low end budget forecasts by 931,653 and 936,062, respectively. September passenger volume is also expected to exceed forecast by approximately 550,000.

Airline domestic capacity is returning much faster than international traffic. As of June 2021, 62% of domestic seat capacity at Logan has been restored, compared to June 2019. International seat capacity, however, has only seen a 38% restoration compared to June 2019. International passenger activity is slow to recover as travel beyond the United States remains largely closed. Destinations such as Halifax, Ottawa, Toronto City, Rome, Copenhagen, Beijing, Edinburgh, Sao Paulo, Shanghai, Hong Kong, and Casablanca, Cape Verde are among destinations that were serviced by Logan pre-pandemic, but that have not yet reinstated service as of July 2021.

Update on Authority’s Plan for Financial Sustainability

Reference is made to Appendix A of the Authority’s Official Statement dated March 10, 2021 (the “*Series 2021D/E Official Statement*”), relating to its Revenue Bonds, Series 2021-D (Non-AMT) and Series 2021-E (AMT), which is available on EMMA, for information on the Authority’s FY2021-2023 Financial Sustainability Plan. The Authority’s financial condition has improved as a result of actions taken to execute this plan. To date, nearly 90% of the Authority’s financial gap has been addressed through increased business activity (Logan passenger volume increasing, maritime container volume being better than originally planned, and real estate revenue collections exceeding budget forecasts), expense reductions from cost containment programs and workforce sustainability plans, budget relief provided from debt restructurings, and much needed federal assistance offered through the CRRSA Act and the American Rescue Plan Act of 2021 (H.R. 1319) (the “*ARP*”) for airports and concessions. See “Federal Funding to Assist Airports” below.

Fiscal Year 2022 Budget. On June 24, 2021, the Authority’s Board approved the Authority’s fiscal year 2022 operating budget (the “*FY22 Budget*”), which was prepared in accordance with the 1978 Trust Agreement and was based on an expectation of an incremental and measured recovery in passenger volumes and business activity. The FY22 Budget forecasts Logan passenger volumes to be 18.5 million in fiscal year 2022 (six million passengers higher than fiscal year 2021), and maritime container volume to be 140,000 (or 35% higher than fiscal year 2021), resulting in a revenue budget of \$685 million. The fiscal year 2022 revenue budget is \$85 million (or 14%) more than fiscal year 2021 as a result of this improved business activity. The Board also deferred a Logan Airport parking rate increase that was slated to go into effect on July 1, 2021. Instead, the Board kept the terminal parking daily rate of \$38 and the economy parking daily rate of \$29 unchanged, and introduced a new six-month “Virtual Economy” pilot parking rate, set at \$25 per day for in terminal parking for persons using the Airport’s new online parking reservation system. A year-to-year comparison of the business lines projected to generate the estimated \$685 million Authority-wide revenue budget is comprised of the following:

Revenue Budget Comparison* (\$ in millions)

	<u>FY21 Budget</u>	<u>FY22 Budget</u>	<u>\$ Change</u>	<u>% Change</u>
Total Massport – Revenue	\$600	\$685	\$85	14%
Logan	487	557	70	13%
Hanscom	12	14	2	17%
Worcester	2	2	0	0%
Maritime	60	75	15	25%
Real Estate	29	28	(1)	(4%)
Investment Income	10	10	0	0%

* Prepared in accordance with 1978 Trust Agreement.

The Authority-wide expense budget is estimated to be \$725 million in fiscal year 2022, a 1.7% increase over fiscal year 2021, and includes costs savings from a combination of the Authority’s workforce sustainability plan, a reduction in actuarially determined Pension and OPEB contributions, and other departmental cost containment initiatives. Increasing Logan passenger volume required Logan to return certain transportation services

previously suspended and frequencies were added to existing service to help reduce traffic congestion. Higher budgeted container volume at Conley Terminal required added expense for container handling services, and the Authority budgeted its OPEB payment for the year. The Authority established a new Recovery Reserve for additional service restoration, if needed, should business activity exceed current forecasts. The FY22 Budget is balanced using \$40 million in available federal ARP funding.

Expense Budget Comparison*
(\$ in millions)

	<u>FY21 Budget</u>	<u>FY22 Budget</u>	<u>\$ Change</u>	<u>% Change</u>
Total Massport - Expenses	\$713	\$725	\$12	1.7%
Operating Expenses				
Logan	327	335	8	2.4
Hanscom	14	14	0	0.0
Worcester	14	11	(3)	(21.4%)
Maritime	71	72	1	1.4
Real Estate	18	17.5	(0.5)	(2.7%)
OPEB	\$0	\$15	\$15	--
Capital Expenses	\$234	\$225	\$(9)	(3.8%)
Debt Service	149	130	(19)	(12.7%)
PayGo	85	95	10	11.8%
Other	\$35	\$35	\$0	--
Tenant Sustainability Plan	35	0	(35)	--
Massport Recovery Reserve	0	35	35	--

* Prepared in accordance with 1978 Trust Agreement.

Federal Funding to Assist Airports

The ARP, signed into law by the President on March 11, 2021, includes \$8 billion in additional funds to be awarded as economic relief to eligible U.S. airports and eligible concessions at those airports to prevent, prepare for, and respond to the COVID-19 public health emergency. On June 22, 2021, the FAA released specific allocations of the \$8 billion of funds among all eligible airports, which included \$146.65 million for the Authority (inclusive of concessions relief funding of \$17.8 million), allocated to the Authority's three airports as follows:

	<u>ARP – Airport Assistance</u>	<u>ARP – Concessions</u>	<u>Total ARP Funding</u>
Logan Airport	\$127.0 million	\$17.7 million	\$144.7 million
Worcester Regional Airport	\$1.7 million	\$0.1 million	\$1.8 million
Hanscom Field	\$0.2 million	-	\$.2 million
TOTAL	\$128.9 million	\$17.8 million	\$146.7 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 and expects to do the same for the additional federal ARP funding. Of the \$146.7 million of ARP funding allocated to the Authority's airports as described above, the Authority expects to apply \$40 million towards operating expenses and debt service associated with commercial parking, transportation service, concession related expenses and vacant terminal space, which will close the fiscal year 2022 financial gap. The Authority expects to work with its concession partners to best use approximately \$17.8 million of funds specifically earmarked for concessions as part of this new grant.

Tenant Sustainability and Recovery Plan – Updates

Reference is made to Appendix A of the Series 2021D/E Official Statement, which is available on EMMA, for information on the Tenant Sustainability and Recovery Plan for 2021 and the Temporary Airline Cost Center Relief (“TACCR”) program, which was established to offset certain airline activity charges in an amount not to exceed a total of \$43 million (the “TACCR Amount”). Participating airlines executed agreements to repay their applicable share of the TACCR Amount over a three year period, commencing July 1, 2021 and completing June 30, 2024. The actual TACCR Amount for the fiscal year ended 2021 was reduced to \$28.6 million as a result of overall cost savings and lower than anticipated international passenger traffic at Logan’s Terminal E.

On September 23, 2021, in response to low international passenger traffic in Terminal E caused by a series of international travel bans, the Authority’s Board approved a new \$16.5 million airline revenue deferral program for Terminal E carriers. This new program defers revenue collections from the fiscal year 2021 annual true-up rate adjustment for airline carriers caused by low international passenger traffic at Terminal E. The deferred true-up rate adjustment will be collected over time from the airlines in the form of overpayments made by airlines as a result of (i) international passengers using the facility exceeding budget, (ii) Terminal E operating expenses being less than budget, or (iii) some combination thereof.

Authority’s Liquidity Position

As of June 30, 2021, the Authority’s liquidity position remained favorable. According to the audited FY21 financial statements, the Authority had \$423.0 million of restricted funds for capital projects, \$224.2 million for debt service, \$38.0 million of customer facility charge revenues, and \$72.4 million of passenger facility charge revenues, all of which may be used towards the Authority’s Capital Program and debt payments. The Authority’s unrestricted net position increased to \$486.5 million from the prior year. Factors contributing to the increase in the Authority’s unrestricted net position include lower operating expenses and debt service savings produced by management’s liquidity strategies, investment returns on OPEB and pensions assets that exceeded actuarial estimates, expense reimbursements from federal CARES Act funds, and improved revenue collections from better business performance.

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

Furthermore, on May 3, 2021, the Authority redeemed in full its Subordinated Obligations, Series 2018-A (the “Series 2018 Subordinate Obligation”), which was held by a single bank lender pursuant to a private placement transaction. Accordingly, the Series 2018 Subordinate Obligation, which was issued in an initial aggregate principal amount up to \$107.5 million, is no longer outstanding.

Conclusion

It remains uncertain whether and to what extent airlines will reinstate service at the Airport to pre-pandemic levels, and, if so, how passenger demand will respond. In addition to the expectation of reduced passenger demand, other variables that may affect air travel include the speed at which different domestic and international geographic regions will recover from the pandemic, the potential for additional government mandated travel restrictions and the approval and distribution of COVID-19 vaccines to the world population and the related effect it may have on air travel.

The Authority cannot predict (i) the duration or extent of the COVID-19 pandemic 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: October 6, 2021