

**Massachusetts Port Authority
Board Meeting**

May 16, 2024



Public Comment

MASSACHUSETTS PORT AUTHORITY

Chair's Comments

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 welcomed 14 new Massport Police Officers in April



Massport participated in National Construction Safety Week (May 6-10) to reinforce construction safety practices for a safe and healthy work environment

- The theme of this year's National Construction Safety Week was ***"Value Every Voice"***
- Daily Toolbox Talks held at jobsites throughout the week:
 1. May 6 : Driving Personal Ownership
 2. May 7: Encourage and Welcome New Ideas
 3. May 8: Embrace Every Voice
 4. May 9: Strengthen Our Culture
 5. May 10: Thank You for Using Your Voice
- Construction Safety Unit hosted two special safety events:
 - New Safety Helmets
 - Fall Hazards and Fall Protection Equipment



Massport received the Massachusetts Economic Catalyst Award from MassEcon



- MassEcon's mission is to promote and champion Massachusetts as the best place to start, grow and locate a business
- Massport received a special recognition, the *Massachusetts Economic Catalyst Award*, for the modernization of Terminal E
- Secretary of Economic Development, Yvonne Hao was on hand to recognize 14 organizations from across the state for their outstanding contributions to the Massachusetts economy

Massport is preparing for the full closure of the Sumner Tunnel from July 5-August 5

- Continue expanded HOV/transit options to encourage airport passengers and workforce to use HOV/transit
- Utilize traffic management tools to ease regional and airport roadway congestion
- Provide passenger support with Public Service Representatives, Ground Transportation Agents, and improved signage
- Launch awareness campaign through multiple media channels to inform airport passengers and encourage HOV/transit use

THE BEST ROUTE TO BOSTON LOGAN

TAKE PUBLIC TRANSIT TO THE AIRPORT

MassDOT's Sumner Tunnel is fully closed July through early August for restoration. To work around the closure, please give yourself extra travel time to and from the airport and use one of these transit options:

LOGAN EXPRESS from Back Bay, Braintree, Framingham, Foxborough, or Woburn	THE MBTA Blue Line, Silver Line, or the water ferry	PRIVATE BUS SERVICE from Massachusetts, New Hampshire, Maine, Rhode Island, or Vermont
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ADD 2 EXTRA HOURS TO YOUR TRAVEL TIME TO AND FROM THE AIRPORT

FOR TRAVEL INFO, VISIT FLYLOGAN.COM OR DOWNLOAD THE FLYLOGAN APP

For up-to-date tunnel closure info, visit mass.gov/sumner-tunnel

boston logan
POWERING WHAT'S POSSIBLE

BOS Boston Logan Intl. Airport 2h

MassDOT's Sumner Tunnel is fully closed July through early August for restoration. Pre-plan your trip to the airport.

THE BEST ROUTE TO BOSTON LOGAN

boston logan
POWERING WHAT'S POSSIBLE

Take public transit to Boston Logan [Learn more](#)

550 78 comments 19 shares

Like Comment Share

Financial Performance: March 2024

Activity Highlights

- Logan served 3.5M passengers
- Conley Terminal processed 11,000 containers
- Real Estate revenues exceeded plan by \$0.7M
- Expenses were \$1.6M above budget

Financial Results

Revenues	\$103M
Expenses	<u>(\$88M)</u>
Contribution	\$15M

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

Airlines and hotels report that business travel is coming back and nearing pre-pandemic levels

THE WALL STREET JOURNAL

Welcome Back, Road Warriors: Business Travel Returns

Airlines, hotels say work trips are rebounding to near prepandemic levels—'they're hungry to meet in person'

By [Alison Sider](#) [Follow](#) and [Chip Cutter](#) [Follow](#)

April 28, 2024 10:00 am ET

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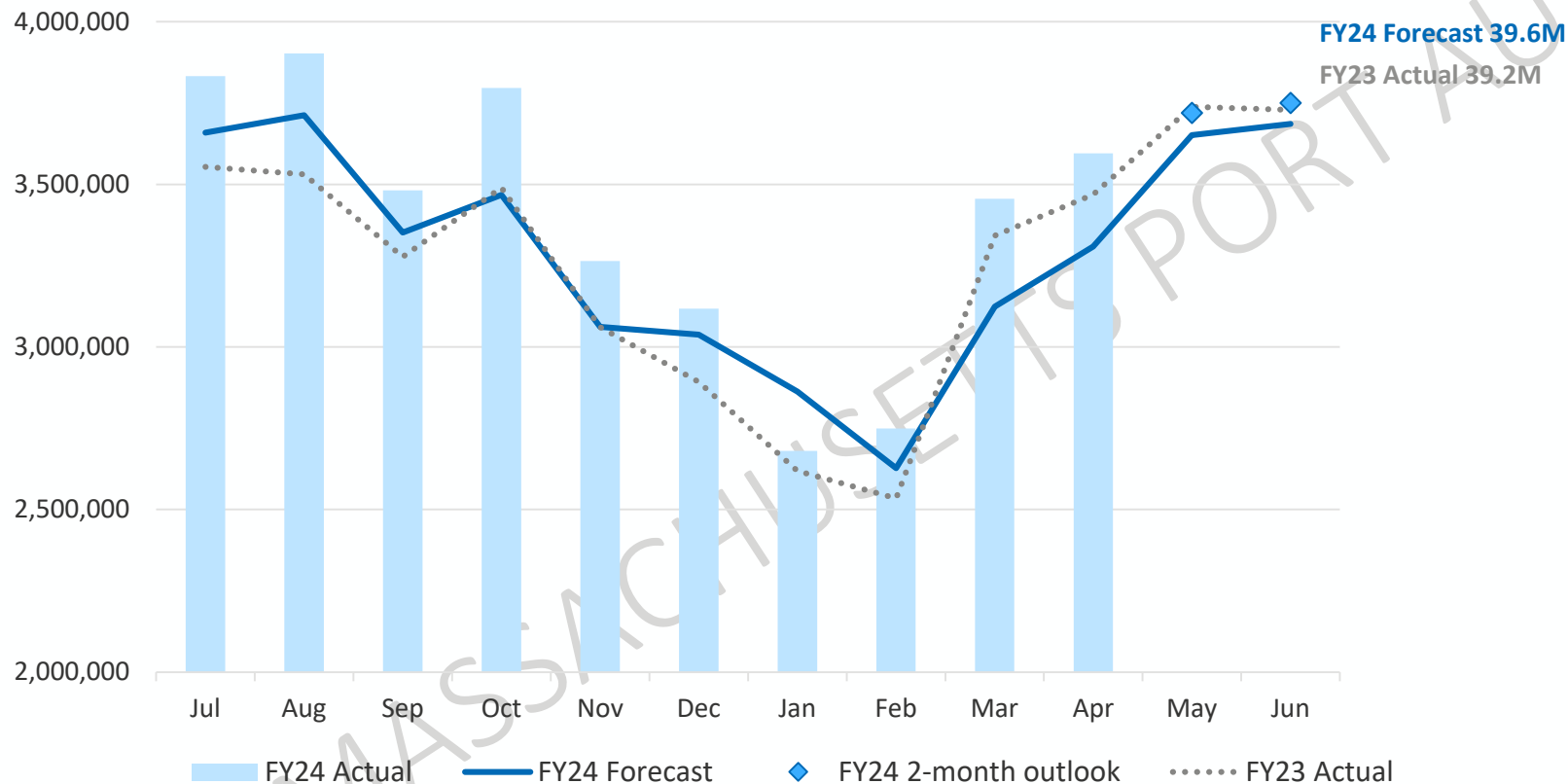


United Airlines said it has seen corporate bookings soar. PHOTO: BING GUAN/BLOOMBERG NEWS

- Airlines report large revenue increases from corporate accounts during Q1 FY24
 - Increases of 14% (DL & UA) to 25% (WN) reported for Q1
- Hilton Hotels reports strong demand above pre-pandemic from small and medium-size companies, with large corporate customers trending toward 2019 levels
- Finance, technology and professional services firms are leading the business travel recovery

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

- April: +9%
- FYTD: +5%

Outlook

- Strong summer demand
- Business travel recovery continues
- Airline schedules reflect aircraft supply challenges
- FAA air traffic controller shortages persist
- Economic growth is slowing but consumer spending still strong

Massport proudly supports the East Boston Little League



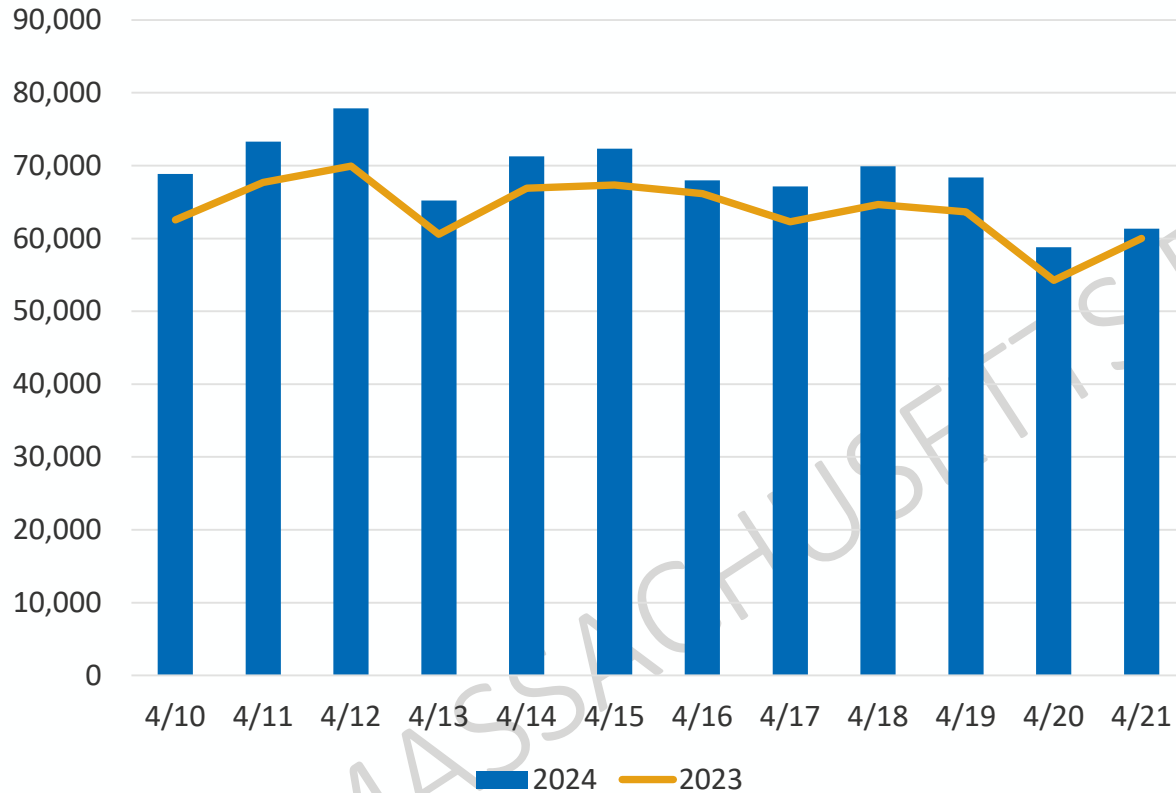
The Piers Park Sailing Center (PPSC) officially opened for the 2024 season



Report of the Director of Aviation
Ed Freni

Logan Airport had a busy two weeks with robust passenger travel over the April school vacation period (MA & NH)

Logan Screened Passengers
April School vacation (MA & NH) – 2024 vs 2023



- 822K passengers screened by TSA over a 12-day period
 - 11% increase over 2023 (765K)
 - 5% higher than 2019 (786K)
- Friday April 12 was the highest day for TSA screenings since August 2019
- Strong demand expected to continue as the summer travel season ramps up

Note: April school vacation dates: (1) MA 4/15 to 4/19; (2) NH 4/22 to 4/26



School vacation travel resulted in strong activity at Logan Airport in April

Logan Activity - Preliminary April 2024

	Month	Prior Year	% Change Over Prior Year	FYTD 2024	FYTD 2023	% Change Over FYTD 2023
Passengers	3.6M	3.5M	3.7%	33.9M	31.8M	6.7%
Aircraft Operations	33.5K	33.4K	0.4%	322.5K	326.5K	-1.2%

Preliminary numbers reflect estimates for incomplete reporting

Worcester Regional Airport had a strong April benefitting from school vacation travel to Florida destinations

April 2024

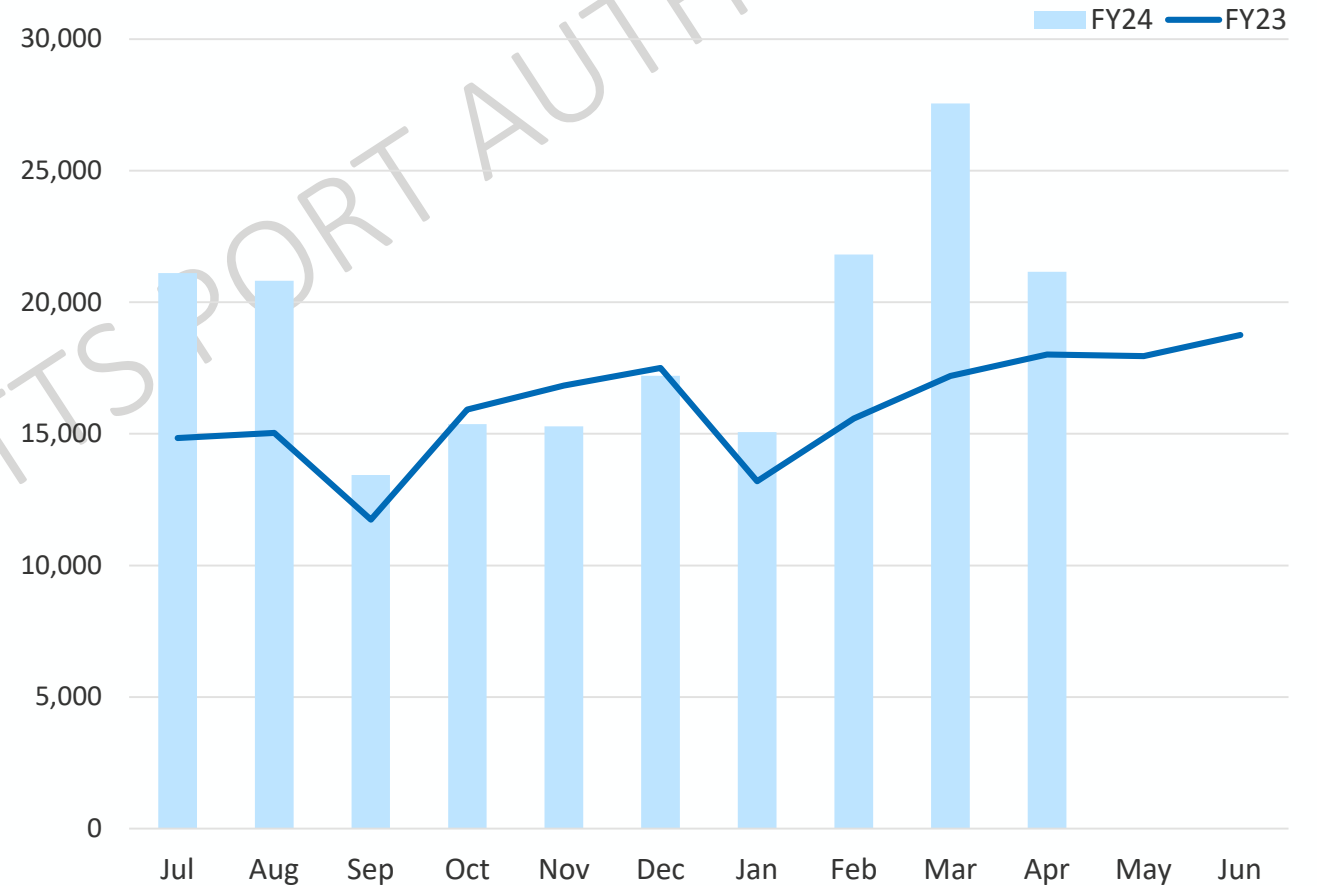
- 21,150 passengers - up 17% over 2023

FYTD 2024

- 188,800 passengers - up 21% over FYTD 2023



Worcester Regional Airport Passengers



Worcester Regional Airport's rebound was recently featured on the cover of the Telegram & Gazette

TELEGRAM & GAZETTE

Passenger numbers continue to soar at Worcester Regional Airport after record 2023 year



Marco Cartolano

Worcester Telegram & Gazette

Published 5:13 p.m. ET April 25, 2024 | Updated 10:57 a.m. ET April 26, 2024



The bar and waiting areas were crowded on Thursday at Worcester Regional Airport. Allan Jung/Telegram & Gazette

WORCESTER — It is the beginning of a bustling and sunny Thursday afternoon at Worcester Regional Airport with a flight from Fort Lauderdale arriving. Far from the COVID-era drop in flights, the airport has seen a climb in customers.



Worcester Regional Airport was recognized with a Balchen/Post award for its snow removable operations – 4th time in 10 years

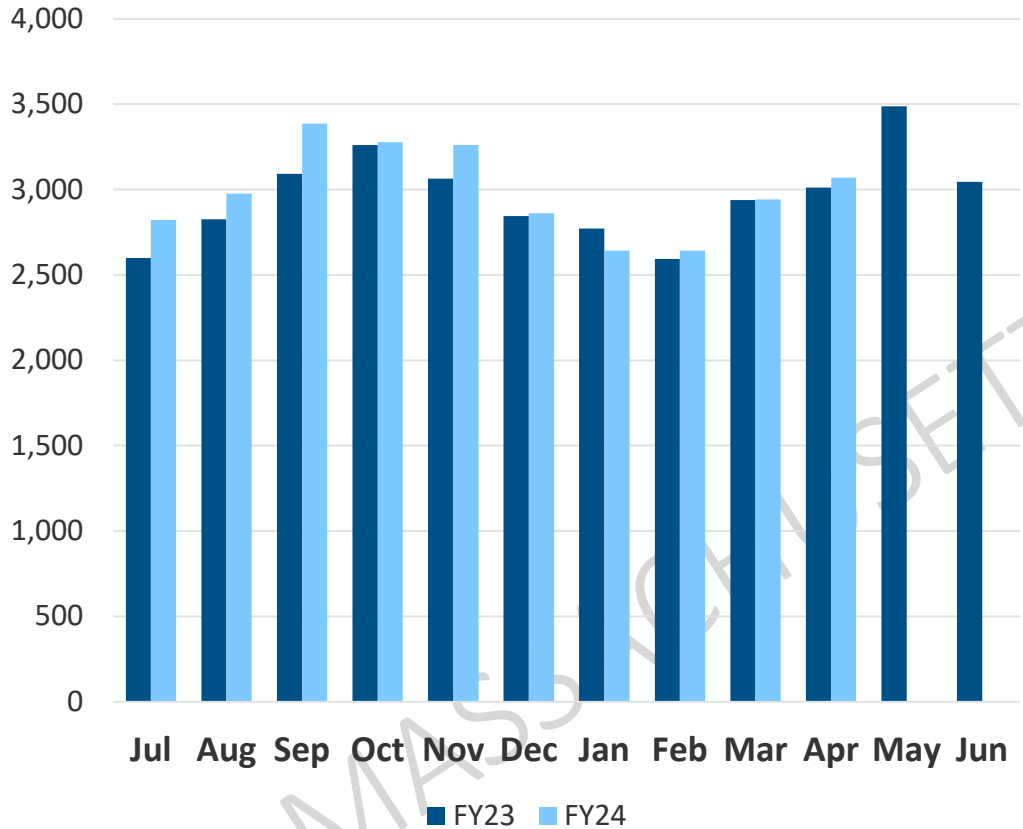


Small Commercial Airport Category:

Honorable Mention - Worcester Regional Airport

Activity at Hanscom Field was 10% higher in April due to favorable weather for small single-engine aircraft including pilot training operations

Hanscom Field
Jet Operations



April Activity:

	Jets	Total
Operations	3,100	10,600
Chg vs 2023	2%	10%
Chg vs 2019	17%	12%

FYTD 2024 Activity:

	Jets	Total
Operations	29,900	100,100
Chg vs FY23	3%	1%
Chg vs FY19	17%	2%



Report of the Director of Maritime
Joe Morris

The Port of Baltimore is preparing to reopen to cargo traffic by the end of the month

S&P Journal of Commerce

Baltimore readying for return of Asia volumes as recovery takes shape: port CEO

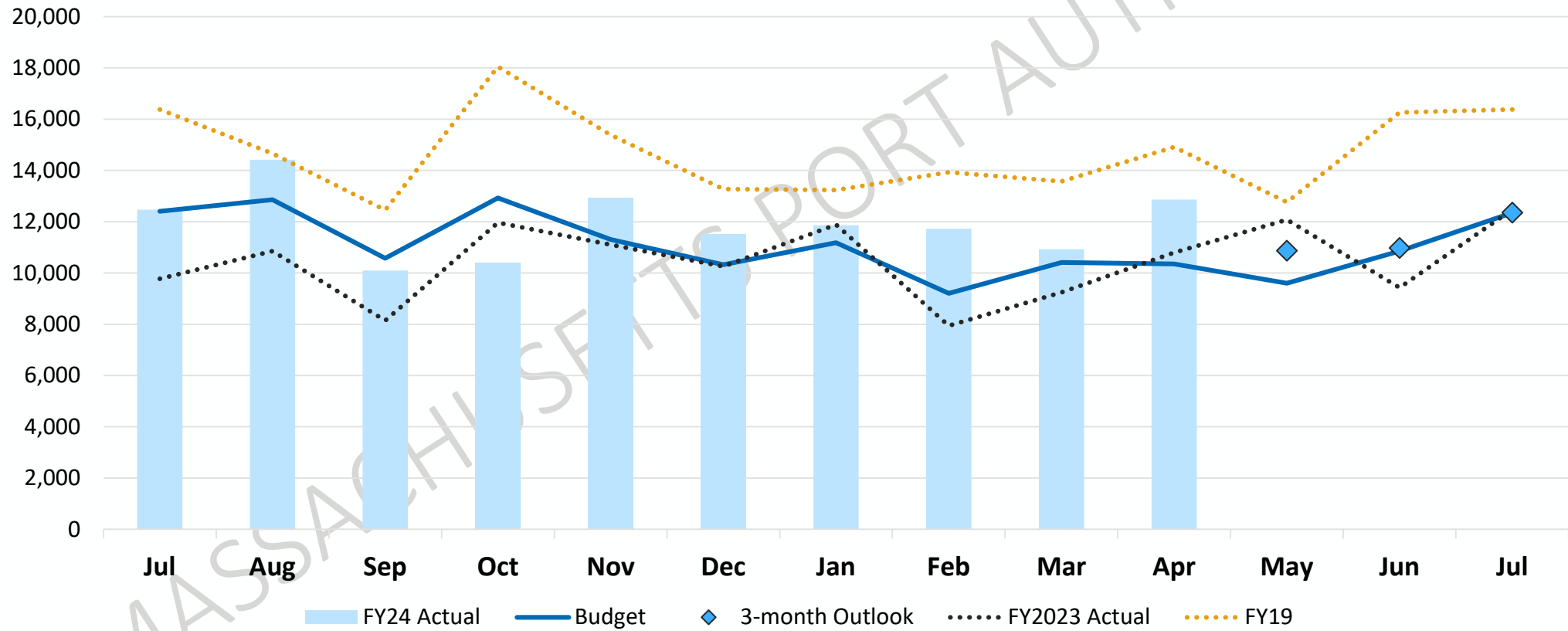


Mark Szakonyi, Executive Editor | May 1, 2024, 12:57 PM EDT

- Ocean carriers have begun to accept bookings on services to Baltimore, scheduled to arrive at the end of May 2024
- The last trapped vessel departed the port on May 13
- Authorities are hoping to refloat the Dali this week, and still estimate that the full navigation channel will reopen by the end the month

Conley Terminal handled 16 vessels in April and nearly 13,000 containers

Conley Terminal Container Volumes
Actual vs Forecast

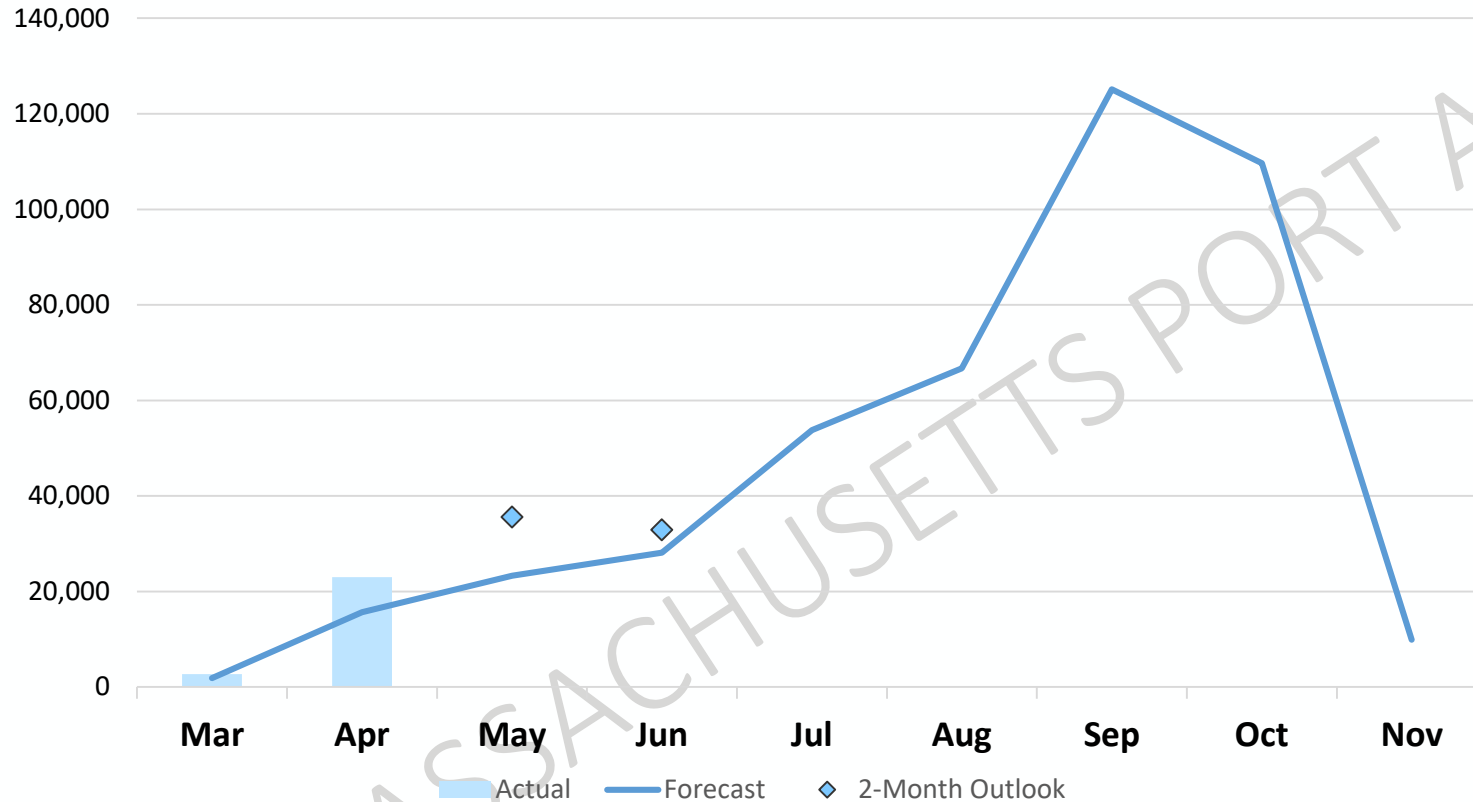


Massport recognized Representative David Biele as the 2024 Maritime Champion at the annual cruise kick-off event on May 3



In April, Flynn Cruiseport Boston welcomed 5 vessels and nearly 23,000 passengers, including our first Canada/New England call of the season

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	23	52
September-November	39	61	100
Total	79	90	169

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



Human Resources, Diversity, and Compensation

Preliminary Screening Committee Report and Recommendation of Finalists

Chair Jacobs

May 16, 2024



MASSACHUSETTS PORT AUTHORITY

Facilities and Construction

Terminal A to B Connector (L1773)

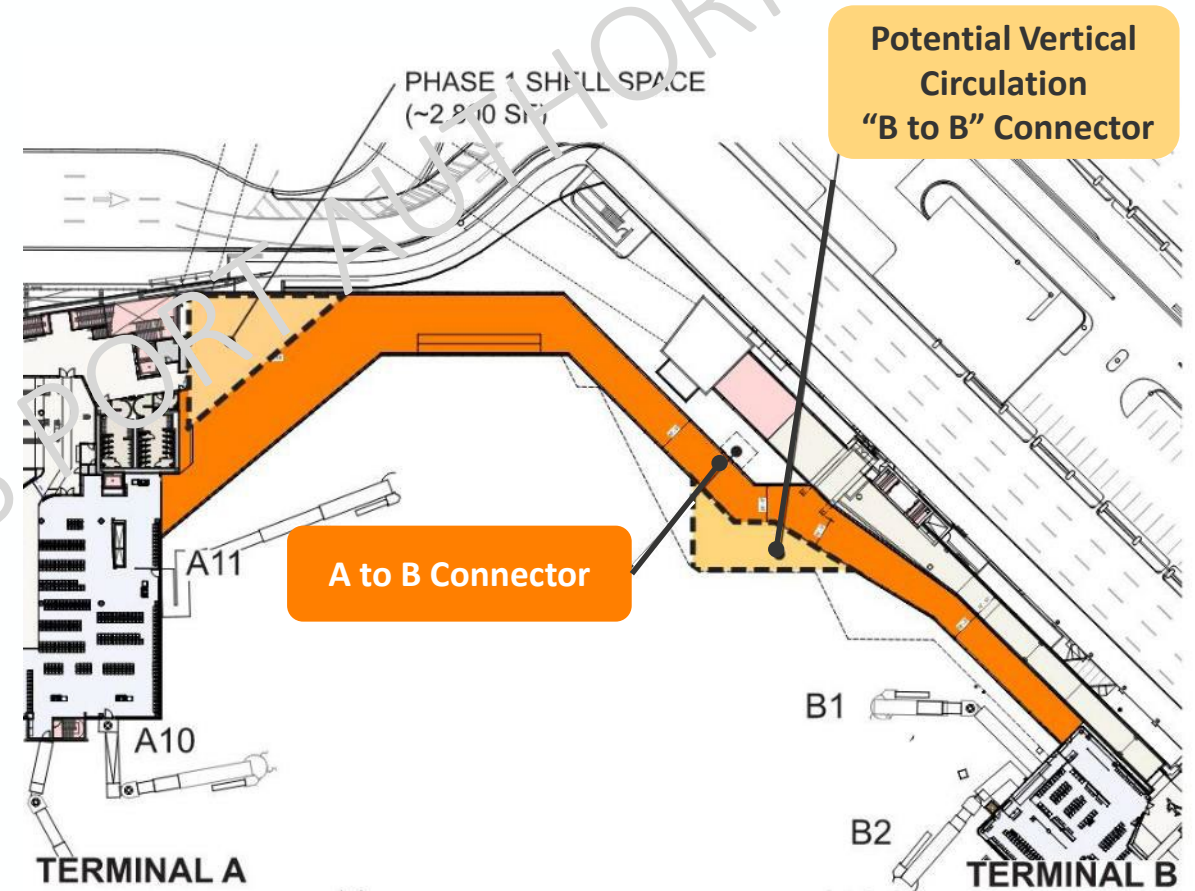
Luciana Burdi

May 16, 2024

The Terminal A to B Connector is the final phase to create post-security connectivity between all Logan terminals, which commenced in 2014

Project Scope:

- Improves passenger transfers and connections to/from other domestic and international terminals for all airlines
- Provides Massport with the flexibility to utilize gates at all terminals to meet airline demand, regardless of an airline's terminal location
- Allows for a potential future vertical circulation structure that would enable a post-security connection between Terminal B, Pier A and Terminal B, Pier B ("B to B connector") and a permanent ground bus boarding location on the apron



Terminal A to B Connector Project

Key Conditions of Satisfaction:

- Gate B1 remains operational
- Includes a new exit lane to the public side at Terminal A
- Does not preclude future Terminal B to B connector
- Does not preclude a future bus boarding operation at the apron

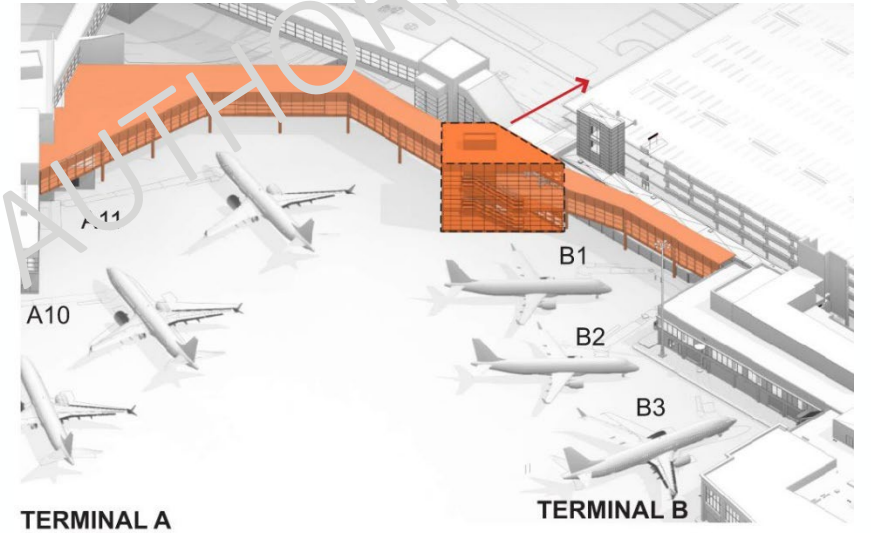


Milestones:

- Select construction manager: Fall 2024
- Substantial completion: End of 2027



Aircraft configuration with bus boarding



Board Recommendation:

Approve a partial project budget in the not-to-exceed amount of \$30M

Rehabilitate Taxiway November from Runway 15R-33L to Runway 22L (L1653)

Luciana Burdi

May 16, 2024

The Taxiway November Rehabilitation project will maintain the safety and state-of-good-repair of critical airfield infrastructure

- Taxiway November (N) is a key taxiway serving Logan Airport
 - Primarily used during southwest winds (prevalent in summer) or northeast winds (prevalent in spring)
 - Is a low-visibility taxi route
- The taxiway was last rehabilitated in 2010 and is now at the FAA threshold for replacement

Project Scope:

- Resurface existing asphalt pavement
- Replace existing concrete pavement and improve taxiway geometry at approach to Runway 22R
- Repair existing concrete pavement
- Replace electrical infrastructure and circuitry, and upgrade centerline lighting to energy-saving LED



Rehabilitate Taxiway N from Runway 15R-33L to Runway 22L



Key Conditions of Satisfaction:

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



Implementation:

- Construction is scheduled to start June 2024 with majority of rehabilitation work in September-October based on typical wind patterns and traffic levels (Work in July-August to be limited)
- Schedule minimizes impacts to airport operations and maximizes work shift activities



Project Funding

- 75% will be funded with FAA AIP entitlement grants and Airport Infrastructure Grants (AIG) funded by the Bipartisan Infrastructure Law

**Board Recommendation:
Approve a partial project budget in the
not-to-exceed amount of \$27M**

Delegation of Authority Thresholds

Luciana Burdi

May 16, 2024

Staff proposes to increase delegated authority thresholds

Background

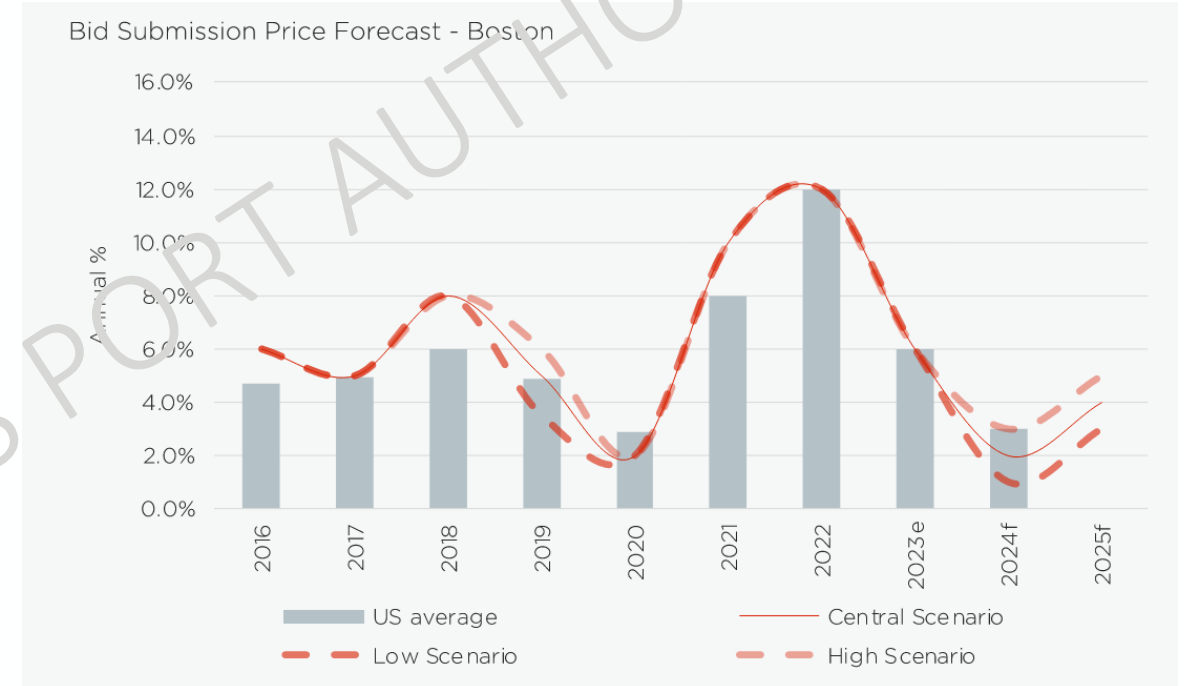
- The Board has, from time to time, approved increases to the delegated authority limits established in 1995 to reflect Industry standards and market conditions
- The Board approved the current delegated authority limits (i.e., \$2M for design, and \$5M for construction, services, goods, and equipment) in 2018
- Massport's current delegated authority thresholds are low compared to other state agencies

Objectives

- Provide for more efficient and timely implementation of the Capital Program
- Maintain financial controls
- Allow for earlier and more accurate total project cost and scope estimates

Construction costs for public projects in Massachusetts have increased by 18-20% over the past 24 months and are forecast to increase further

- In 2023, wages in Boston grew 6-10% and are anticipated to increase an additional 5-10% in 2024-25
- Boston bid submissions are forecast to increase by 3-5% in 2025
 - Unprecedented increases in material costs and lead times are resulting in a longer project durations and higher overall project costs
 - New building and energy efficiency codes are also adding to project costs
 - High demand for construction contractors is resulting in fewer bidders and adding 5-10% to construction costs



Source: Dharam 2024-2025 US Cost Trends and Pricing Outlook January 2024

Massport's delegated authority thresholds are low compared to other state agencies, authorities, and universities

Delegated Authority Benchmarks: Massport vs State Agencies and Authorities

Contract Type	Massport		Other State Agencies and Authorities			
	Current	Proposed	MBTA General Manager	MassDOT Secretary	DCAMM ¹	UMBA ²
Design Contracts	\$2M	\$5M	\$5M	\$15M	No limit <i>Stage-gate Process</i>	\$10M <i>Total Project Cost</i>
Construction Contracts	\$5M	\$10M	\$15M	\$15M	No limit <i>Stage-gate Process</i>	<i>Stage-gate Process</i>

¹ – DCAMM level set by project specific state approved budgets.

² – University of Massachusetts Building Authority (UMBA) mission is to build facilities on the UMBA campuses that could be financed from student fees and charges. Facilities include student dormitories, dining facilities, parking garages.

Staff proposes raising the delegated authority threshold for construction, materials and equipment contracts from \$5M to \$10M and design contracts from \$2M to \$5M

CIP Projects by Budget Amount

Project Budget	% of Total Projects	Total Project Budget	% of Total Project Budget	Funding in FY24-FY28 CIP	% of FY24-FY28 CIP
\$0 - \$5M	64%	\$400M	6%	\$300M	9%
\$5M - \$10M	11%	\$305M	4%	\$243M	8%
\$10M+	25%	\$6,420M	90%	\$2,634M	83%
Total	100%	\$7,125M	100%	\$3,177M	100%

Raising the delegated authority threshold to \$10M would allow the Board to review 83% of CIP project spend

Projects between \$5M and \$10M:

- Previously reviewed by Board
 - LOC Data Center CRAC Unit Replacement (L1740)
 - Cruise Terminal Passenger Circulation Enhancements (M727)
- Upcoming projects
 - Steam System Rehabilitation Program (L1275)
 - LOC RTU Replacement (L1700)
 - Piers Park Seawall (M629)
 - Logan PA System Upgrades (L1839)

Proposed Delegated Authority Thresholds

Design Contracts:

- Increase delegated authority from \$2M to \$5M

Construction Contracts:

- Increase delegated authority from \$5M to \$10M

Project Budget Threshold: \$15M

Program Budget Threshold: \$25M

Audit and Finance

Bond Rating Agency Updates Rental Car Facility and 1978 Trust Agreement

Anna Tenaglia

May 16, 2024



Moody's added a positive outlook to Massport's Consolidated Rental Car facility (ConRAC) bonds

- Moody's raised its credit outlook from stable to positive citing improving financial metrics as Logan Airport passenger traffic continues its recovery

Credit strengths include:

- Strong debt service coverage and a level debt service profile
- Strong legal structure and bondholder protections including contingent rent
- Uncapped CFC rate
- Strong liquidity established under the indenture
- Limited exposure based on positive assessment of management credibility/ track record, board structure, policies and procedures and other factor

Challenges include:

- Debt is supported by a singular revenue stream
- Logan has recovered from the pandemic at a slower pace than other domestic-focused airports
- Lease term with the rental car companies through 2028, leaving some renewal risk through the term of the bonds



CREDIT OPINION
29 March 2024

MASSACHUSETTS PORT AUTHORITY - CONRAC PROJECT

Update to credit analysis

Summary

The credit profile of [Massachusetts Port Authority - ConRAC Project](#) (A3 positive) is anchored by the strength of Boston-Logan International Airport (BOS) and the local economy. [Massachusetts Port Authority](#) (Aa2 stable) is among the strongest of Moody's rated airports, and its enplanement base remains among the most diversified in the US airport sector with the largest market share by JetBlue at 28.1% in FY 2023. Its passenger base drives stability in

Fitch affirmed Massport's AA revenue bond rating and stable outlook



Fitch Affirms Massport Revenue Bonds at 'AA'; Outlook Stable

Wed 10 Apr, 2024 - 3:03 PM ET

Fitch Ratings - New York - 10 Apr 2024: Fitch Ratings has affirmed the ratings on approximately \$2.58 billion in outstanding revenue bonds issued by the Massachusetts Port Authority (Massport, authority) at 'AA'. The Rating Outlook is Stable.

RATING ACTIONS

ENTITY / DEBT ↕	RATING ↕	PRIOR ↕
Massachusetts Port Authority (MA) /Airport Revenues - First Lien/1 LT	LT AA Rating Outlook Stable	Affirmed AA Rating Outlook Stable

- Massport's overall credit position is the highest standalone revenue bond rating in Fitch's U.S. Airport portfolio

Key rating drivers:

- Robust Boston service area
- A predominantly O&D with a growing international travel base
- Stable revenues and Massport's cost recovery charge-setting framework
- Strong cost management
- Well-maintained facilities supported by a strong infrastructure development program
- Conservative, fixed-rate debt structure

Rating sensitivities:

- A material increase in capital spending
- A sustained decline in passenger volumes



Assistant Treasurer Appointment

John Prankevicius

May 16, 2024



A&F Personnel Vote: Item 6 on Board Agenda

Item 6

- Board vote to designate John Plonowski, Acting Director of Operating Budget, as an additional A&F Assistant Treasurer until the next annual meeting (July)
- Authorizes Mr. Plonowski to perform banking approvals and authorize banking instructions for the Authority in his new role

Massport Employees' Retirement System Lease

John Prankevicius

May 16, 2024



Recommendation to renew the Massport Employees' Retirement System office space lease at the Logan Office Center

- The Retirement System leases approximately 3,000 square feet of space at the Logan Office Center along with two parking hang-tags
- The new term will be for 5 years, with one 5-year renewal at the Retirement System's option
- The Retirement System will pay Massport \$273K for the first full year; rent for each successive year will increase by 3% or 100% of the CPI, whichever is greater

Terminal E Modernization – Checkpoint Property Screening System Lanes (L338)

Daniel Gallagher

May 16, 2024



Terminal E Modernization – Checkpoint Property Screening System Lanes

- TSA owns, operates and maintains all passenger screening equipment in U.S. airports
- As part of the Terminal E Modernization project, Massport constructed a new checkpoint in the vicinity of Gate E13 to allow for the relocation of 8 of the total 11 existing lanes at Terminal E
- Due to Federal funding constraints, TSA was unable to provide new equipment for the proposed checkpoint
- Massport subsequently petitioned the TSA to allow Massport to provide new equipment for the new checkpoint and the remaining passenger screening lanes at Terminal E
- TSA approved the transfer of 11 lanes of screening equipment under the TSA's Capability Acceptance Process (CAP)
 - CAP allows airport operators to purchase, install and test the screening equipment and then transfer ownership to the TSA
- This new equipment utilizes the latest screening technology providing enhanced screening capabilities and creating process efficiencies, while improving the customer experience



Board Recommendation:

Approve execution of the documents required to transfer ownership of 11 Checkpoint Property Screening System lanes and equipment to the TSA