

MASSACHUSETTS PORT AUTHORITY
MINUTES OF THE MEETING HELD ON
NOVEMBER 15, 2018 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 November 15, 2018. Chairman Lewis G. Evangelidis presided. L. Duane Jackson, Patricia A. Jacobs, John A. Nucci, Sean M. O'Brien, Stephanie L. Pollack, Laura Sen, Thomas P. Glynn, CEO and Executive Director, Catherine McDonald, Chief of Staff, Michelle Kalowski, Acting Chief Legal Counsel, John P. Prankevicius, Director of Administration and Finance and Secretary-Treasurer, Edward C. Freni, Director of Aviation, Lisa Wieland, Port Director, Houssam H. Sleiman, Director, Capital Programs & Environmental Affairs, Joel Barrera, Director of Strategic & Business Planning, George Naccara, Chief Security Officer, Andrew Hargens, Chief Development Officer, Elizabeth Becker, Director, Community Relations and Government Affairs, Flavio Leo, Director of Aviation Planning & Strategy, Daniel Gallagher, Director of Aviation Business and Finance, Hayes Morrison, Deputy Director, Maritime & Transportation Planning, 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 October 18, 2018 Board Meeting

Upon a motion duly made and seconded, it was

VOTED:

To ratify and approve the minutes of the October 18, 2018 Board Meeting.

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

Chairman's Comments

Ms. Pollack joined the meeting at 9:03 A.M.

Mr. Evangelidis noted that this would be Tom Glynn's last Board Meeting as CEO. Mr. Evangelidis, along with the other Members, acknowledged Mr. Glynn's strong leadership, integrity, professionalism, intelligence, and strategic vision, and, also, thanked him for all that he and the Massport team accomplished during his tenure. Mr. Glynn expressed his thanks to the Members and he recognized the important roles of the Massport Board and staff in the collective success the Authority has attained.

Report of the CEO

Mr. Glynn presented information on some third quarter airline earnings and a decline in oil prices, on the October Federal Reserve Beige Book note that Logan passengers activity as of August had increased eight percent year-over-year, on JetBlue's inaugural flight to Cuba event, on Hainan Airlines announcement of Chongqing-Shanghai-Boston service, on a new seasonal route to Edinburgh operated by Delta, on the Terminal B modernization project including the new sports exhibit, on the growing traffic congestion attributed to transportation network companies, on some communication concepts for the Terminal B to C roadway project, on MedFlight's new headquarters facility at Hanscom, on Logan's ranking among the Wall Street Journal's top airports, on the Worcester Chamber of Commerce Event honoring Tom Glynn, on legislative funding for a new class of State Police recruits, on civil fines levied by the TSA against travelers who violated firearms regulations, on the increasing container and cruise ship activity nationally, on the procurement of three new cranes for Conley, on the November 9th cruise season event which included naming the Flynn Cruiseport mezzanine in honor of Pat Moscaritolo, on the commissioning of the USS Thomas Hudner at the Flynn Cruiseport, on the high interest in the 601 Congress space formerly the offices of John Hancock, on the ratification by the Teamsters Local 25 membership of its labor agreement with the Authority, on the Hispanic Heritage Month Event at the LOC, and on some personnel changes effective in November. Mr. Freni presented information on the October passenger volume at Logan, on the announcement that Icelandair would acquire WOW Air, on the crash of Lion Air's Boeing 737 Max aircraft, on the expected increase in air travel over the Thanksgiving Holiday period, and on the need to valet park cars at Logan over the last few days.

Strategic Plan Implementation

Ground Transportation Strategy

Mr. Barrera, Mr. Gallagher, Mr. Sleiman, and Ms. Morrison presented information on the Authority's commitment to HOV, on Logan off-airport ground transportation strategies including a remote bag check-in pilot program, on increasing public transit use, on expanding Logan Express and private bus services, on Logan on-airport strategies including the terminal, curbside, roadway, and automated people mover investments, on optimizing Logan TNC service, on commercial parking reservations and parking pricing at Logan, on modeling Logan's ground transportation options, and on a timeline for some next steps.

Winthrop PILOT

Mr. Glynn presented information on the 2005 Winthrop PILOT Agreement and, on the proposed new term and an adjustment to the PILOT payment.

Upon a motion duly made and seconded, it was

VOTED:

WHEREAS, the Town of Winthrop (“Winthrop”) is a host community for Logan Airport, and approximately one-third of Logan Airport’s runways are located within Winthrop; and

WHEREAS, Chapter 465 of the Acts of 1956 of the Commonwealth of Massachusetts, as amended (the “Enabling Act”), authorizes the Massachusetts Port Authority (the “Authority”) to enter into an agreement with Winthrop for annual payments-in-lieu-of-taxes (“PILOT”); and

WHEREAS, the Enabling Act sets forth that the amount of the annual PILOT payment is to be based on four factors: (1) the general level of property taxation in effect; (2) the effect of the Authority’s projects, facilities, and activities; (3) the general economic condition of the users of the Authority; and (4) the needs of the Authority to maintain or improve its facilities and projects; and

WHEREAS, the Authority and Winthrop last entered into a PILOT payment agreement in 2005 (“PILOT Agreement”) for a twenty year period, under which the Authority makes annual PILOT payments of \$900,000 to Winthrop; and

WHEREAS, the amount of the annual PILOT payment to Winthrop from the Authority has not been adjusted since the commencement of the PILOT Agreement thirteen (13) years ago; and

WHEREAS, under the terms of the PILOT Agreement, Winthrop may use the payment from the Authority for any lawful capital or operating cost or expense, but may not use the annual payment to fund, directly or indirectly, any lawsuit or other legal action against the Authority; and

WHEREAS, in 2016, in recognition of the impact of the Authority’s addition of seven new international gates to Terminal E, lifting of the parking freeze, and potentially building new parking facilities, the Authority and Winthrop agreed that the Authority would provide \$2.5 Million in additional PILOT payments to the Winthrop Foundation as mitigation for those projects, consistent with the Authority’s Enabling Act and the Authority’s Community & Regulatory Mitigation Policy; and

WHEREAS, since 2016, the effects of the Authority’s facilities and projects on Winthrop have continued to increase, including additional impacts in Winthrop during more hours of the day, particularly during early morning and evening hours, as a result of the 50% increase in the number of international flights to and from Logan Airport, many of which have late and/or early arrival and departure times; and

WHEREAS, the FAA Fiscal Year 2017 Terminal Area Forecast has forecasted continued passenger growth, including at Logan Airport, in the future, and:

WHEREAS, it is anticipated, and Winthrop acknowledges, that both passenger and flight volume will continue to grow at Logan Airport over the next seven (7) years, during which time the PILOT Agreement will be in effect; and it is also anticipated, and Winthrop acknowledges, that the Authority will continue to maintain and improve its facilities at Logan Airport to accommodate the passenger and flight volume growth; and

WHEREAS, taking into consideration the effect of the Authority's projects and facilities on Winthrop, as well as the cost and value of the benefits conferred upon the Authority and its patrons, tenants and other users by Winthrop in the form of specific services and general government by the Winthrop as instructed by the Enabling Act, an adjustment to the PILOT Agreement with Winthrop is appropriate, and the payment agreed upon in this Amendment does not exceed the apparent level of such conferred benefits.

NOW, THEREFORE, BE IT RESOLVED AND VOTED THAT:

1. The CEO & Executive Director, or his designee, is hereby authorized to negotiate on behalf of the Authority, and execute and deliver on behalf of the Authority an amendment (the "Amendment") to the PILOT Agreement, which Amendment shall be substantially consistent with this Vote, and shall contain such other terms and conditions not inconsistent with this Vote as the Authorized Officer executing such Amendment may determine are necessary or desirable.
2. The PILOT Agreement shall be amended by inserting at the end of Section 3, Amount of Annual Payments, Use, the following:

Notwithstanding any other provision to the contrary contained herein, for each fiscal year commencing on and after July 1, 2018, the Authority agrees to make to the Town the following annual in lieu of tax payments:

Fiscal Year	Adjustment to PILOT	Total Payment to Winthrop
FY2019	\$300,000	\$1,200,000.00
FY2020	\$150,000	\$1,350,000.00
FY2021	\$150,000	\$1,500,000.00
FY2022	\$150,000	\$1,650,000.00
FY2023	\$150,000	\$1,800,000.00
FY2024	\$100,000	\$1,900,000.00
FY2025	\$100,000	\$2,000,000.00

3. The PILOT Agreement shall also be amended to reflect Winthrop's acknowledgement that the PILOT payment has been adjusted based on the anticipated growth in passenger and flight volume at Logan Airport over the next seven (7) years, and that the Authority will maintain and improve its facilities at Logan Airport accordingly. In addition, the PILOT

Agreement shall continue to reflect that Winthrop is prohibited from using PILOT payments for legal action against the Authority.

4. The execution and delivery of the Amendment by the Authorized Officer is subject to the prior or simultaneous acceptance of the Winthrop Foundation Agreement by Winthrop.

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

Safety and Security Committee

Full Scale Exercise Update

Mr. Naccara provided information on the recent aviation security exercise held with the air carriers at Logan.

Human Resources and Compensation Committee

Preliminary Screening Committee Update/CEO Search Firm Contract

Ms. Pollack provided an update on the four firms that were interviewed by the Preliminary Screening Committee and on the Committee's unanimous selection of Isaacson Miller. Ms. Pollack noted that Isaacson Miller is a Boston firm with a national reach, that it understands the kind of CEO the Authority is seeking, and that it has a strong record in diverse candidate placements.

Upon a motion duly made and seconded, it was

VOTED:

To authorize the Acting Chief Executive Officer/Executive Director, the Acting Secretary-Treasurer or Assistant Secretary-Treasurer to execute on behalf of the Authority an agreement with Isaacson, Miller for CEO Executive Search services. 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, Jackson, Nucci, Pollack, O'Brien, and Sen voted Yes.

Community Outreach Committee

Massport CAC Update

Ms. Becker noted that at its Annual Meeting the CAC elected Dave Carlon for another term as Chairman and appointed Matthew Romero as Executive Director. Mr. Carlon noted that work continues on Block II of the RNAV study and the Fly Quiet Program consulting engagement.

RNAV Update

Mr. Leo noted that at the October CAC Meeting FAA staff provided an update on its review of the Block I alternatives and that MIT staff provided an update on its Block II analysis. Mr. Leo also noted that in October he was invited to the FAA's Next Gen Advisory Council Meeting in Washington, D.C. to make a presentation on the RNAV Study.

Facilities and Construction Committee

MPA L338 – Terminal E Modernization, Logan International Airport, East Boston, MA, Revised Partial Project Budget

Mr. Sleiman presented information on the higher than forecast growth in the international travel market, on additional ticket counters, on a larger security checkpoint, on new departure lounges, on additional concessions and airline clubs, on flex gates to accommodate the aircraft fleet mix, on additional bag claim devices, on additional curb capacity, on some building renovations, and on the project schedule.

Upon a motion duly made and seconded, it was

VOTED:

To authorize the Acting Chief Executive Officer/Executive Director, Acting 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 Terminal E Modernization (MPA L338) subject to the following conditions: funds expended for the Terminal E Modernization Capital Project shall not exceed \$133,000,000.00 (the "Approved Revised Partial Budget"), as shown on the Financial Summary presented at the Board Meeting on November 15, 2018; the Director of Capital Programs and Environmental Affairs shall provide to the Board annual updates on expenditures, contract amendments and change orders related to the Terminal E Modernization 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 Revised Partial Budget; and the Director of Capital Programs and Environmental Affairs also shall report any material changes to the scope of work for this Capital Project as described in the backup materials presented at the Board Meeting on November 15, 2018. The Acting Chief Executive Officer/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. The Authority intends to fund all or a portion of the cost of this Capital Project with tax-exempt bonds. 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 Evangelidis, Jacobs, Jackson, Nucci, Pollack, O'Brien, and Sen voted Yes.

MPA L1429 – Terminal C Optimization and Terminal C to Terminal B Connector, Logan International Airport, East Boston, MA, Revised Partial Project Budget

Mr. Sleiman presented information on the project objectives and scope, on the project phasing, and on project constraints.

Upon a motion duly made and seconded, it was

VOTED:

To authorize the Acting Chief Executive Officer/Executive Director, Acting 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 Terminal C Optimization and Terminal C to Terminal B Connector (MPA L1429) subject to the following conditions: funds expended for the Terminal C Optimization and Terminal C to Terminal B Connector Capital Project shall not exceed \$90,000,000.00 (the "Approved Revised Partial Budget"), as shown on the Financial Summary presented at the Board Meeting on November 15, 2018; the Director of Capital Programs and Environmental Affairs shall provide to the Board annual updates on expenditures, contract amendments and change orders related to the Terminal C Optimization and Terminal C to Terminal B Connector 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 Revised Partial Budget; and the Director of Capital Programs and Environmental Affairs also shall report any material changes to the scope of work for this Capital Project as described in the backup materials presented at the Board Meeting on November 15, 2018. The Acting Chief Executive Officer/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. The Authority intends to fund all or a portion of the cost of this Capital Project with tax-exempt bonds. 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 Evangelidis, Jacobs, Jackson, Nucci, Pollack, O'Brien, and Sen voted Yes.

MPA L1556 – Terminal B Gate Reconfiguration, Logan International Airport, East Boston, MA,
Project Budget

Mr. Sleiman presented information on the existing and future airline gate assignments and an overview of the scope of work.

Upon a motion duly made and seconded, it was

VOTED:

To authorize the Acting Chief Executive Officer/Executive Director, Acting 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 Terminal B Gate Reconfiguration (MPA L1556) subject to the following conditions: funds expended for the Terminal B Gate Reconfiguration Capital Project shall not exceed \$15,000,000.00 (the "Approved Budget"), as shown on the Financial Summary presented at the Board Meeting on November 15, 2018; the Director of Capital Programs and Environmental Affairs shall provide to the Board annual updates on expenditures, contract amendments and change orders related to the Terminal B Gate Reconfiguration 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; and the Director of Capital Programs and Environmental Affairs also shall report any material changes to the scope of work for the Capital Project as described in the backup materials presented at the Board Meeting on November 15, 2018. The Acting Chief Executive Officer/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 Evangelidis, Jacobs, Jackson, Nucci, Pollack, O'Brien, and Sen voted Yes.

Real Estate and Strategic Initiatives Committee

Piers Park 3 – Memorandum of Understanding

Mr. Hargens presented information on the scope of work for the MOU including some additional project details that the Trustees are expected to provide to staff during the term of the MOU.

Upon a motion duly made and seconded, it was

VOTED:

WHEREAS, the Authority is the owner of Pier 3 located off Marginal Street in East Boston, Massachusetts (“*Pier 3*”); and

WHEREAS, on or about February 2, 2018, the Authority issued a Request for Proposals (“*RFP*”) for the reuse of Pier 3 as a public open space park that would complement but be developed separately from the Authority’s Piers Parks 1 and 2; and

WHEREAS, on or about April 20, 2018, The Trustees of Reservations (“The Trustees”) submitted a proposal in response to the RFP, which set forth a preliminary concept for the reuse of Pier 3 as a public open space park; and

WHEREAS, The Trustees were unable to conduct certain preliminary site investigations of the Pier prior to the time for submittal of its proposal in accordance with the RFP; and

WHEREAS, the parties desire to have The Trustees submit a more thorough proposal of the reuse of the Pier for review by the Authority, and in connection therewith, the Authority has agreed to grant The Trustees permission for a period of six (6) months with an option to extend for three (3) additional months, to enter Pier 3 and the adjacent lands and watershed owned by the Authority in order to perform agreed upon site investigation of Pier 3 for reuse as a public open space pursuant to the terms of a Right of Entry (“ROE”) and a Memorandum of Understanding (“MOU”) between the parties.

NOW, THEREFORE, BE IT RESOLVED AND VOTED:

To authorize (i) the Authority’s Chief Development Officer and the Chief Legal Counsel, or their designees, each acting singly, to negotiate a ROE and a MOU with The Trustees to permit The Trustees, for a period of six (6) months with an option to extend for three (3) additional months, to perform agreed upon site investigation of Pier 3 for reuse as a public open space and to refine its proposal in order for the Authority and The Trustees to better evaluate the feasibility of the reuse of Pier 3 for public open space, and (ii) the Acting Chief Executive Officer/Executive Director, the Acting Secretary-Treasurer or the Assistant Secretary-Treasurer, each acting singly (each, an “Authorized Officer”), to execute and deliver on behalf of the Authority, a ROE and MOU with The Trustees on such terms and conditions not inconsistent with this Vote as the Authorized Officer executing such agreements may determine are necessary or desirable.

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

Mr. Glynn presented information on the residential focus of the proposed Suffolk Downs project, and on its potential impact on the number of daily vehicle trips and the resulting traffic challenges.

776 Summer Street

Mr. Hargens presented information on the proposed 776 Summer Street project which includes rental, condo, office, and hotel components. Mr. Hargens noted that both the permitting and community processes for the project are ongoing.

Audit and Finance Committee

Assent Agenda

MPA M582 – Department of Army Land Swap/Fort Devens Improvements, Maritime, South Boston, MA, Project Budget

Upon a motion duly made and seconded, it was

VOTED:

To authorize the Acting Chief Executive Officer/Executive Director, Acting 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 Department of Army Land Swap/Fort Devens Improvements (MPA M582) subject to the following conditions: funds expended for the Department of Army Land Swap/Fort Devens Improvements Capital Project shall not exceed \$13,350,000.00 (the "Approved Budget"), as shown on the Financial Summary presented at the Board Meeting on November 15, 2018; the Director of Capital Programs and Environmental Affairs shall provide to the Board annual updates on expenditures, contract amendments and change orders related to the Department of Army Land Swap/Fort Devens 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; and the Director of Capital Programs and Environmental Affairs also shall report any material changes to the scope of work for the Capital Project as described in the backup materials presented at the Board Meeting on November 15, 2018. The Acting Chief Executive Officer/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 Evangelidis, Jacobs, Jackson, Nucci, Pollack, O'Brien, and Sen voted Yes.

MPA L1600 – Terminal B, Pier A Security Checkpoint Improvements, Logan International Airport, East Boston, MA, Project Budget

Upon a motion duly made and seconded, it was

VOTED:

To authorize the Acting Chief Executive Officer/Executive Director, Acting 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 Terminal B, Pier A Security Checkpoint Improvements (MPA L1600) subject to the following conditions: funds expended for the Terminal B, Pier A Security Checkpoint 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 November 15, 2018; the Director of Capital Programs and Environmental Affairs shall provide to the Board annual updates on expenditures, contract amendments and change orders related to the Terminal B, Pier A Security Checkpoint 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; and the Director of Capital Programs and Environmental Affairs also shall report any material changes to the scope of work for the Capital Project as described in the backup materials presented at the Board Meeting on November 15, 2018. The Acting Chief Executive Officer/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 Evangelidis, Jacobs, Jackson, Nucci, Pollack, O'Brien, and Sen voted Yes.

MPA AP1601-C1, FY16-19 Elevator, Escalator, Moving Walkway Maintenance Option Years Term Contract Amendment

Upon a motion duly made and seconded, it was

VOTED:

To authorize the Acting Chief Executive Officer/Executive Director, the Acting Secretary-Treasurer or Assistant Secretary-Treasurer to execute on behalf of the Authority an amendment for MPA AP1601-C1, FY16-19 Elevator, Escalator, Moving Walkway Maintenance Term Contract with Otis Elevator Company in order to exercise two, one-year option periods. Under the terms of the amendment the not-to-exceed amount will be increased \$8,306,618.00 resulting in a total not-to-exceed amount of \$19,143,398.00 for the five year period ending February 28, 2021. The amendment shall contain such other terms and conditions as the person executing in accordance with this vote deems necessary or desirable.

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

Peabody Logan Express Facility Management Option Years Contract Amendment

Upon a motion duly made and seconded, it was

VOTED:

WHEREAS, the Authority and Pilgrim Parking, Inc. (the “Operator”) entered into a Revenue Collection and Parking Lot Operating Agreement (the “Agreement”) designated LL-12657, for the management of the facility and parking lot at Peabody Logan Express, with an initial term of four (4) years, and a two-year option period to be exercised at the discretion of the Authority, subject to further board action; and

WHEREAS, the Authority desires to exercise the two-year option period.

NOW THEREFORE, BE IT RESOLVED THAT:

The Director of Aviation and the Chief Legal Counsel or their designees are hereby authorized to negotiate, and the Acting Chief Executive Officer/Executive Director, the Acting 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 amendment to the Agreement exercising the two-year option period, commencing September 1, 2018. The amount payable over the total six-year term of the Agreement, \$1,620,000, remains unchanged. The agreement as amended shall contain such other terms and conditions consistent with this vote as the Authorized Officer executing the amendment in accordance with this vote deems necessary or desirable.

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

Flynn Cruiseport Boston Incentive Program Extension

Upon a motion duly made and seconded, it was

VOTED:

WHEREAS, Flynn Cruiseport Boston (“Cruiseport Boston”) operates in an extremely competitive global and constantly fluctuating environment; and

WHEREAS, the Authority is committed to increasing cruise passenger volumes and the corresponding economic benefits and jobs that Cruiseport Boston supports; and

WHEREAS, as a means of sustaining and growing Cruiseport Boston's cruise passenger volumes and the \$187 million in economic benefits and nearly 2,000 jobs that our cruise business supports throughout the greater Boston and Massachusetts economy, the Board had previously voted to establish a multi-year Cruiseport Boston Incentive Program (the “Incentive Program”); and

WHEREAS, based upon further review of the Incentive Program with current cruise line customers, it was determined by the Maritime staff that extending and modifying certain terms of the Incentive Program would be necessary to keep Cruiseport Boston attractive and competitive with other East Coast cruise ports.

NOW THEREFORE, BE IT RESOLVED AND VOTED:

To authorize the Acting Chief Executive Officer/Executive Director, Acting Secretary-Treasurer, Assistant Secretary-Treasurer, Port Director and Chief Legal Counsel or their respective designees to take such steps as may be necessary and appropriate to (i) extend the Cruiseport Boston Cruise Marketing Incentive Program (“Cruise Incentive Program”) through the 2021 and 2022 cruise season (i.e., January 1, 2021 through and including December 31, 2022); and (ii) modify the Cruise Incentive Program consistent with the terms and conditions set forth in **Attachment A** to this vote, and such other terms and conditions as are not inconsistent with this Vote, but are deemed necessary or desirable by the aforesaid parties.

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

ATTACHMENT A

**CRUISEPORT BOSTON INCENTIVE PROGRAM MODIFICATION
 FOR CRUISE SEASON 2021 and 2022**

In the event that the respective cruise line customer meets or exceeds its minimum annual cruise passenger commitments for a given Cruise Season, then one or more of the following incentives will be provided to such cruise lines; provided however, with respect to the New/Larger Ship Incentive and the New Itinerary Incentive, in the event that a cruise line customer has a cruise ship which may qualify for both incentives, the cruise line will only be eligible for the award of greater value.

I. Marketing Incentive

Any cruise line customer that meets or exceeds its minimum annual cruise passenger commitment (baseline) in a given year will be eligible for a Marketing Incentive award in an amount up to the cruise passenger fee charged per passenger pursuant to Terminal Tariff No. 2, R32B for every cruise passenger above that baseline, up to 110% of the Minimum Annual Cruise Passenger Commitment. The Marketing Incentive award is intended to support additional marketing efforts by the cruise line customers that are specific to Cruiseport Boston and/or specific to itineraries that include Cruiseport Boston. Each cruise line will be eligible for four (4) potential tiers of payout awards, depending on their minimum annual cruise passenger commitment and the number of actual passengers for a given Cruise Season for such cruise line. This incentive is capped at 110% of the minimum annual cruise passenger commitment. The minimum annual cruise passenger incentive thresholds, as well as the actual incentive award, are subject to further negotiations.

INCENTIVE THRESHOLDS
PAX > 110% of Minimum
PAX 107%-110% of Minimum
PAX 103%-107% of Minimum
PAX 100%-103% of Minimum

Example:

Cruise Line “A”: 2017 Cruise Season

2017 Baseline	123,179
2017 Actual Number of Passengers	137,307
Minimum Annual Passenger Volume >110% Cap	135,497
Marketing Incentive Award	\$180,457

II. New/Larger Ship Incentive

Any cruise line customer that and meets or exceeds its minimum annual cruise passenger commitment in a given year will be eligible for the incentives below, subject to additional qualifying criteria and terms as noted:

Incentive	Amount Awarded	Additional Criteria/Terms
New Ship (<5 years)	\$50,000	minimum 10 turns/ up to two (2) consecutive years
Larger Ship (>5%)	\$100,000	minimum 10 turns/ up to two (2) consecutive years
New Ship + Larger Ship	\$150,000	minimum 10 turns/ up to two (2) consecutive years

Example:

In 2019, Cruise Line “B” replaces the *Ship “A”* with new *Ship “B”*. The new *Ship “B”* comes to Cruiseport Boston for 12 turns for two (2) consecutive years. Cruise Line “B” qualifies for a new ship incentive of \$50,000.

III. New Itinerary Incentive.

Subject to the additional passenger delivery and additional criteria/terms, any cruise line customer that (a) initiates a new homeport cruise itinerary based at Cruiseport Boston, and (b) meets or exceeds its minimum annual cruise passenger commitment (baseline) set forth below in a given Cruise Season, will be eligible for the following incentives:

i. Caribbean Itinerary:

Vessel Size/ Additional Passengers Delivered	Amount Awarded	Additional Criteria/Terms
Ship >3,000 PAX	\$294,000/year	minimum 7 turns/ up to three (3) years
Ship 2,000-3,000 PAX	\$168,000/year	minimum 7 turns/ up to three (3) years
Ship 1,000-2,000 PAX	\$70,000/year	minimum 7 turns/ up to three (3) years
Ship <1,000 PAX	\$0	n/a

ii. Non-Caribbean Itinerary:

Vessel Size/ Additional Passengers Delivered	Amount Awarded	Additional Criteria/Terms
Ship >3,000 PAX	\$252,000/year	minimum 7 turns/ up to two (2) years
Ship 2,000-3,000 PAX	\$140,000/year	minimum 7 turns/ up to two (2) years
Ship 1,000-2,000 PAX	\$56,000/year	minimum 7 turns/ up to two (2) years
Ship <1,000 PAX	\$0	n/a

Example:

Cruise Line “C” initiates a new Boston to Caribbean sailing, which turns at Cruiseport Boston 8 times in the 2021 Cruise Season. This ship has a capacity of 1,840 passengers. Therefore, they would be eligible for \$70,000 per year, up to 3 years.

General Program Guidelines:

- i. All cruise line customers that wish to participate in the Cruise Incentive Program shall submit a written letter to the Authority no later than October 1 of the year prior to the commencement of a given Cruise Season, which
 - a. provides a minimum cruise passenger volume projection for the following Cruise Season, and
 - b. outlines which Program incentives the cruise line customer expects to qualify for, how the cruise line customer expects to qualify, and the total dollar amount of the incentives the cruise line customer expects to be awarded.
- ii. All incentives will be paid at the end of the Cruise Season in which the incentives were earned (i.e. in December) once final cruise passenger volumes for such season have been reported and reconciled by Maritime Staff.
- iii. The Authority reserves the right to approve or deny, in its sole discretion, all Cruise Incentive Program participation, subject to qualifying criteria being met as agreed. Further, the Authority reserves the right to re-evaluate and/or modify and/or cancel the Cruise Incentive Program at any time for any reason, but will honor all incentives earned pursuant to the Cruise Incentive Program through the end of the then current Cruise Season.

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 Commonwealth Pier Redevelopment Lease Amendment, Roseland Pier 1 Interim Lease, the Massport Marine Terminal Parcel 5 – Pilot Development, and Parcel A-2 Developer Designation, 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 the deployment of security personnel or devices, or strategies with respect thereto.

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

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

The public session adjourned at 11:35 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