

**Massachusetts Port Authority
Board Meeting**

June 27, 2024



Public Comment

Chair's Comments

MASSACHUSETTS PORT AUTHORITY

Laura Sen, Vice Chair, Board of Directors, 2017-2024



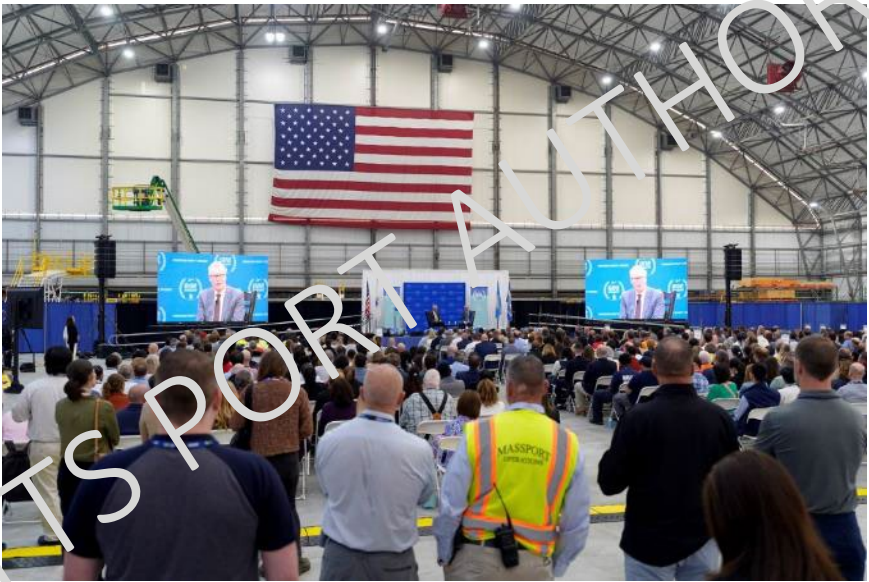
MASSACHUSETTS PORT AUTHORITY

CEO Report
Interim CEO Ed Freni

Massport Goals – FY 2024

1. Ensure safe and secure facilities
2. Generate economic impact for the Commonwealth
3. Enhance the customer experience
4. Improve financial and operational performance
5. Embed DE&I into our organizational DNA
6. Advance our environmental leadership
7. Bring about digital transformation
8. Maintain strong relationships with business partners, customers, stakeholders, elected officials, surrounding communities and employees

Massport held its annual One Massport meeting and Outstanding Achievement Awards with Ed Bastian, Delta Air Lines CEO, and Secretary Monica Tibbitts-Nutt



CMAA New England recognized outstanding Massport projects and Luciana Burdi, Director - Capital Programs and Environmental Affairs



Massport launched the 2024 Summer Drone Safety educational campaign to promote safe drone usage

2024 Summer Drone Safety Campaign:

- Provides drone operators with a direct link to the FAA rules for safe drone piloting
- Promoted on social media, print ads in 17 local publications including Spanish language
- Targets communities within a 10-mile radius of our facilities



5 TIPS FOR DRONE SAFETY THIS SUMMER

STAY CLEAR OF CONTROLLED AIRSPACES AND KNOW THE RULES:

- 1 Register your drone
- 2 Never fly near any aircraft, airports or other controlled airspace
- 3 Keep your drone in sight at all times
- 4 Always fly below 400 feet
- 5 Learn the rules for Remote ID and flying over crowds

SCAN FOR MORE INFO ON DRONE SAFETY

Register your drone with the Federal Aviation Administration at faadronezone.faa.gov

massport massDOT

June 2024 issue of Boston Magazine highlights several restaurants at Logan Airport



Featured Logan Restaurants:

- Fox & Flight (Terminal A)
- Boston Harbor Distillery (Terminal E)
- Cisco Brewers (Terminal B)
- Shojo (Terminal C)
- Boston Public Market (Terminal C)
- Legal Sea Foods (Terminal E)
- Lucca (Terminal B)
- Santarpio's (Terminal C)
- Alta Strada (Terminal A)
- Davio's (Terminal C)
- Otto (Terminal B)
- Temazcal (Terminal B)
- Bruins Bar (Terminal A)

Financial Performance: April 2024

Activity Highlights

- Logan served 3.6M passengers
- Conley Terminal processed 12,900 containers
- Real Estate revenues exceeded plan by \$0.7M
- Expenses were \$1.2M above budget

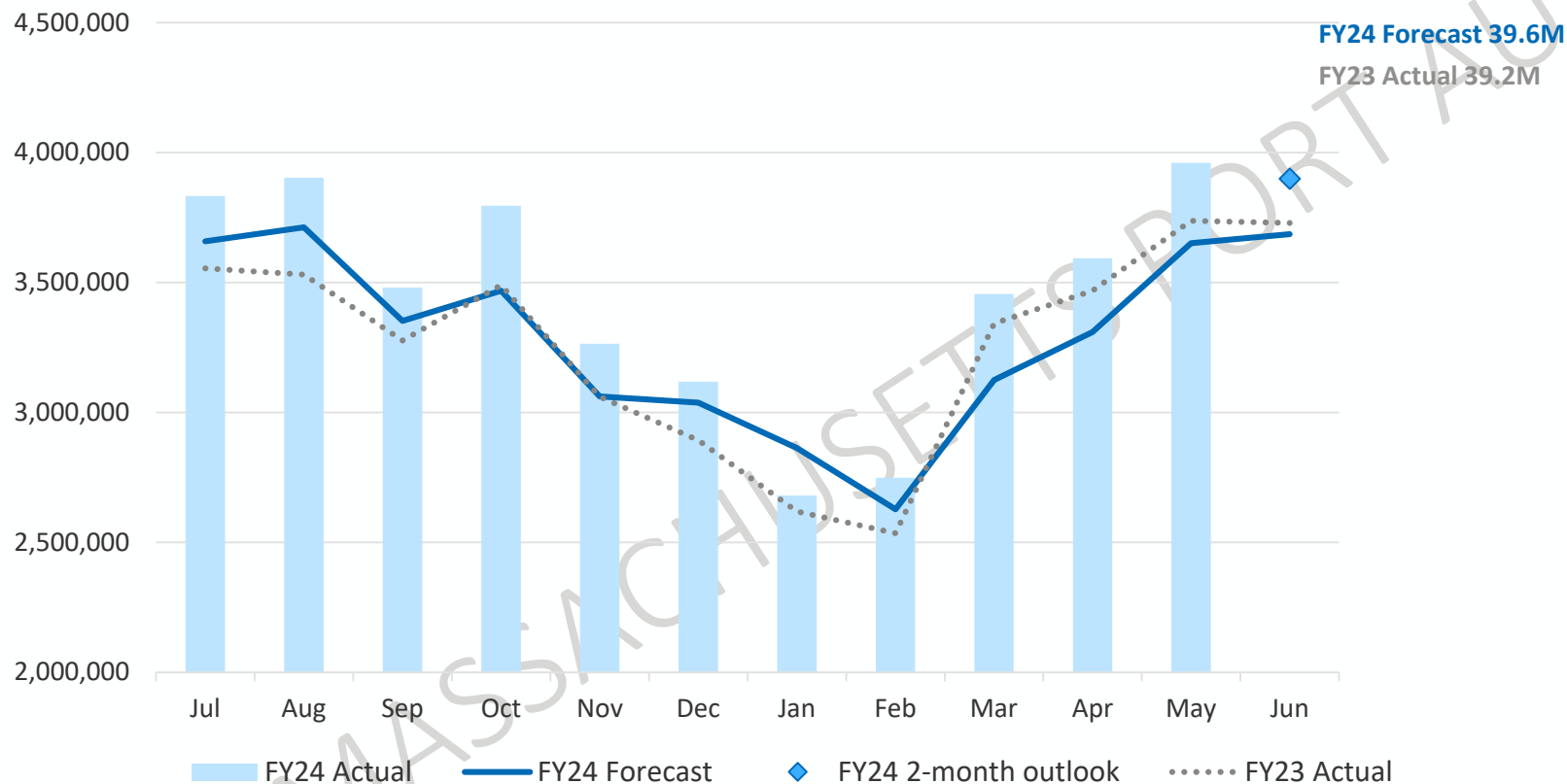
Financial Results

Revenues	\$104M
Expenses	<u>(\$96M)</u>
Contribution	\$8M

Net contribution will be used to fund the FY24-28 Capital Program including Net Zero initiatives and HOV enhancements

Logan passenger activity is exceeding forecast as the economy continues to outperform prior expectations

Logan Passengers
Actual vs. Forecast and Prior Year



Passenger Activity vs Forecast

- May: +8%
- FYTD: +5%

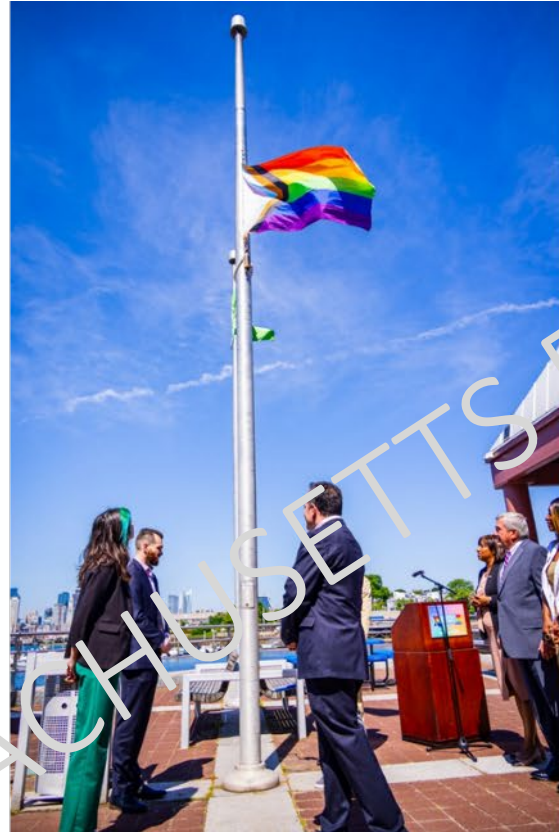
Outlook

- Very strong summer demand
- Business travel recovering
- Airline schedules reflect aircraft supply challenges
- FAA air traffic controller shortages persist
- Slow and steady economic growth with signs that inflation is decelerating

Dr. Gururaj “Desh” Deshpande joined Massport to celebrate Asian American, Native Hawaiian and Pacific Islander Heritage Month



Massport celebrated Pride Month with Flag Raisings



Logan Office Center Flag Raising



Piers Park Flag Raising

Summer Fish & Farm Market Opens at the Boxes at the Boston Fish Pier

- Massport is partnering with Mass Farmers Markets to create a weekly market promoting food access and the local seafood industry
- Market will operate from the Boxes at the Fish Pier Saturdays, 11AM-3PM, from June 22 to October 26
- Multiple Massport seafood tenants are participating



MASS FARMERS MARKETS PRESENTS

FISH & FARM MARKET

at the Boston Fish Pier

OPENING DAY IS
SATURDAY, JUNE 22
11 AM - 3PM

EVERY SATURDAY
THROUGH OCT 26

FEATURING
LOCAL FARMERS + SEAFOOD
+ FOOD VENDORS

Learn more at
FishandFarmMarket.org



ACI Recognized Logan Airport for Best Airport Concessions Employee Recognition Program



- In April 2023, MarketPlace launched the **BOS Concessions Employee of the Quarter** awards program to recognize concession employees who deliver exceptional customer service
- The program was recently recognized by ACI as the **Best Airport Employee Recognition Program in 2024**
- Massport has received multiple inquiries from other airports that wish to design similar programs

The Aviation & Maritime STEM Expo attracted approx. 2,000 students and educators from Greater Boston to learn about careers in science, technology and sustainability

- A collaboration with the FAA
- Geared for 8th-12th graders
- Exhibitors come from industry, government and academia
- Students engage in hands-on demonstrations and activities, see aircraft and equipment, network and learn about career and educational opportunities



Massport awarded the 2024 Diversity STEM and Memorial Scholarships

- Two students from Boston were awarded \$5,000 Diversity STEM scholarships
- Four students from East Boston, South Boston and Dorchester were awarded \$5,000 Memorial scholarships in honor of former Massport employees
- Since 2011, Massport has awarded more than \$300,000 in scholarships to 96 students from neighboring communities



Leah Mai, Marcelyn Sheily Tavares Rosa, Esperanza Knudson, Gia Minh Nguyen, Liliana Vargas Bonilla, Marielle Rehm (not pictured)

Report of the Director of Aviation
Ed Freni

Strong international demand drove Logan Airport activity in May

Logan Activity May 2024

	Month	Prior Year	% Change Over Prior Year	FYTD 2024	FYTD 2023	% Change Over FYTD 2023
Passengers	4.0M	3.7M	6.0%	37.8M	35.5M	6.6%
Aircraft Operations	36.7K	35.9K	2.1%	359.2K	362.4K	-0.9%

New services were launched from Logan Airport in June

International



- **Porto**
 - 1x weekly
 - Seasonal: June 4 - September 24
- **Funchal**
 - 1x weekly
 - Seasonal: June 5 - September 24

Domestic



Panama City, Florida

- 1x weekly
- Seasonal: June 8 - August 31



San Juan, Puerto Rico

- 3x weekly
- Effective June 2, year round

Worcester Regional Airport continued to see passenger growth in May

May 2024

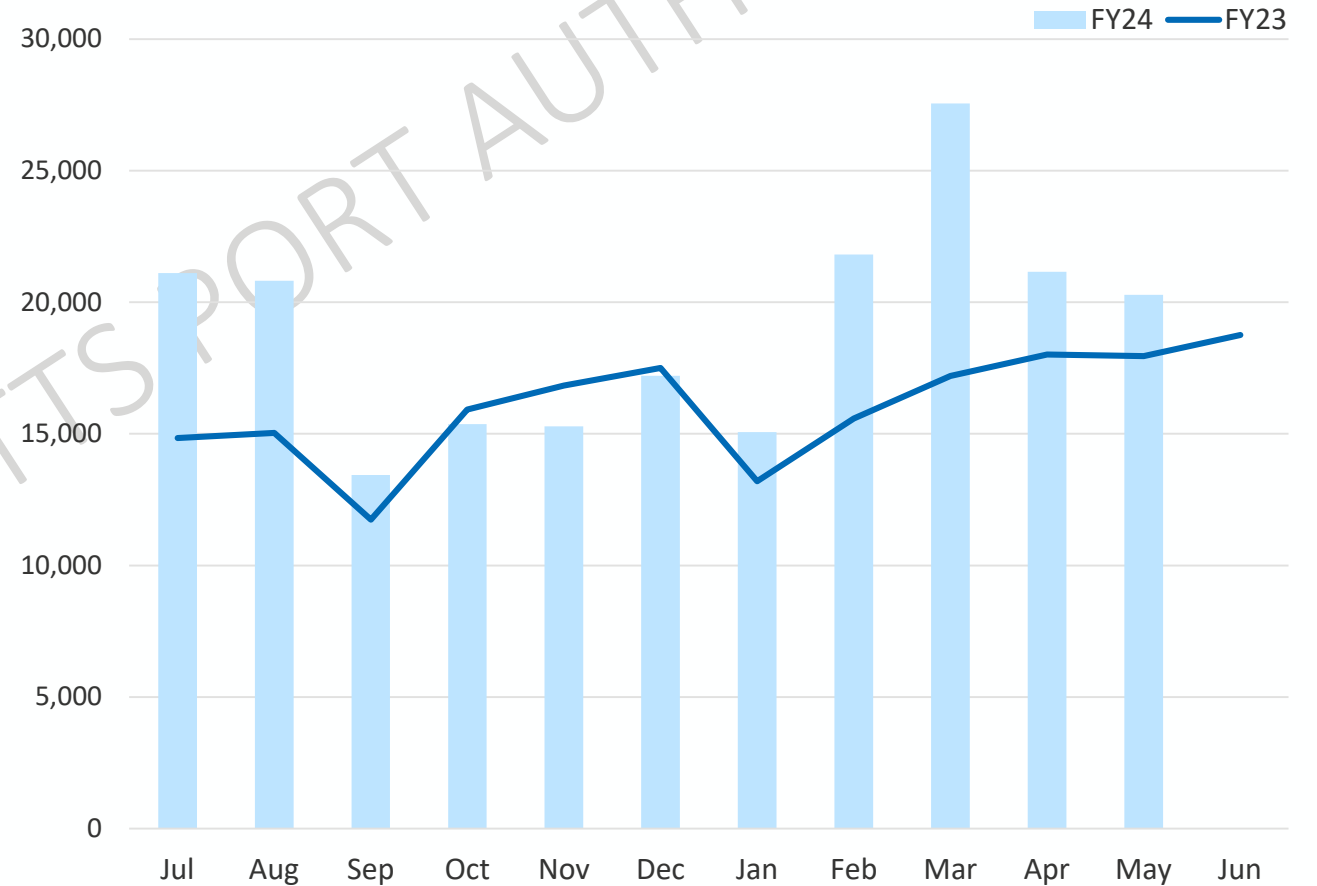
- 20,280 passengers - up 13% over 2023

FYTD 2024

- 209,100 passengers - up 20% over FYTD 2023



Worcester Regional Airport Passengers

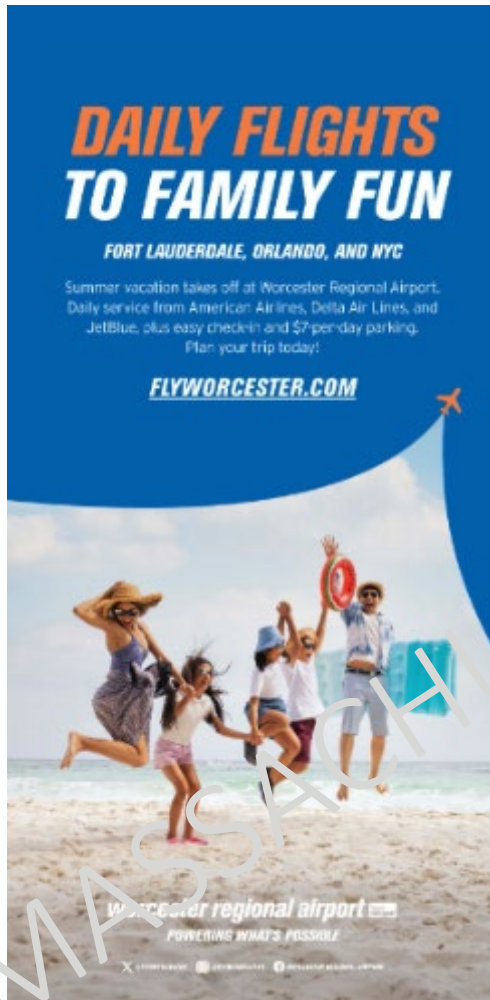


Worcester Summer Marketing: Campaign Live Dates: 5/27-9/1

Print:

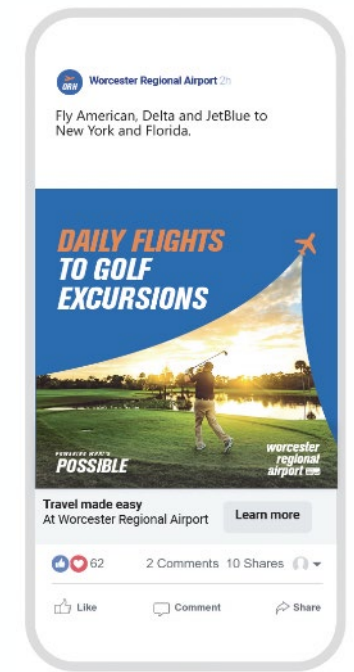
Community Advocate

TELEGRAM & GAZETTE



Social:

facebook
Instagram

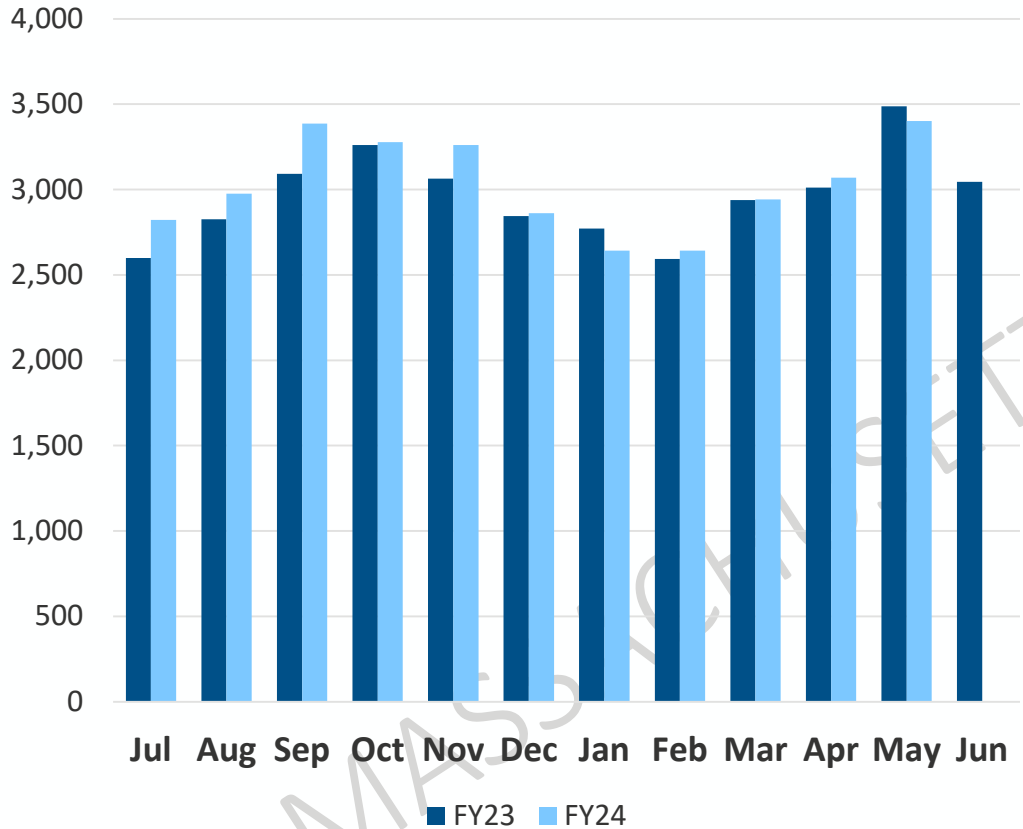


Billboard:



At Hanscom, weather negatively affected aircraft operations in May, while FYTD 2024 activity is 2% higher than the prior FYTD

Hanscom Field
Jet Operations



May Activity:

	Jets	Total
Operations	3,400	11,100
Chg vs 2023	-2%	-11%
Chg vs 2019	18%	-8%

FYTD 2024 Activity:

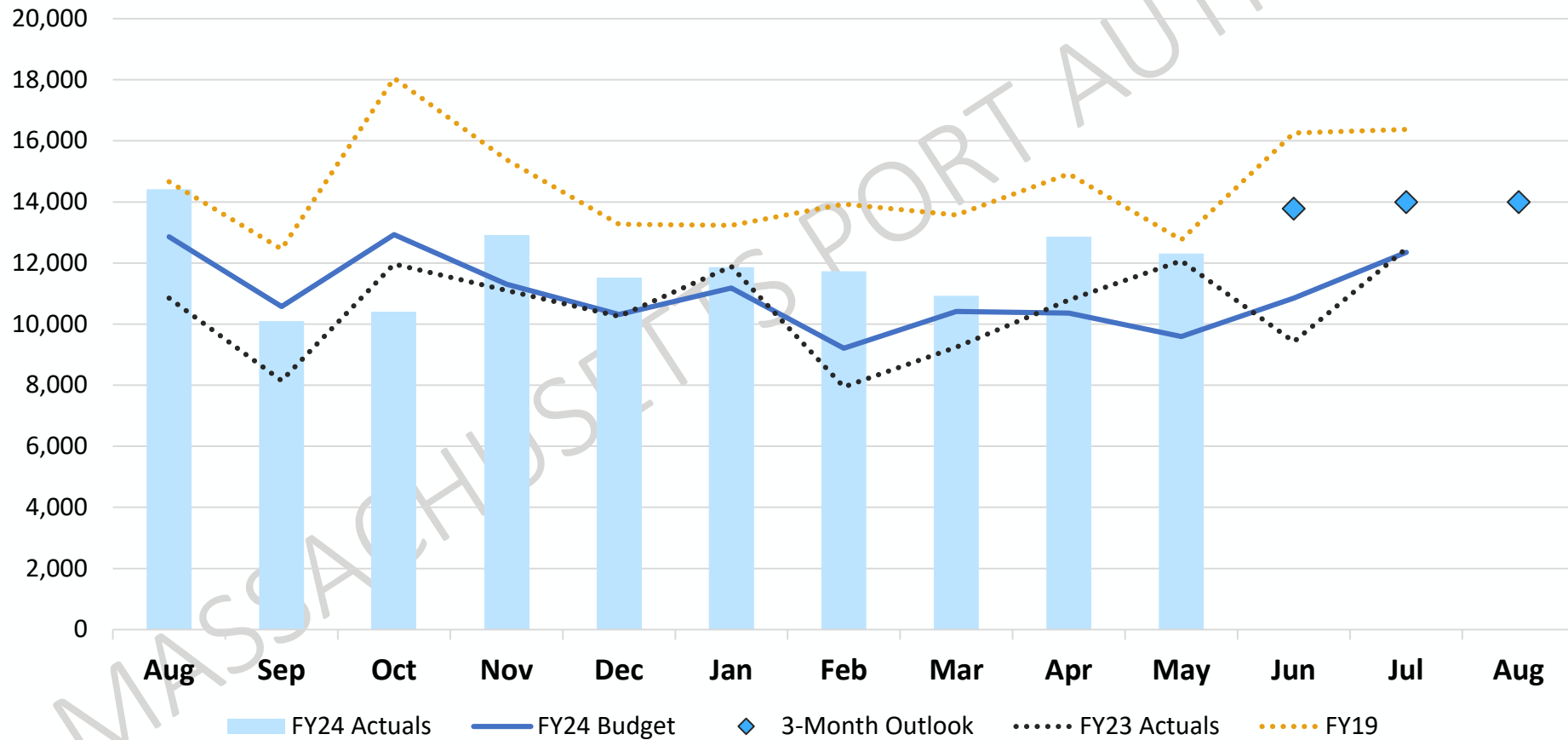
	Jets	Total
Operations	33,300	111,200
Chg vs FY23	2%	-0.5%
Chg vs FY19	1%	2%



Report of the Interim Director of Maritime
Lauren Gleason

Conley Terminal handled 17 vessels in May and over 12,300 containers

Conley Terminal Container Volumes
Actual vs Forecast



Conley Terminal ranks 5th in North America in a recent Port Performance Index

Container Port Performance Index Top North American Ports

No. America Rank	Port	Global Rank
1	Philadelphia	50
2	Charleston	60
3	Port Everglades	63
4	Wilmington	72
5	Boston	73
6	Miami	77
7	Jacksonville	83
8	Halifax	95
9	New York & New Jersey	99
10	New Orleans	133
11	Mobile	186
12	Baltimore	191
13	Tampa Bay	214

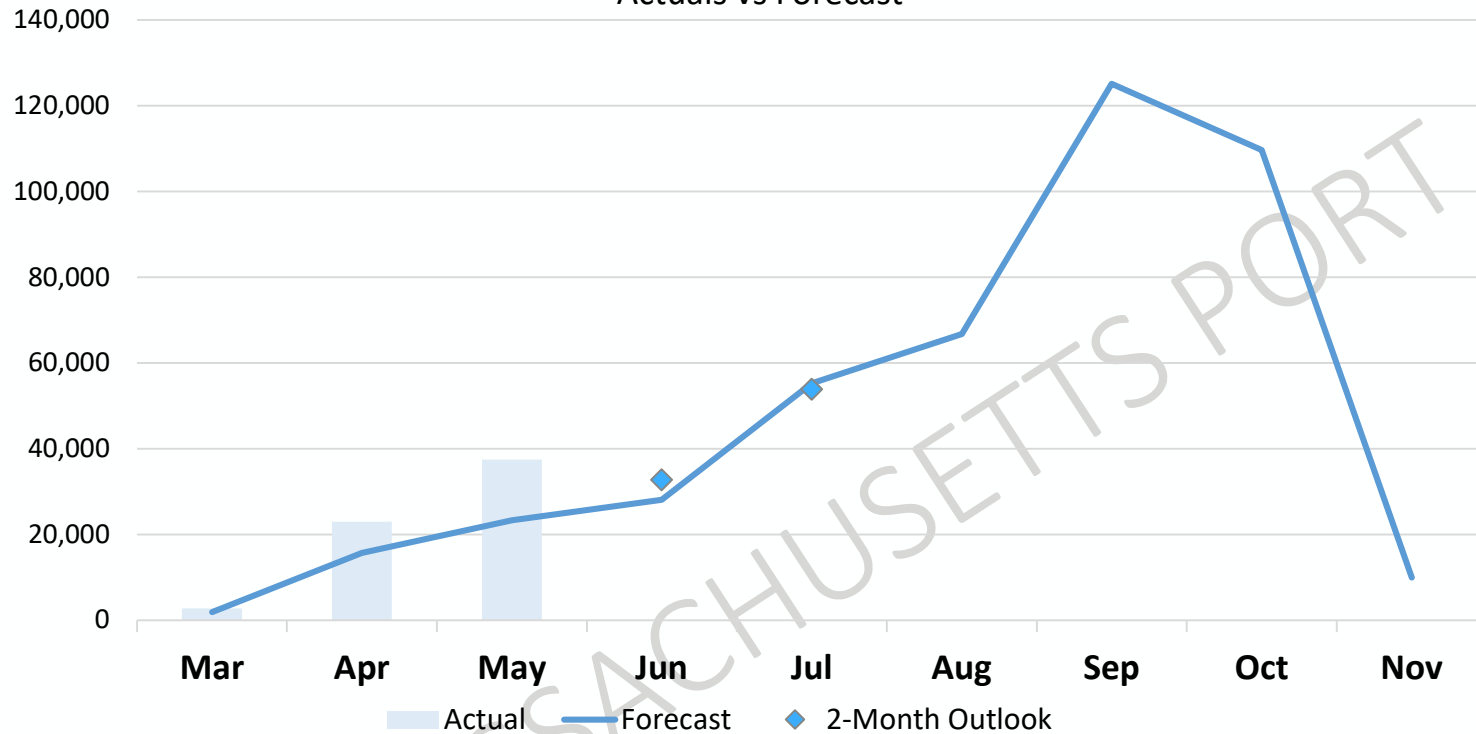
- The World Bank Group and S&P Global Market Intelligence recently announced the 2023 Container Port Performance Index
- The Port of Boston was ranked fifth among North American ports and 73rd globally
- This annual assessment is based on berth performance measured by vessel time in port
- Conley Terminal continues to offer efficiency, agility and best-in-class operational metrics, including 30-minute truck turn times and 28 gross crane moves per hour



MSC Kayley during cargo operations at Conley Terminal on March 19, 2024

In May, Flynn Cruiseport Boston welcomed 11 vessels and over 37,000 passengers

Flynn Cruiseport Passengers
Actuals vs Forecast



2024 Cruise Ship Schedule

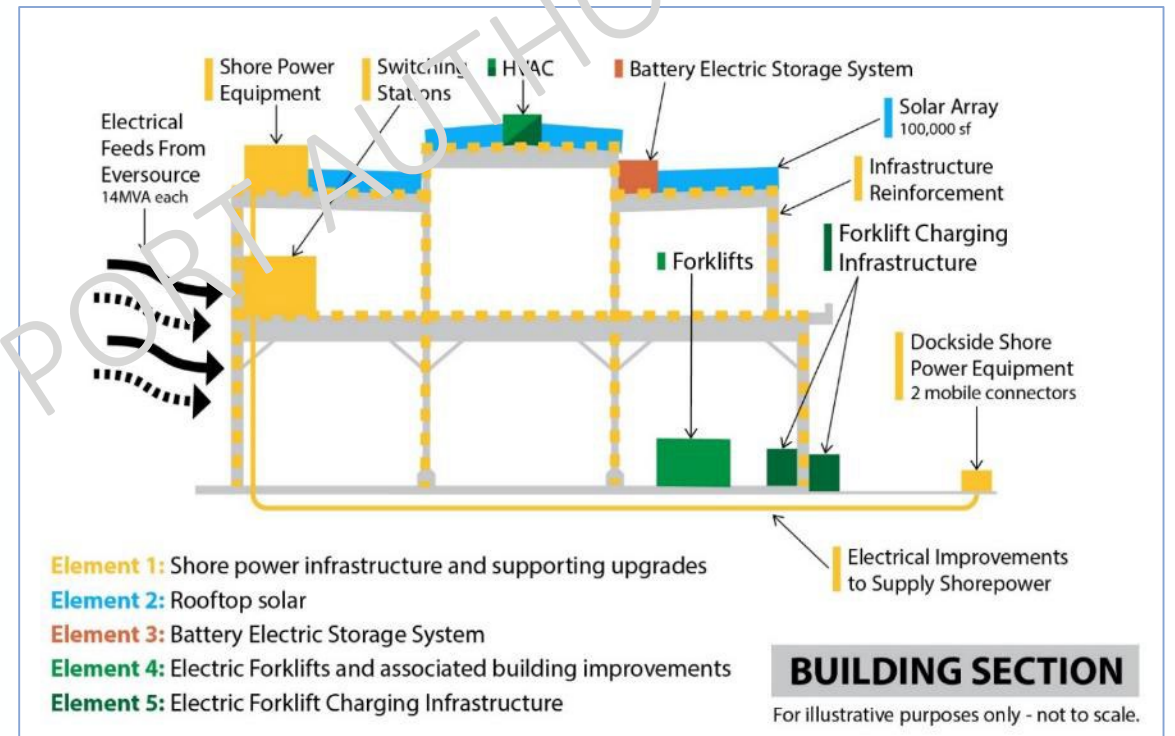
Months	Home Ports	Ports-of-Call	Total
March-May	11	6	17
June-August	29	22	51
September-November	39	61	100
Total	79	89	168

Note: Cruise season began with one sailing in March and is scheduled to end with five sailings in November



Massport submitted an application for the US EPA Clean Ports Program: Zero-Emission Technology Deployment Competition


- **Grant Program:** \$3 billion in funding made available through the Inflation Reduction Act for zero-emission port equipment and infrastructure
- Massport submitted an application for zero-emission improvements to Flynn Cruiseport Boston:
 1. Shore power for two cruise vessel berths and pier deck improvements
 2. New electric mobile equipment and charging infrastructure
 3. Rooftop solar power and battery backup system
 4. Improvements to the terminal building including new HVAC and envelope updates
- Proposed project cost is \$352M
- Notification of selection: Aug-Sep 2024
- Anticipated awards: December 2024



Community Outreach

Massport CAC Update

- The Massport CAC held its General Meeting on June 20, 2024
- Massport provided an update on Runway 33L arrivals and Runway 22R departures, and the flights that follow required navigation performance (RNP)
- Leadership reviewed the MCAC's FY25 budget




General Committee Agenda for June 20, 2024

June 20, 2024, 4:00 p.m. - 6:00 p.m.
This is a virtual meeting
Join Zoom Meeting
<https://us06web.zoom.us/j/88108841580?pwd=V3J5QVZKeUxvVC9hRmVvRlZwUmFQQT09>
Meeting ID: 881 0884 1580
Passcode: 626041
One tap mobile
+13017158592,,88108841580#,,,,*626041# US (Washington DC)
+13052241968,,88108841580#,,,,*626041# US

Please note that agenda items for this meeting may be subject to a vote based on discussion and motions filed by MCAC members.

- I. Attendance Roll Call
- II. Approval of the prior General Committee Meeting Minutes – January meeting (emailed 1/25/24) and March meeting (emailed 4/4/24) minutes
- III. Public Comment (subject to time constraints) - up to 10 minutes
- IV. Treasurer's Update – Ira Goldman
- V. Massport Board Member Update – John Nucci
- VI. Volpe Center presentation – Matthew Simon, PhD.
- VII. Leadership Update – Aaron Toffler
 - a. FY25 budget for approval – with vote
 - b. Website redesign
 - c. Data analytics tool project
- VIII. Massport Update re: 33L arrivals/22R departures – Flavio Leo
- IX. New Business – reserved for matters the Chair did not reasonably anticipate at the time of posting.
- X. Correspondence - Cindy Baxter, Roseann Bongiovanni
- XI. Adjournment

I certify on June 17, 2024, at 11:20 a.m., notice was posted as "MCAC General Committee Meeting Agenda" on www.massportcac.org and emailed to regs@sec.state.ma.us and Melissa.Andrade@state.ma.us



Aaron Toffler
Executive Director
Massport Community Advisory Committee

MASSACHUSETTS PORT AUTHORITY

Real Estate and Strategic Initiatives

EDIC Parcel C-2 South Boston license Amendment

Andrew Hargens

June 27, 2024



EDIC-owned Parcel C-2 is critical to Massport's cruise operations

- Via an existing license agreement and easement, this strategically important parcel accommodates passenger bus loading and unloading, parking, and unloading and parking for the various personnel supporting cruise operations



The amended license will secure Parcel C-2 for an additional 20 years

- Existing license with EDIC to be amended with updated business terms
 - Up to 20 years of additional term, terminating in November 2044 (10 years, followed by two 5-year options)
 - Base rent decreased by 15% to better reflect land value given Massport's existing easement rights
 - Rent Credit (50% per year) to help offset Massport's capital repairs to the parcel by up to \$750K
- New term enables Massport to perform much-needed site repairs to restore full functionality
- Massport and EDIC to coordinate on district-wide developments that could impact Parcel C-2
 - Marine Park resiliency planning
 - Transfer of Marine Park street network to the City of Boston by EDIC
- Massport continues to monitor additional real estate opportunities to support cruise and other maritime industrial operations in the Marine Park

776 Summer Street Residential Use Restriction Amendment

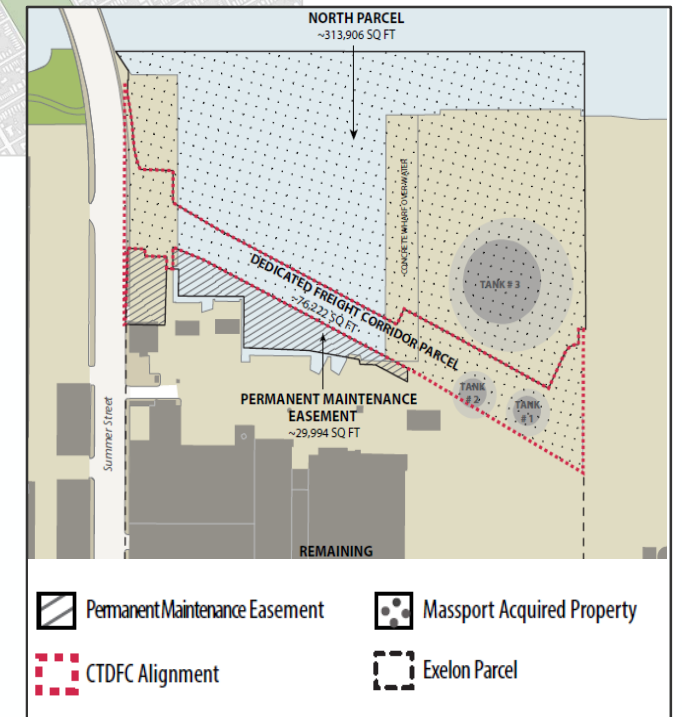
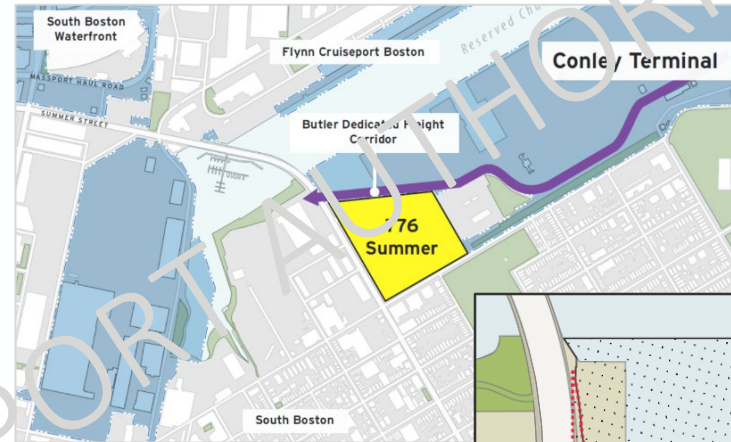
Andrew Hargens

June 27, 2024



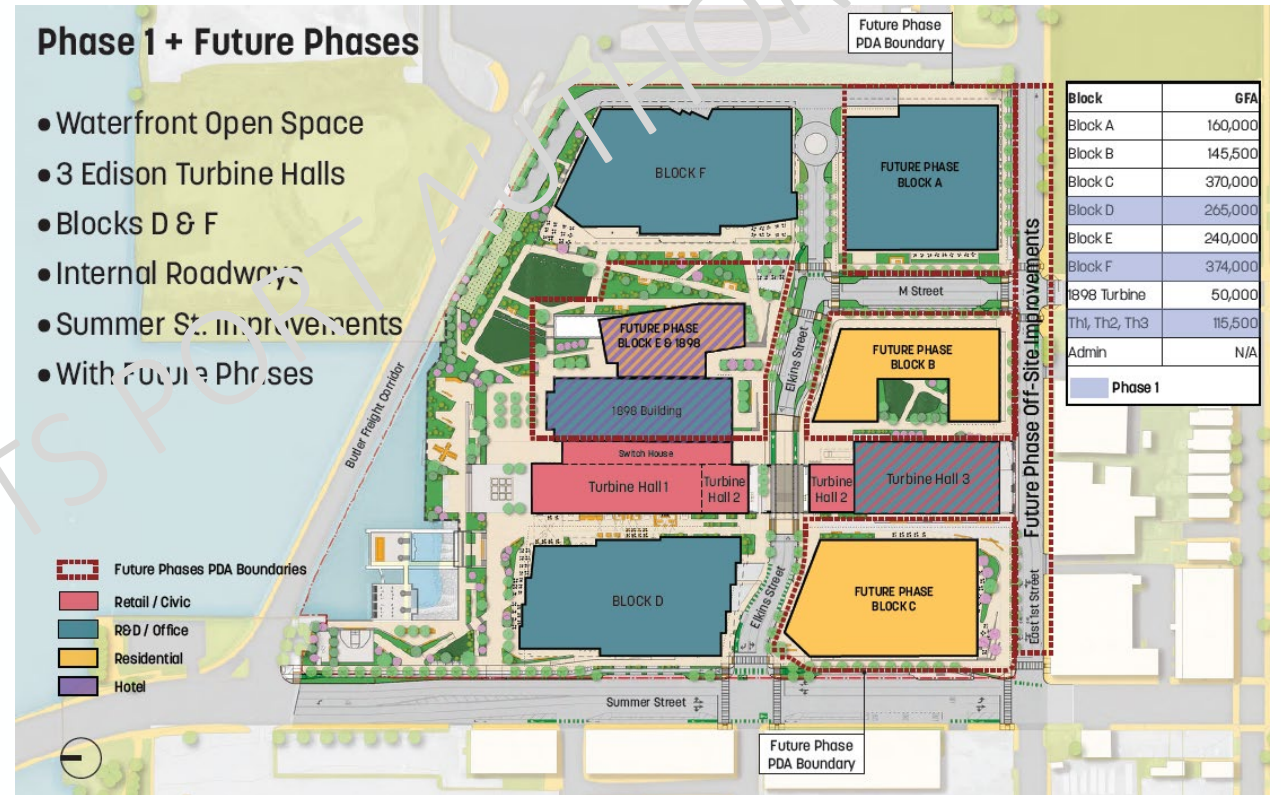
Background

- Massport purchased approximately 7 acres of land and water from Exelon New Boston, LLC in 2014 to construct the Butler Freight Corridor serving Conley Terminal
- Massport and Exelon negotiated a residential use restriction on the balance of the property owned by Exelon to protect port operations from future, yet-to-be-determined use plans
- Hilco Redevelopment Partners acquired the site in 2016 and embarked on an extensive community design process to establish a mixed-use Planned Development Area (PDA) Master Plan for the 14.5-acre site
- This robust process produced a plan, which includes 636 residential units (101 affordable)
- Hilco approached Massport to discuss the potential to include some housing as part of the mixed-use project and how best to locate it to minimize impacts on port operations



Several factors support a negotiated resolution to this longstanding matter

- The existing PDA Master Plan reduces the number of residential units by roughly half to 636 units and buffers them from port activities
- The initial development phase was primarily commercial, but there is strong and broad interest in advancing housing at the site
- The City/BPDA supports advancing residential on the site, which will require amending the PDA Master Plan
- Subject to Board approval, Massport and Hilco have negotiated terms including fair compensation to Massport and specific measures to protect the port
- At the same time, the terms recognize the importance of creating housing, including affordable housing, on the property as part of the approved mix-use master plan



Proposed terms fairly compensate Massport and protect Conley Terminal

Financial compensation to Massport:

- Hilco to pay \$12 million upfront payment

Permitted residential use:

- Maximum of 636 units
 - Limited to Blocks A, B, C, and E on certain floors
 - Includes 101 affordable units

Measures to protect the port:

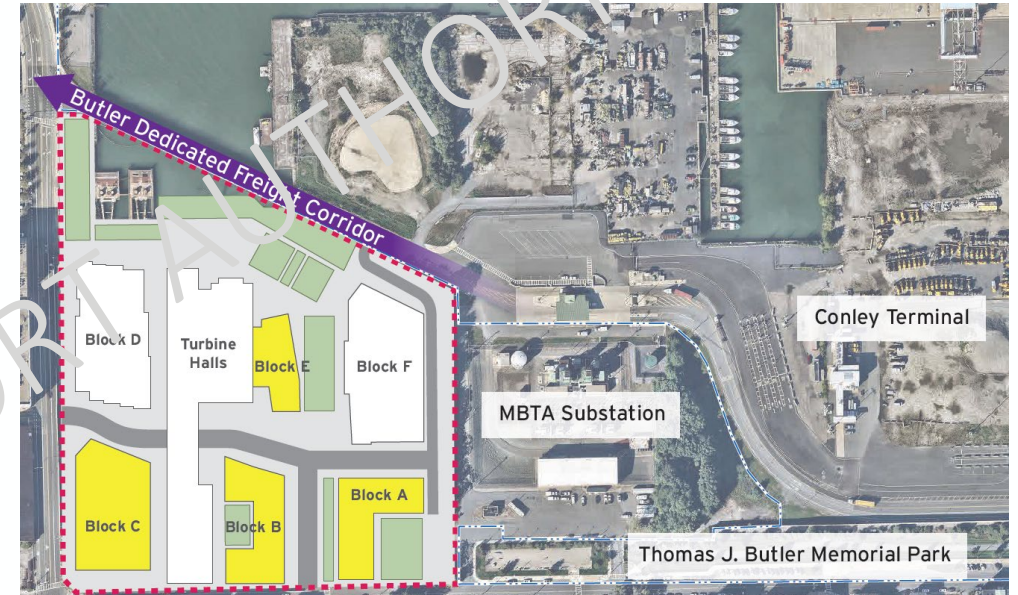
- Siting, architectural standards and lease/deed covenants, and a Massport role in design review included to protect port operations

Dedicated freight corridor protections:

- Design/operational controls allow limited service vehicle access only

Flexibility:

- Developer flexibility to allocate residential units across Blocks A, B, C, E, with units on A triggering an additional payment of \$5,000 per market rate unit, Massport design review approval, City of Boston and MEPA approval, and adoption of an additional Section 61 Finding by Massport



Residential use permitted (Up to 636 units total)

- Blocks A and E:

- 200 residential unit maximum
- Massport role in design review process
- Block A:
 - Rental apartments only
 - Limited northern and eastern exposures
- Block E: two development alternatives
 - Hotel/Condo: Ownership units on 11th floor and above
 - Apartments: Rental units on 2nd floor and above

- All Blocks:

- Lease/deed covenant acknowledging proximity to port
- No ground floor residential
- Maximum 2-year rental lease term
- Designed to meet interior noise standard

Factors Driving the Proposed Terms

- Establishing the financial value of the restriction is a highly unique exercise with few comps
- Byrne McKinney Associates, longstanding Massport appraiser and real estate advisor, supported the negotiations
- The Hilco Development team's initial offer was \$1,000/unit in 2016
- \$12 million represents a good outcome to Massport based on several factors:
 - \$22,400 per market rate unit
 - Upfront payment maximizes present value to Massport in light of project phasing uncertainty
 - Planned on-site affordable units were omitted from payment calculation
- Includes legal requirements and design/operational measures to protect port activities
- Supports approved PDA Master Plan and allows Hilco to build housing addressing City and State housing goals

776 Summer Street Section 61 Findings

Andrew Hargens

June 27, 2024

Amendment of the 776 Summer Street use restriction requires the Massport Board to approve a Section 61 Finding

- The master plan and associated permits for the redevelopment of the 776 Summer Street property include a range of measures by the developer to minimize and mitigate project impacts and benefit the port and the community
- Project is fully permitted by MEPA*
 - ENF Certificate – July 2017
 - DEIR Filed – August 2018
 - FEIR Filed – March 2021
 - FEIR Certificate – May 2021
- A robust community process resulted in a wide range of commitments formalized in the FEIR
- Project makes significant investments in public open space, community benefits, and environmental mitigation
- Commitments to protect port against impacts
- \$12 million payment will allow Massport to continue to invest in our port facilities with a focus on sustainability and resiliency

* Residential units on Block A require additional approvals



MASSACHUSETTS PORT AUTHORITY

Facilities and Construction

Logan Airport Parking Project Section 61 Findings

Luciana Burdi

June 27, 2024



MEPA approval of the Logan Airport Parking Project requires Massport to formally adopt project Section 61 Findings

- Project is fully permitted by MEPA and NEPA
 - FEIR Certificate issued January 2020
 - Project was postponed due to COVID pandemic
- Adopting Section 61 Findings before construction of the project begins is a regulatory requirement
- Examples of project mitigation commitments include:
 - Sustainability features including rooftop/façade solar and EV charging
 - Parking spaces for alternative fuel vehicles
 - Occupancy sensors
 - Extensive construction period mitigation measures to minimize airport disruption and community impacts
- Project itself is environmentally beneficial as it reduces vehicles miles traveled and improves regional air quality

Board Recommendation: Approve the Section 61 Findings for the Logan Airport Parking Project

Large Vehicle Storage Maintenance Facility (L1366)

Luciana Burdi

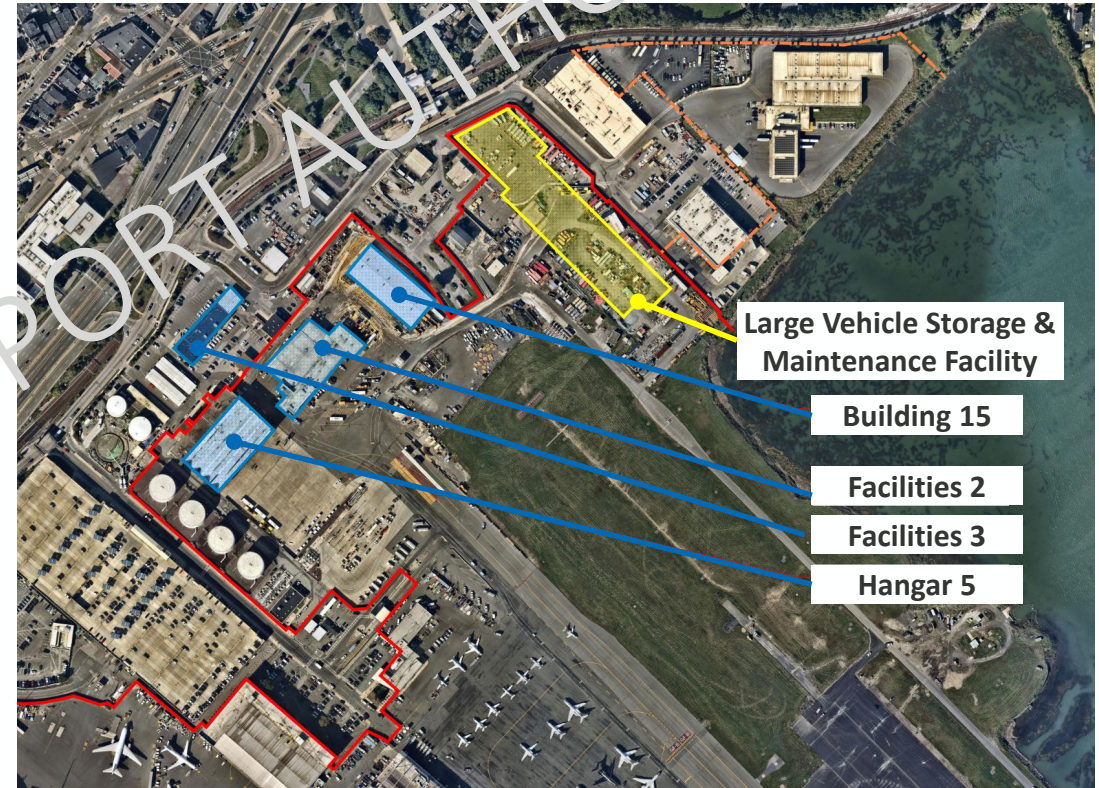
June 27, 2024

The Large Vehicle Storage Maintenance Facility project will replace old inefficient buildings in need of replacement and will improve Facilities' airfield operations

Project Scope:

- Address the design and construction of necessary interim repairs to Hangar 5 and advance preliminary investigation and design of the Large Vehicle Storage and Maintenance Facility (LVSMF) in the North Service Area (NSA)
- Address functions currently served by four different buildings: Hangar 5, Facilities 2, Facilities 3, and Building 15
- The study and preliminary design will take into consideration renewable power and will conform to Massport's Net Zero Guidelines

North Service Area



Next Steps

- **June 2024 Board:** Request additional funding to support additional design, further cost/schedule details, complete permitting and inform bidding
- **Fall 2024:** Brief Board on comprehensive plan for the NSA
- **Late fall/early 2025:** Conduct public outreach and permitting
- **2025:** Begin phased construction

Board Recommendation: Approve a partial project budget in the not-to-exceed amount of \$25 million

Green Bus Depot Repurposing (L1832)

Luciana Burdi

June 27, 2024

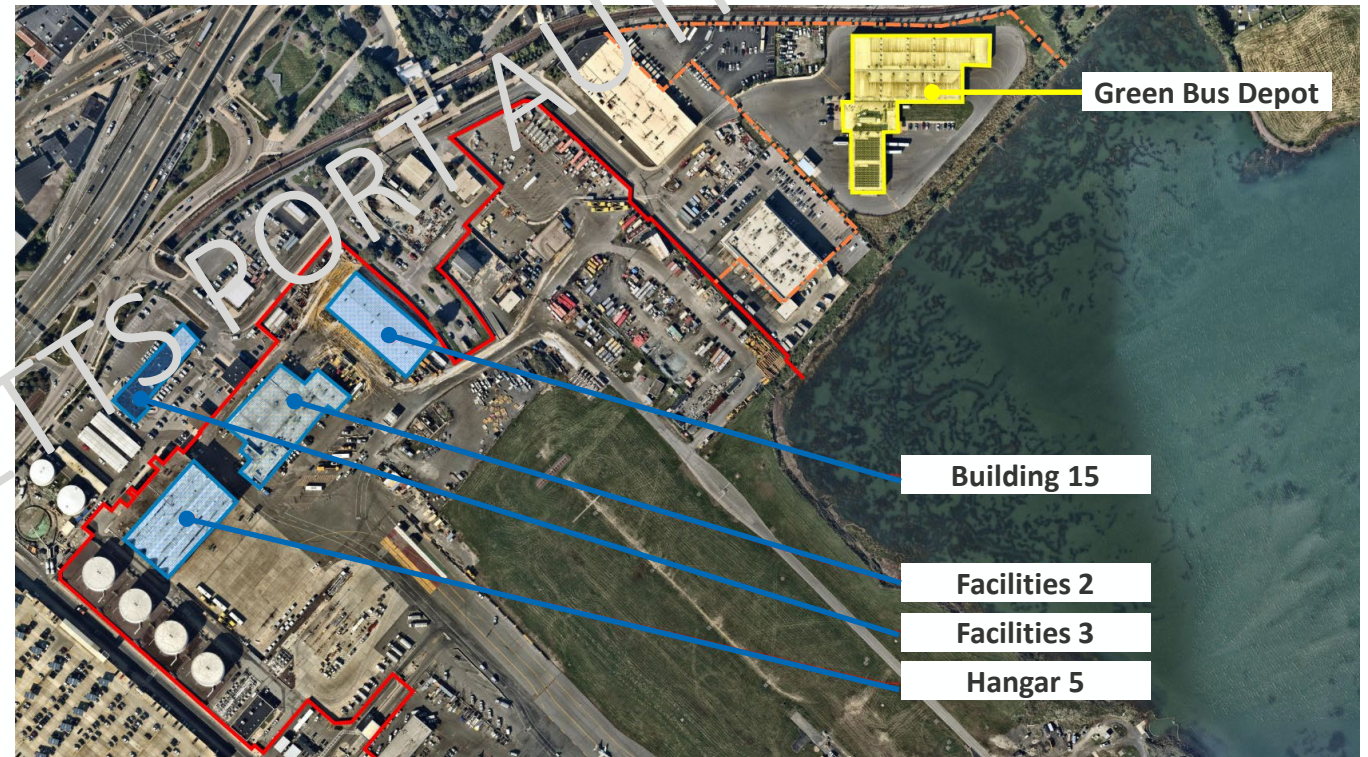


Green Bus Depot (GBD) Repurposing Planning

Project Scope:

- To accommodate the transition to an electric fleet, Massport's bus maintenance and storage operations will be moved off-site and the GBD will be repurposed for other uses
- This project will provide for planning and site investigation in order to determine the best use of the repurposed GBD to house critical Facilities functions currently located in buildings at the end of their useful life

North Service Area



Next Steps

- **June 2024 Board:** Request additional funding to support additional design, further cost/schedule details, complete permitting and inform bidding
- **Fall 2024:** Brief Board on comprehensive plan for the North Service Area
- **Late fall/early 2025:** Conduct public outreach and permitting
- **2025:** Begin phased construction

Board Recommendation: Approve a partial project budget in the not-to-exceed amount of \$20 million

Rehabilitate Taxiways Bravo North and Alpha North (L1707)

Luciana Burdi

June 27, 2024



The Taxiways Bravo North and Alpha North Rehabilitation Project will maintain the safety and state-of-good-repair of critical airfield infrastructure

- Taxiway Bravo North and Taxiway Alpha North are key taxiways serving Logan Airport Runways 15R-33L
 - Serve all of Terminal E and North Cargo
 - Used during northwest and southeast winds
 - Taxiway B North is low-visibility taxi route
- Taxiway B North and Taxiway A North were last rehabilitated in 2013 and 2014, respectively, and now meet the FAA threshold for replacement

Project Scope:

- Resurface existing asphalt pavement
- Replace electrical infrastructure and circuitry



Rehabilitate Taxiways Bravo North and Alpha North



Key Conditions of Satisfaction:

- Avoid impacts to scheduled airline services
- Minimize taxiway closures while maximizing the construction work shifts



Milestones:

- Taxiway Bravo North construction is scheduled to start in July 2024
- Taxiway Alpha North construction is schedule to start in fall 2025



Project Funding

- 75% will be funded with an FAA Airport Infrastructure Grant (AIG) funded by the Bipartisan Infrastructure Law

Board Recommendation:

Approve a partial project budget in the not-to-exceed amount of \$26 million

Terminals B and C Escalator Refurbishment Program (A442)

Luciana Burdi

June 27, 2024

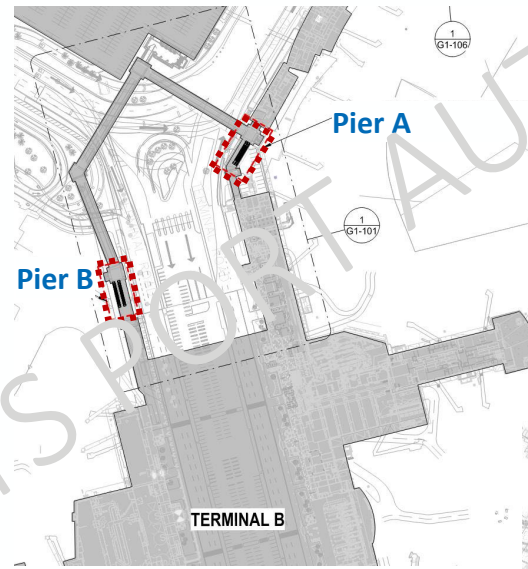


Terminals B and C Escalator Refurbishment Program will improve the passenger circulation experience and increase reliability

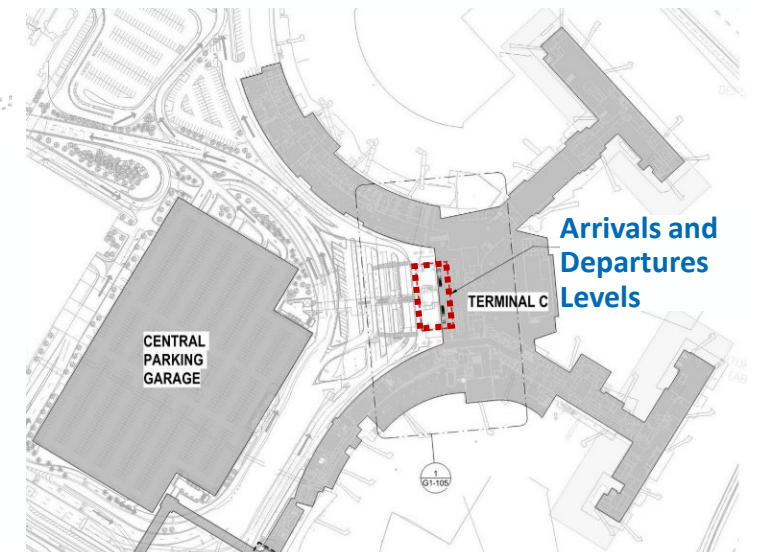
Project Scope:

- Includes the refurbishment of eight existing escalators
 - Four at the Terminal B connecting bridges to Central Parking
 - Four on the Terminal C Arrivals and Departures levels
- The Project will improve the circulation experience of Terminals B and C passengers by upgrading the eight existing escalators with new components, railings and controls for increased reliability and improved appearance
- The Project will include renovation of the surrounding building areas affected by the modernization process

TERMINAL B ESCALATOR LOCATIONS



TERMINAL C ESCALATOR LOCATIONS



Terminals B and C Escalator Refurbishment Program

Key Conditions of Satisfaction:

- Refurbishment of 4 (four) Escalators on Pier A and Pier B at Connecting Bridge of Terminal B
- Refurbishment of 4 (four) Escalators serving Arrival and Departure levels- Terminal C
- Construction areas should be protected from public access and view by Construction Protective Barriers
- Construction management and construction sequence should minimize impact on circulation and access to Terminals



Milestones:

- Construction is scheduled to begin October 2024



Board Recommendation:

Approve a partial project budget in the not-to-exceed amount of \$18 million

Hybrid Rubber Tired Gantry Retrofits (M747)

Luciana Burdi

June 27, 2024

Hybrid retrofits of Conley's rubber tired gantry cranes (RTGs) align with Massport's Net Zero goal

Project Scope:

- Seven RTGs will be retrofitted with hybrid generators and engines
- RTGs are the primary equipment utilized to load and unload containers from trucks and the container stacks at Conley Terminal



Sustainability Components:

- Hybrid retrofits will allow the RTGs diesel motors to be shut down and run on electrical power when not in active use
- Emissions savings, which increases with the frequency of RTG use, can range between 30% and 50%



Board Recommendation:

Approve a partial project budget in the not-to-exceed amount of \$11.2 million

Audit and Finance

FY2025 Budget Policy Objectives and Business Plan

John Prankevicius

June 27, 2024



FY2024 Operating Budget Update

Update to the FY2024 year-end financial forecast and budget adjustment

FY2024 Financial Plan <i>(in millions)</i>	Budget	Forecast
Total Revenue	\$1,045	\$1,225
Total Operating Expense	\$600	\$625
Net Contribution	<u>\$445</u>	<u>\$595</u>
Capital Investment	(\$445)	(\$445)
New FY24-28 I&E Transfer	<u>n/a</u>	<u>(\$155)</u>
Budget Balance	n/a	\$ 0

- Business activity is doing well across all facilities
- \$1.225 billion revenue forecast is 17% higher aided by stronger business activity, improved revenue per passenger, and higher interest rates
- Operating expenses are trending 4.5% more than budget at \$625M, reflecting costs related to increased business activity and the Sumner tunnel closure
- Debt Service, Maintenance Reserve and I&E Fund Requirements of \$445M were met, as planned
- \$155M in Improvement & Extension funding will be used to fund approved FY24 – FY28 CIP (\$100M), and new debt defeasance (\$55M) to increase CIP capacity
- ***An Operating Budget Revision vote is required to adjust the FY2024 operating expense budget***

MASSACHUSETTS PORT AUTHORITY

**FY2025 Business Activity Forecast
Supporting FY2025 Operating Budget**

FY2025 Budget Summary

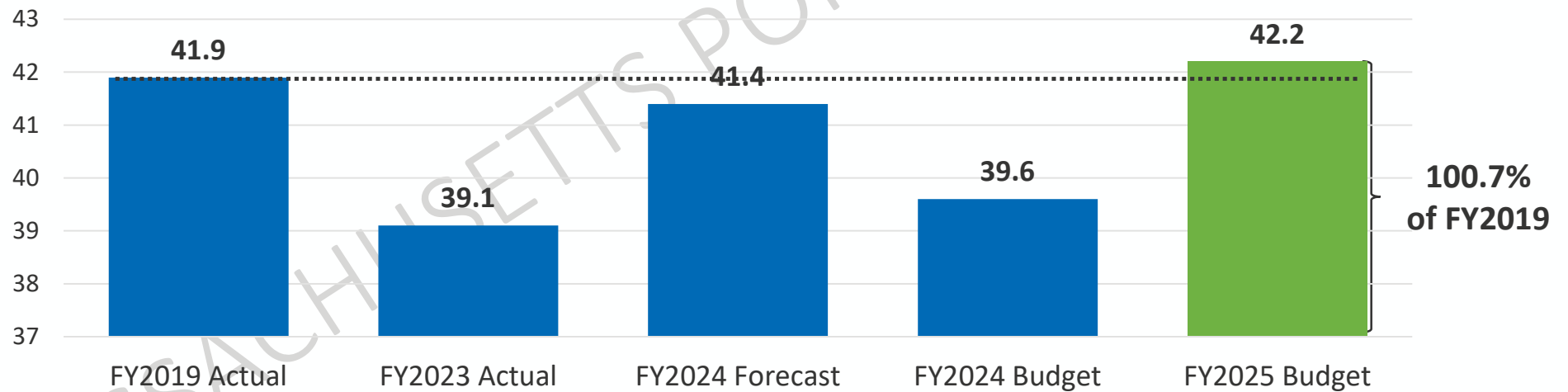
- The FY2025 Operating Budget aligns with the FY24-FY28 CIP financing plan approved in March; no major revisions
- Higher business activity across all Massport facilities is forecast to generate FY2025 revenues of \$1.18 billion, a 12% increase over last year's budget
- The recommended operating expenses budget is \$686 million, \$86 million more than FY2024 to fund additional Logan terminal expenses, more services including on-airport and off-airport buses to accommodate 42.2 million passengers, higher container volume and cruise passenger activity, additional real estate expenses, and continuation of Sumner Tunnel closure expenses in July and subsequent weekends
- \$494 million from earnings will be used in the Capital Program to advance Massport's Net Zero and HOV goals, fund facility improvements included in the approved \$3.2 billion FY24-FY28 CIP, and pay debt service costs to bond holders
- While business activity is improving, geopolitical and economic risks, among others, are elevated and these uncertainties could alter Massport's business, operational, and financial trajectories
- We are prepared to adjust and adapt our plans to serve customers and constituencies, while continuing to be an economic engine for the Commonwealth

Improved business activity will support the \$1.18 billion FY2025 Business Plan and Operating Budget

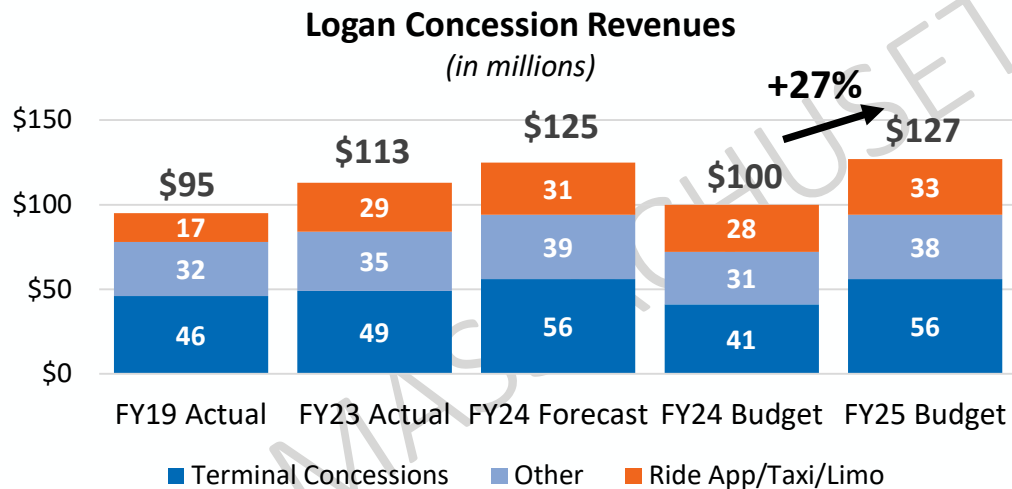
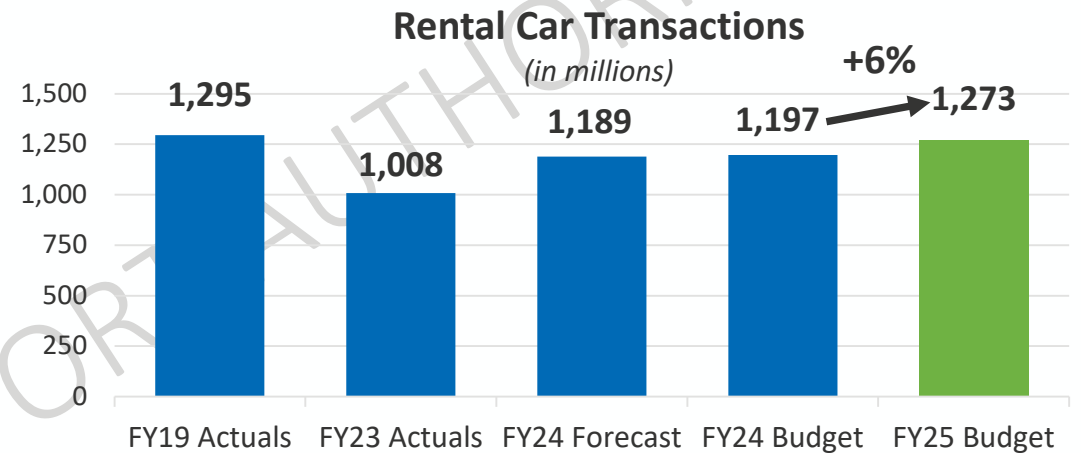
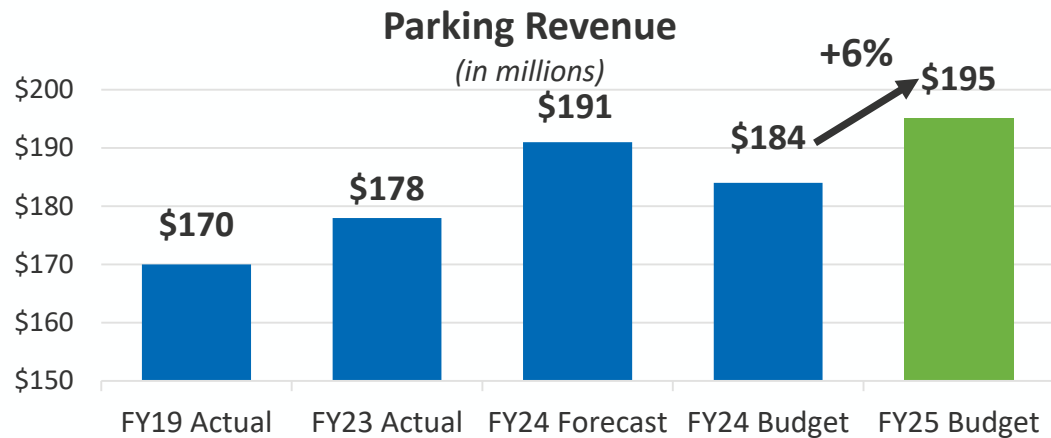
	Year	Logan Passengers	Conley Containers	Cruise Passengers	Real Estate Revenues
Actual:	FY2019	41.9M	175K	396K	\$43M
	FY2023	39.1M	123K	356K	\$60M
Forecast:	FY2024	41.4M	143K	372K	\$60M
Budget:	FY2024	39.6M	132K	333K	\$46M
	FY 2025	42.2M	140K	445K	\$57M
Business Activity Improvement (Budget to Budget)		7%	6%	33%	20%

FY2025 Logan passenger activity is forecast to exceed the pre-pandemic level

- Logan Airport passenger volume is expected to reach 41.4 million passengers in FY2024
- FY2025 forecast passenger activity is 42.2 million, or 100.7% of FY2019
- Recovering international and business travel and continued strong leisure demand are contributing to passenger growth



Higher Logan passenger volume will drive Aviation's variable revenues up 15% overall

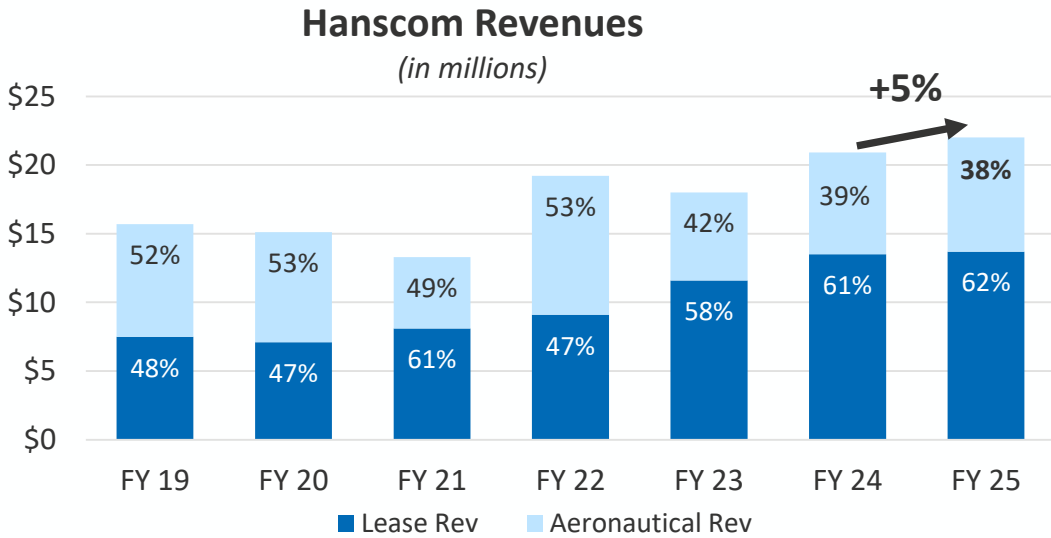
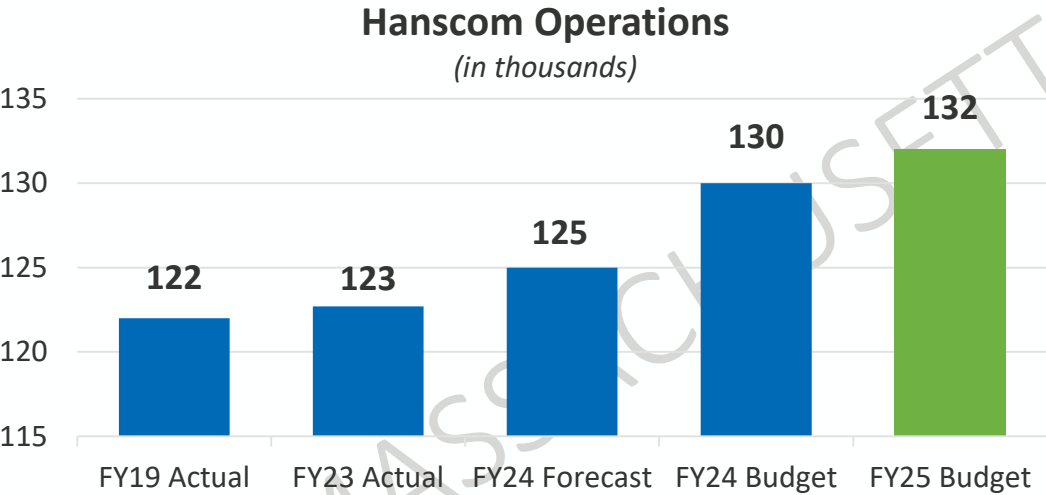


- **Commercial Parking revenues** increase by \$11M, or 6%
 - Parking exits forecast to increase 4%, with revenue per exit increasing 2%
- **Rental Car transactions** reflect recovering passenger activity and Rental Car companies managing demand
- **Ride App** drop-offs/pickups expected to increase as passenger mode share continues YOY 12-14% upward trend
- **Terminal Concession revenues** reflect more passengers and higher sales resulting in a recalibration to current revenue trends
- **Other concession revenues** involve commercial & ground services commissions, distribution fees, and participating Logan concessions that correlate with increased aviation activity and airline services

Hanscom Field ground leases help to improve revenue performance; higher business activity also a contributor

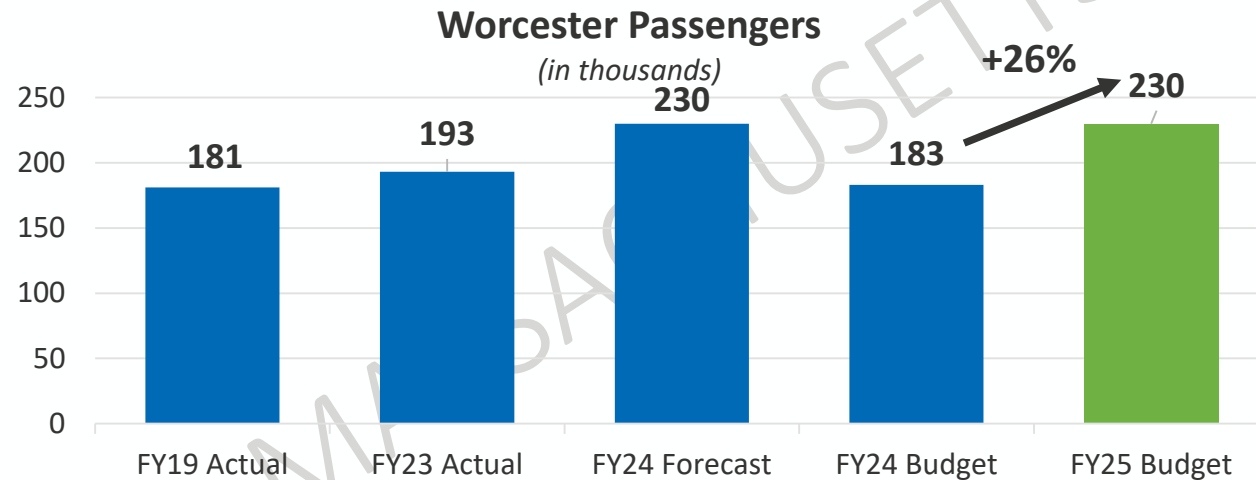
Performance Highlights:

- FY2025 budget increases from \$21M to \$22M, 5% higher than the prior year as activity-based revenues continue to grow
- Signature Aviation’s recently completed \$15M hangar renovation adds \$0.6M
- CPI adjustment to rates adds \$0.2M
- FY2025 aircraft operations forecast to increase 2% adding \$0.2M



Worcester Regional Airport passenger activity is forecast to increase 26% in FY2025

- Passenger growth supported by expanded air services from three major carriers:
 - JetBlue – approximately 83% of FY24 passengers:
 - New Fort Myers winter seasonal service operated Jan-Apr 2024 and resumes Nov 2024
 - Orlando and Fort Lauderdale services continue with 162-seat A320 aircraft
 - American and Delta – approximately 17% of FY24 passengers - continue to provide New York City services
- Worcester revenue is budgeted to increase 23% from \$2.4M to \$3.0M due to more passengers



Worcester Regional Airport Daily Nonstop Flights



Maritime revenue improves 12% as recovery continues for Conley Terminal, Flynn Cruiseport Boston and real estate development

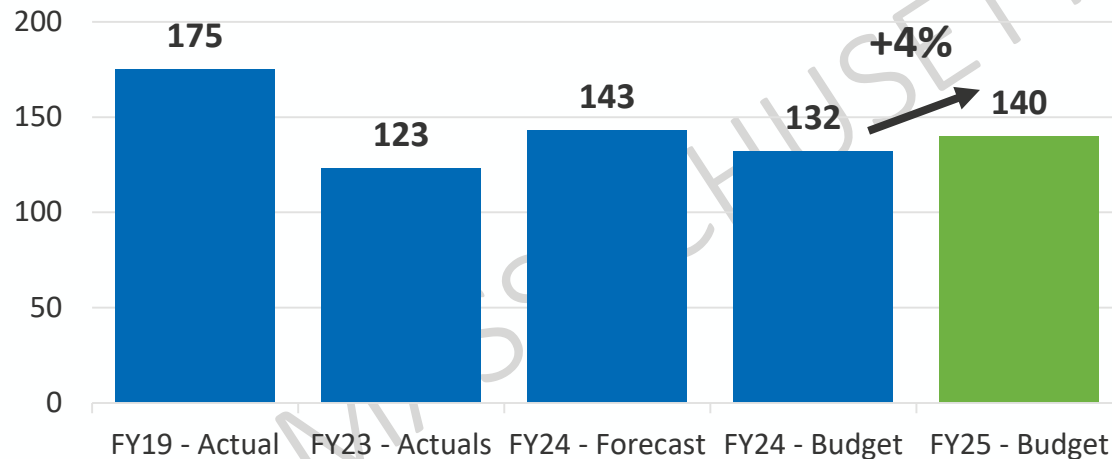
Conley container volume is forecast to increase 4% due to increased frequency and expanded reach to 30+ ports globally

- Conley container budget volume increasing by 8,000 containers
- Tariffs adjusted 5% to recover Conley's inflationary cost increases
- Container incentive program being renewed to incentivize carrier volume growth
- Market share recovery efforts continue with strategic outreach to new and existing customers

Conley Terminal Direct Connections - 2024

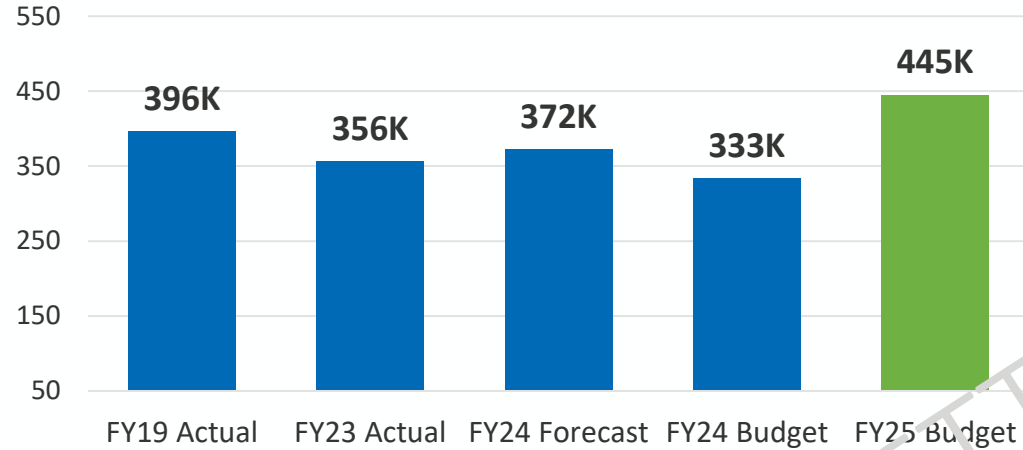


Conley Container Volume
(in thousands)

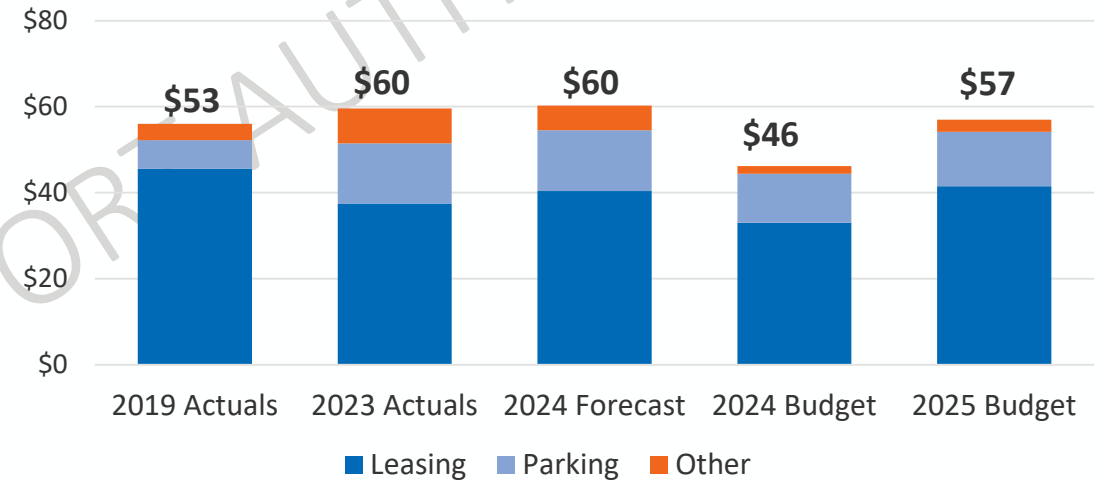


Flynn Cruiseport Boston will rebound from the return of cruise activity; Real estate revenues will benefit from new commercial developments

Flynn Cruiseport Boston Passenger Activity
(in thousands)



Real Estate Revenues
(in millions)



Flynn Cruiseport Boston

- 164 cruise vessels expected in FY2025
- Cruise forecast assumes 112K additional passengers improving revenue performance
- Strong cruise passenger rebound supports travel/tourism industry in Boston and the Commonwealth, generating \$135M in annual economic impact and supporting 2,200 jobs

Commercial Real Estate

- 10 World Trade ground lease and other commercial properties add \$4.5M
- Strong hotel occupancy rates increase percentage rent by 6%
- Parking revenue grows \$1.3M from more hotel/convention/event/cruise activity, and parking rate adjustments for FY2025
- Short-term industrial licenses, Tall Ship fees, and other public realm activation generate an additional \$1M



MASSACHUSETTS PORT AUTHORITY

FY2025 Operating Budget



Massport's FY25 revenue budget increases 13% to \$1.18 billion, due to improved business activity across facilities

Revenue Forecast <i>(in millions)</i>	FY2024	FY2025	Variance
Logan	\$880	\$983	\$103
Hanscom	\$21	\$22	\$1
Worcester	\$2	\$3	\$1
Maritime/REAM	\$119	\$137	\$18
Total Operating Revenue	\$1,022	\$1,145	\$123
Investment Income	\$23	\$35	\$12
TOTAL REVENUE	\$1,045	\$1,180	\$135

13% increase

FY25 Major Revenue Drivers:

Logan:

- Terminal Rentals, Landing Fees, and other fixed revenues increase \$51M, or 9%, due to cost recovery and more passenger activity
- Variable revenues from parking, rental cars, terminal concessions, and ground transportation fees generate \$53M, or 16% more revenue as business activity increases

Hanscom and Worcester:

- Hanscom revenues increase by \$1M from ground rent and aeronautical fees
- Worcester revenue higher as a result of a 26% increase in passengers

Maritime:

- 140,000 containers forecast for Conley Terminal, 8,000 higher than FY2024
- 445,000 cruise passengers forecast, 110,000 higher than FY2024

Real Estate:

- Commercial Real Estate and Parking continue to outperform budget, driven by parking activity at the SBWTC and ground lots, and 10 World Trade (Parcel A-2) lease revenues

Other Revenue:

- Interest income increases as Massport's earnings improve and moderate Fed interest rate reductions are expected in FY25

FY2025 expense budget increases due to higher business activity, additional services, more maintenance, and enhanced safety and security

FY 24 Expense Budget	FY 25 Expense Budget Projection	Adjustments
\$600M (original budget)	\$ 686M – Budget	\$86M
Spending Priorities	Description	New Investment
Logan Express & On-Airport Shuttle	Quincy & Wonderland employee shuttles, LEX (Framingham, Back Bay, Woburn, Braintree, & Danvers), on-airport shuttle, and MBTA passes	\$20.8M
Business Activity Increases	Building cleaning, recycling and waste removal, Logan terminal Receiving and Distribution operations, increases to mechanical and plumbing preventative maintenance frequencies	\$12.6M
Logan Terminal Increased Usage	Carousel maintenance, elevator & escalators, mechanical, electrical, fire alarm services, landscaping, parking credit card fees	\$7.2M
Public Safety & Security	State Police, Sumner Tunnel closure, Port Officers (7), Fire Fighters (8), Aviation Officers (6), safety positions (4), Active Shooter Tactical Emergency Casualty Care (ASTECC) exercise, employee terminal screening	\$17.1M
Employee Wages & Benefits	Employee wage adjustments, 5% planned head count increase, Pension & OPEB assessment, \$1K retiree COLA adjustment, 10% health care premiums	\$14.3M
Maritime	Stevedoring adjustment for volume and new agreement, increased Piers Park maintenance for recently opened addition, and other expenses	\$6.6M
Cybersecurity / Digital Transformation	Cybersecurity enhancements, technology services, Oracle Fusion (ERP)	\$2.7M
Utilities, Inflation & Other Adjustments	Utilities, property & casualty insurance, professional fees, supplies, CPI PILOT payment adjustment, community and charitable giving, other	\$4.6M

\$86.0M



Massport Employee Retirement System COLA Base Adjustment

- COLA Background:
 - In 2010, legislation was passed allowing local retirement boards, with sponsor's approval, to make COLA base adjustments in increments of \$1,000
 - In 2012, the Board approved a \$1,000 COLA base increase to \$13,000
 - In 2017, the Board approved another \$1,000 COLA base increase to \$14,000
- Recommendation: Approve a \$1,000 COLA base increase, bringing it to \$15,000, on July 1
 - \$30 annual increase (3% on \$1,000), adjusts retirees COLA to \$450 a year (currently \$420)
 - 1,005 retirees will receive the benefit of this increase
 - \$370K annual cost included in funding schedule, adds \$3.5M to accrued liability
 - 12.4% return on pension assets provides funding to make this affordable

FY2025 net earnings grow by \$49 million, or 11%, to support the \$3.2B FY24-FY28 CIP

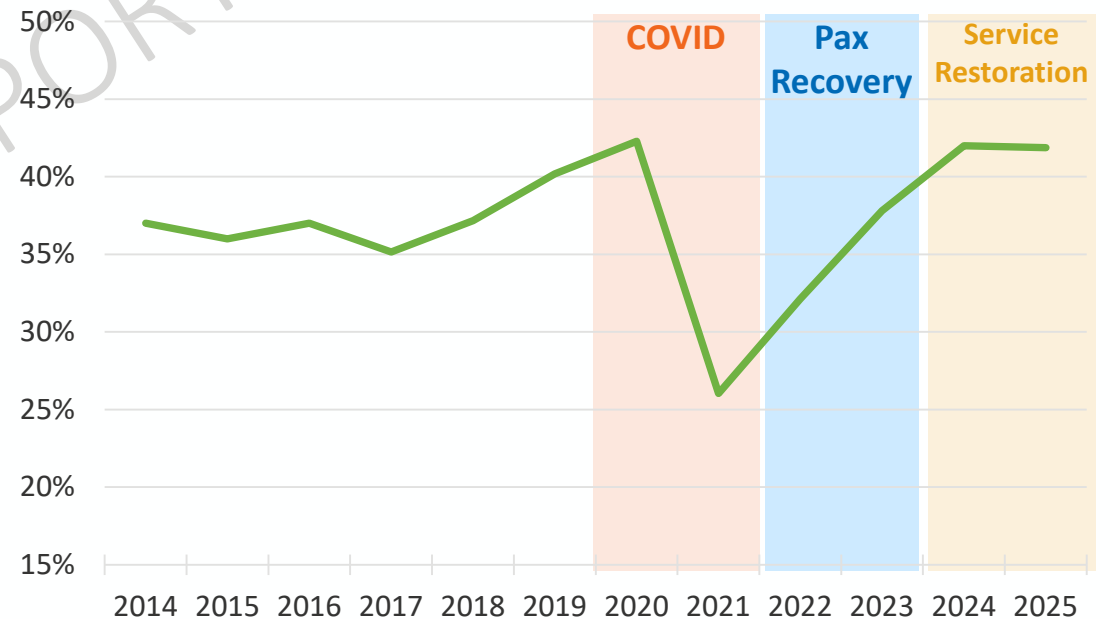
- Historically, Massport's net earnings/margin has strengthened as business activity improves
- 42% FY2025 margin ratio is on par with pre-pandemic levels

Net Earnings/Margin Ratio

Operating Budget <i>(in millions)</i>	FY2024	FY2025	Variance
Total Revenues	\$1,045	\$1,180	\$135
Operating Expenses	\$600	\$686	\$86
Net Earnings before CAPEX	\$445	\$494	\$49
Net Earnings Ratio (Earnings/Revenue)	42%	42%	

Earnings Growth + 11%

10 Year History of Massport's Net Earnings/Margin Ratio



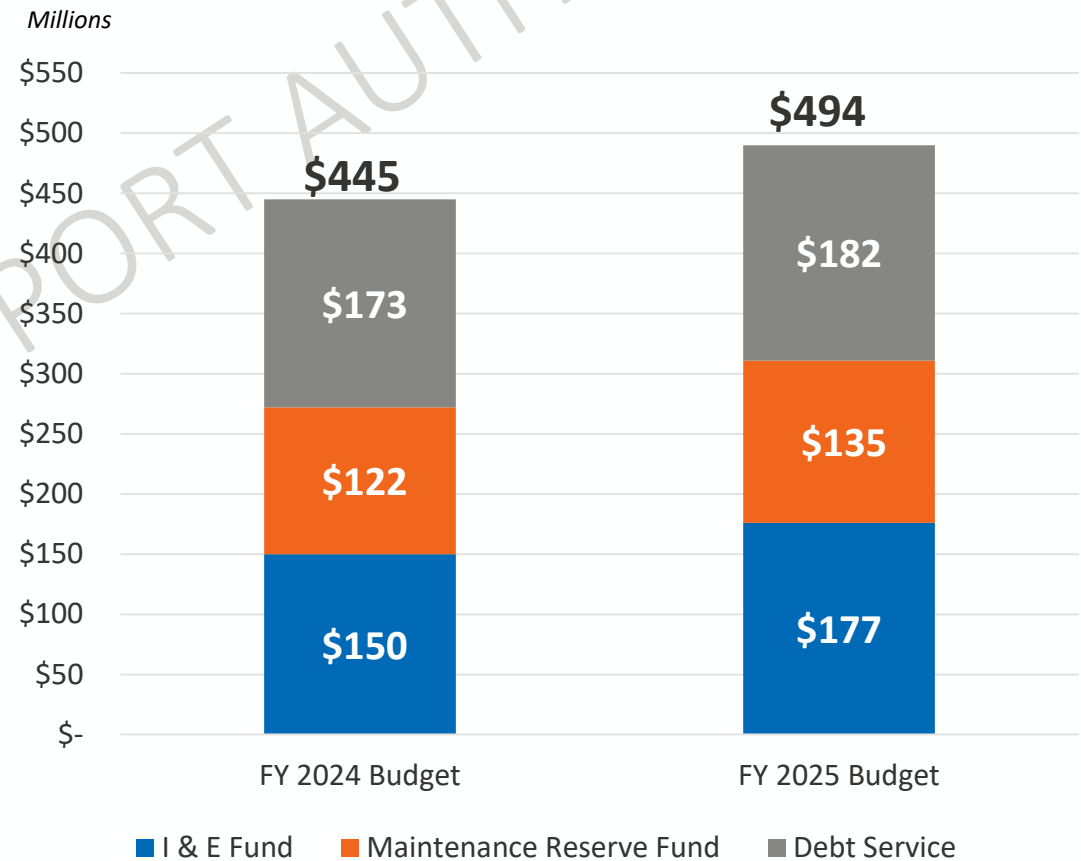
11% margin growth funds Massport CIP including bond holder payments, Net Zero and HOV initiatives, and Maintenance Reserve to keep assets in state of good repair

FY2025 earnings will be re-invested in Massport assets as follows:

- **\$182M** will be used for debt service on \$2.4B of outstanding Massport revenue bonds
- Maintenance Reserve funding of **\$135M** will be used to keep Massport’s assets in a state of good repair
- **\$177M** will be deposited into the I & E Fund to finance a portion of the \$500M in Net Zero investments included in the FY23-FY27 CIP

Note: \$155M of forecast FY2024 net earnings is being used to fund the FY24–FY28 CIP (\$100M) and the new debt defeasance (\$55M)

Net Earnings Before CAPEX



\$110M bond defeasance will generate \$5.2M in PV savings, increases future financing capacity to advance Massport's NetZero plan, HOV initiatives, and other capital needs

- Staff recommends the Board approve a **\$110M Debt Defeasance Resolution** that will generate \$62M of debt service cash savings, and at least \$5.2M of NPV savings
 - \$100M of outstanding Series 2014B & 2015B AMT bonds to be retired at call date
 - \$9M of Series 2014A, 2014C & 2015A bonds maturing on July 1, 2025 to be paid in advance
 - \$1.1M of Series 2020A bonds will also be defeased, providing an opportunity to lease more Economy Garage spaces to Peer-to-Peer operations and increase Massport revenues
- Why do a debt defeasance?
 - Creates future financing capacity to support significant Capital Program needs
 - Eliminates nearly 5% of Massport's bonds
 - Strengthens Massport's balance sheet and improves debt service profile
 - Reflects positively on Massport's bond ratings
 - Represents an effective and efficient use of available funds
- Transaction will be funded using \$55M of FY24 earnings and \$55M of debt service reserves
- PFM, the Authority's financial advisor reviewed, approved, and recommends this transaction

Risks and challenges to achieving Massport's strategic initiatives and 5-year forecasts

1. Inflation/Economy

- Rising interest rates & Federal Reserve tightening
- Construction/operating cost impacts
- Real estate

2. Geopolitical Issues

- Ongoing wars in Ukraine and Gaza
- Sanctions

3. COVID-19/World Public Health

- Variants
- Seasonal resurgence
- New pandemic

4. International Travel Recovery

- Asia recovery

5. Climate Change/Environment

- Regulations
- Infrastructure investment needs

6. Changing Customer Behaviors

- Airport access modes
- Time spent in airport

7. Technology

- Autonomous vehicles
- Urban Air Mobility (UAM) –eVTOLs

8. Traffic Congestion

- On-airport
- Gateways

9. Maritime Challenges

- Supply chain disruptions
- Change in shipping alliances and global trade
- Outflow of distribution centers/warehouses from MA
- Truck access
- Land use pressure

10. External Shocks and Threats

- Cyber breach
- Active shooter
- Extreme weather

Votes required to approve FY2025 Operating Budget

- FY25 Operating Budget and Funds Flow
- Massport Employees' Retirement System COLA Base Adjustment
- FY24 Operating Budget Revision
- Capital Budget Funding Transfer (FY24)
- Logan Commercial Parking Online Discount Pricing Continuation
- Logan Express Bus Fare E-Ticket Discount Continuation
- Agreement with the City of Chelsea
- Marine Terminals' Tariff Rates Increases and Container Incentive Programs Renewals
- South Boston Parking Rates
- Debt Defeasance Resolution
- Potential Items for Reimbursement by Bond Funds

FY2025 Rates and Charges

Logan, Hanscom and Worcester

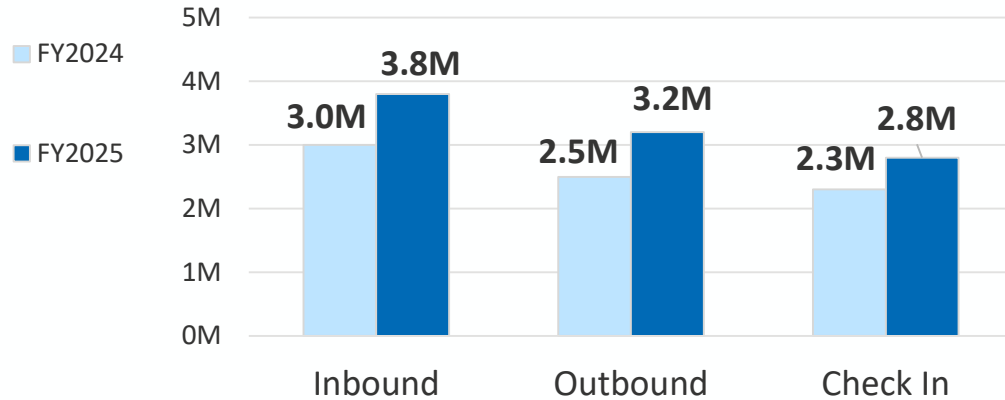
Dan Gallagher

June 27, 2024



Logan FY2025 Terminal E Activity Forecast

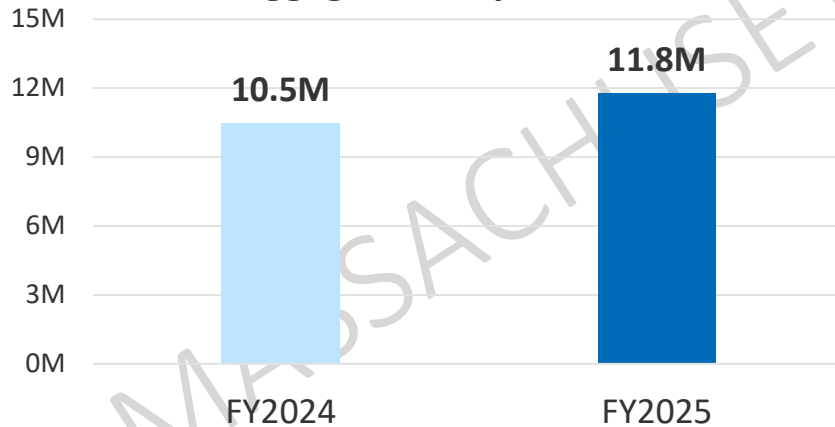
Terminal E Passengers



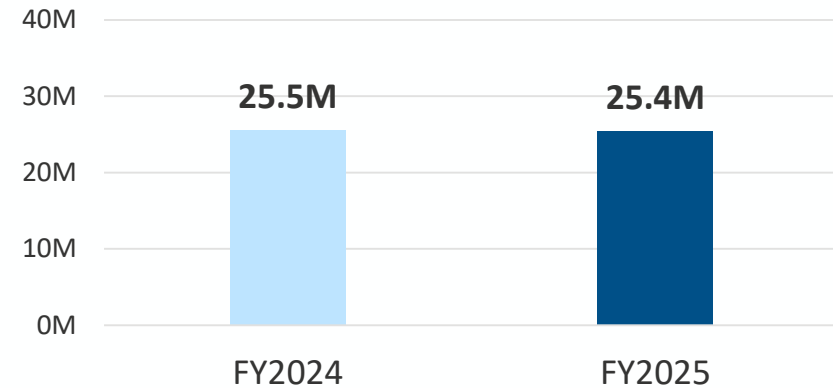
Assumptions:

- **Terminal E Passengers:** continued growth, based on strong demand for European and Caribbean service, and shifting of precleared and domestic flights to Terminal E
- **Checked Baggage:** 12.4% increase over FY24 budget due to higher propensity of leisure travel as well as increasing International travel
- **Landed Weights:** slight decline from FY24 (-0.4%) as airlines show continued capacity discipline and up gauging to larger aircraft

Baggage Activity Forecast



Landed Weights Forecast



FY2025 Operating and Capital Budget Summary

FY2025 Operating Budget to increase by \$44M with airline share approximately \$40M

Primary drivers:

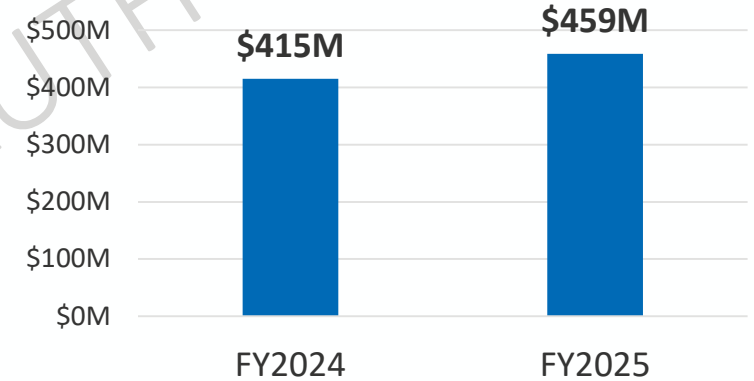
- Additional Employee Parking and Shuttle expenses (\$5.6M)
- Additional Public Safety Costs (\$15.1M)
- Facilities Cleaning and Additional Contractual Services Costs (\$15M)

FY2025 Capital Amortization to increase by \$17.9M:

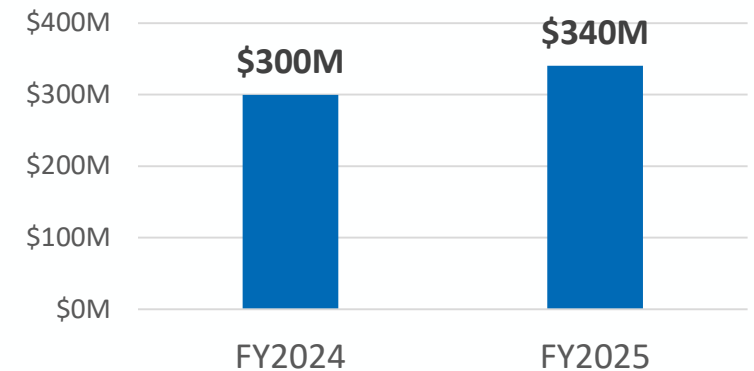
Primary drivers:

- Terminal B to C Roadway Improvements represents \$5M
- Piers Park 2 represents \$1.4M
- All other FY2025 increases will be added to appropriate cost centers

Total Operating Budget



Airline Impact Only



Estimated FY2025 Logan Airport Rates & Charges

Boston Logan International Airport Schedule of Rates and Charges FY2024 Budget & FY2025 Board Voted Rates			
Description	FY 24 Budget Rate	FY 25 Budget Rate	% Variance (Budget to Budget)
Landing Field Rate			
Landing Field Rate	\$6.19	\$6.61	6.79%
Baggage Screening Facility Fee (per Bag)			
Baggage Screening Facility Fee (per Bag)	\$2.07	\$2.02	-2.49%
Terminal Rates (per SF)			
Terminal A	\$188.38	\$202.66	7.58%
Terminal B	\$166.45	\$188.35	13.16%
Terminal B Tier 3 BHS Facility	\$13.09	\$12.43	-5.04%
Terminal C (Blended)	\$170.89	\$189.34	10.80%
Terminal C - Main	\$231.81	\$292.25	26.07%
Piers B & C - Upper	\$169.64	\$169.98	0.20%
Piers B & C - Lower	\$110.16	\$100.59	-8.68%
Pier A - Upper	\$152.88	\$153.37	0.32%
Pier A - Lower	\$148.09	\$148.58	0.33%
Terminal E			
Type 1	\$158.81	\$188.15	18.47%
Type 2	\$161.81	\$191.15	18.13%
Type 3	\$172.31	\$201.65	17.03%
Regional Carrier Facility	\$72.94	\$69.14	-5.20%
Passenger Fees (per activity count)			
Terminal E			
Inbound International Fee	\$16.35	\$15.04	-8.01%
Outbound Passenger Fee	\$5.80	\$5.36	-7.59%
Inbound Non-FIS/Domestic Fee	\$16.35	\$15.04	-8.01%
Common Use Checkin Fee	\$9.58	\$9.02	-5.82%

Logan Employee Parking Rates

Employee Parking Permit Fees	(Eff. September 2016)	(Proposed eff. July 2024)
On-Airport (Tower Lot / E Lot 2 / PVB)	\$175	\$225
Off-Airport (Chelsea / Pre-Flight / Wonderland)	\$125	\$175

- Massport will continue working with business partners on short-term and long-term plans to address employee commuting options
- Proposed \$50 increase to the employee parking permit fees will lead to a more balanced cost recovery approach
- Massport will continue to communicate and promote alternative commuting options (HOV)
- As Massport and our business partners work towards a long-term sustainable parking strategy, the number of monthly permits at the Chelsea Surface Lot will be increased from 1,500 to 2,000

Estimated FY2025 Hanscom Field and Worcester Regional Airport Rates & Charges

Hanscom Field

- Staff recommends aeronautical rates be adjusted by 3-5%
- Example fee increases include:
 - Terminal Rents 3.5%
 - Landing Fees 4.0%
 - Hangars and Tiedowns 3.5%
 - Customs Recovery 3.0%
- Fee adjustments produce approximately \$250K in new revenues to be used to offset Hanscom's expense budget increase

Worcester Regional Airport

- Staff recommends a 3% adjustment for certain aeronautical fees and a 5% adjustment for rental car operators
- No fee changes are recommended for fuel flowage and commercial parking
- Fee adjustments generate approximately \$55K of additional revenues to offset Worcester's expense budget increase

Votes required to approve aeronautical rates and charges

- Logan Landing Fee
- Logan Terminal Building Rental Rates
- Logan Baggage Screening Facility Fee
- Logan General Aviation User Fee
- Logan Aircraft Parking Fee
- Logan Rental Car Center Rental Rates
- Logan Employee Parking Rates
- Chelsea Surface Lot - Additional Parking Permits
- Hanscom Rates and Charges
- Worcester Rates and Charges

Electricity Rates

Anna Tenaglia

June 27, 2024



Background: New Electricity Rate Setting Methodology established in FY24

- Historically, Massport used Eversource published electricity rates to bill customers for electricity usage
- The Board approved a new rate setting methodology in FY2024 to provide customers with price stability, recover Massport's costs, use industry rate setting standards (G-1, G-2, G-3 rates), and perform a true up annually
- Electricity rates recover the following expenses:
 - Wholesale electricity supply and distribution expenses
 - Utility and electricity distribution management expenses (Logan & Admin staff and O&M costs)
 - General & Administrative costs (overhead)
 - Capital Amortization related to investments made to Massport's electricity distribution system
 - Clean energy programs and Net Zero initiatives applicable to electricity

For FY2025, Massport's average electricity rate is \$0.1915 per kWh, a 13% decline from FY2024

- Average electricity rate comparison:

Overall Rate	FY 24	FY 25	Change
Recovered Costs	\$46.2M	\$40.2M	(13%)
Kilo Watt Hours Used (kWh)	209.2 million	210.2 million	0.05%
Summary Rate per kWh	\$0.2212	\$0.1915	(\$0.0297)

- Electricity Rates for each Customers by facility

Massport Rate by type	G-1	G-2	G-3
Logan Airport	\$0.257	\$0.208	\$0.194
Hanscom Field	\$0.277	\$0.198	\$0.185
Conley Terminal	\$0.24	\$0.162	\$0.148
Black Falcon	\$0.208	\$0.129	\$0.116
Autoport	\$0.205	\$0.126	\$0.113

Next Steps

- Finalize FY2025 electricity expenses and set electricity rates for July customer billing
- Communicate new electricity rates to tenants (currently underway)
- Update Massport utility billing system software with new electricity rates
- Track actual expenses and tenant usage compared to budget (throughout the year)
- Perform annual true-up, if necessary, and adjust rates and tenant bills to reflect actual electricity costs when year-end costs and usage are final

Annual Insurance Program

John Pranckevicius

June 27, 2024



FY2025 Annual Insurance Program

- Annual insurance assessment is a requirement of the Authority's 1978 Trust agreement
- Albert Risk Management Consultants certifies to the Trustee that:
 1. The Authority's FY2025 insurance and risk management program is properly structured
 2. The program is cost effective given the Authority's complex risk profile
- The Authority's insurance risk profile consists of:
 - High limit/layered program for liability coverage and property insurance
 - Moderate to high retention levels
 - Limited/specialty insurance market
 - Structure is designed to protect the Authority, and Bond holders, from catastrophic loss
- The FY2025 insurance policy budget is \$12.3M, a 3% increase over last year

Massport's FY2025 insurance policies to increase a modest 3%

- **Property Coverage: \$500M limit, \$1M retention, plus 10% on next \$50M per occurrence**
 - Massport's property values increased modestly resulting in a CPI adjusted premium change for FY25
- **Aviation Liability: \$750M limit, retention of \$250K per policy aggregate**
 - 5% premium renewal increase reflects increased activity at Logan and continued passenger growth
- **Maritime Liability: \$100M limit, retention of \$25K per occurrence**
 - 11% premium renewal increase due to increased maritime container and cruise business operations
- **Excess Workers Compensation: unlimited, retention of \$1.0M per occurrence**
 - Premium increased due to higher regulated reimbursements rates for medical costs and wage replacement
- **Automobile Liability: \$5M limit, retention of \$5K per occurrence**
 - 10% premium renewal is due to an increase in fleet size from 712 to 782 with the added State Police vehicle program
- **Other Coverages:**
 - 25% premium reduction is due to softened insurance market conditions and Massport resiliency efforts

FY23	Insurance Line	FY24	FY25	FY 24-25 Variance	FY24-25 % Increase
\$6,200,000	Property	\$7,616,452	\$7,844,946	\$228,494	3%
\$1,355,000	Airport Liability	\$1,474,000	\$1,541,968	\$67,968	5%
\$474,000	Marine Liability	\$506,000	\$566,287	\$60,287	11%
\$645,000	Excess Workers Comp	\$689,000	\$777,794	\$88,794	12%
\$697,000	Automobile Liability	\$794,000	\$875,492	\$81,492	10%
\$1,001,000	Other Coverages	\$897,149	\$717,550	(\$179,599)	-25%
\$10,372,000		\$11,976,601	\$12,324,037	\$347,436	3%

Annual Independent Audit Plan for FY24

John Pranckevicius

June 27, 2024



Ernst & Young (EY) presented their FY2024 audit plan to the Audit & Finance Committee on June 17, 2024

- The FY2024 audit plan includes:
 - Massport's FY2024 financial statements
 - Massport's Retiree Benefit Trust
 - Federal Funds Audit (Uniform Guidance)
- EY is partnering with KVR LLC, a Boston-based WBE accounting firm, to perform this year's audit work (similar to last year)
- EY and KVR presented their required communications and areas of audit emphasis to the Committee
- EY indicated that the audit will be completed by September 27, 2024 in conformance with the Authority's 1978 Trust Agreement

Assent Agenda

MASSACHUSETTS PORT AUTHORITY