NEW ISSUE-BOOK-ENTRY ONLY

Ratings: Moody's: Aa2
Fitch: AA
S&P: AA-
See "RATINGS" herein.

In the opinion of Foley & Lardner LLP, Co-Bond Counsel, based upon an analysis of existing laws, regulations, rulings, and court decisions and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), except for interest on any Tax-Exempt Bond for any period during which such Tax-Exempt Bond is held by a person who is a "substantial user" of facilities financed with the proceeds of the Tax-Exempt Bonds or a "related person" of such a substantial user (within the meaning of Section 147(a) of the Code). In addition, interest on the 2021-A Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Interest on the 2021-B Bonds is a specific preference item for purposes of the federal alternative minimum tax. Interest on the 2021-C Bonds is included in gross income for federal income tax purposes under the Code. In the opinion of Kaplan Kirsch & Rockwell LLP, Co-Bond Counsel, the 2021 Refunding Bonds, their transfer and the income therefrom (including any profit made from their sale) will be exempt from taxation within The Commonwealth of Massachusetts. Co-Bond Counsel express no opinion as to whether the 2021 Refunding Bonds or the interest thereon will be included in the measure of Massachusetts estate and inheritance taxes and certain Massachusetts corporation excise and franchise taxes. Co-Bond Counsel express no opinion regarding any other federal or Massachusetts tax consequences, or regarding tax consequences of states other than The Commonwealth of Massachusetts. See "TAX MATTERS" herein.

$287,270,000
MASSACHUSETTS PORT AUTHORITY
$35,630,000 Revenue Refunding Bonds, Series 2021-A (Non-AMT)
$21,900,000 Revenue Refunding Bonds, Series 2021-B (AMT)
$229,740,000 Revenue Refunding Bonds, Series 2021-C (Taxable)

Dated: Date of Delivery **Due: July 1, as shown on page (i) hereof**

The Massachusetts Port Authority (the "*Authority*") is issuing its Revenue Refunding Bonds, Series 2021-A (Non-AMT) (the "*2021-A Bonds*"), its Revenue Refunding Bonds, Series 2021-B (AMT) (the "*2021-B Bonds*," together with the 2021-A Bonds, the "*Tax-Exempt Bonds*") and its Revenue Refunding Bonds, Series 2021-C (Taxable) (the "*2021-C Bonds*," and together with the Tax-Exempt Bonds referred to herein as the "*2021 Refunding Bonds*") (i) to refund or provide for the payment of principal and interest at maturity of certain previously issued Bonds, and (ii) to finance costs of issuing the 2021 Refunding Bonds, all as described herein. The 2021 Refunding Bonds will be secured on a parity basis with the Authority's outstanding senior revenue bonds, as more fully described herein. **The 2021 Refunding Bonds will be payable solely from Revenues of the Authority which are pledged under the 1978 Trust Agreement, from passenger facility charges ("PFCs") irrevocably committed to such payment by the Authority from time to time, if any, and from certain funds and accounts held by the Trustee, all as described herein. The Authority has no taxing power. The 2021 Refunding Bonds will not constitute a debt, or a pledge of the faith and credit, of The Commonwealth of Massachusetts or of any political subdivision thereof.**

The 2021 Refunding Bonds will be issued as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"). Purchasers will acquire beneficial ownership interests in the 2021 Refunding Bonds in denominations of $5,000 or integral multiples thereof and will not receive physical delivery of bond certificates. So long as Cede & Co. is the registered owner of the 2021 Refunding Bonds, principal, premium, if any, and interest will be payable by U.S. Bank National Association, Boston, Massachusetts, as trustee (the "Trustee"), to Cede & Co., as nominee for DTC. See "BOOK-ENTRY SYSTEM AND GLOBAL CLEARANCE PROCEDURES"

The 2021 Refunding Bonds will bear interest from their date of original delivery, payable each January 1 and July 1, commencing July 1, 2021.

The 2021 Refunding Bonds are subject to optional and mandatory redemption prior to maturity as described herein.

See page (i) hereof for maturities, principal amounts, interest rates, and prices or yields.

The 2021 Refunding Bonds are offered when, as and if issued by the Authority and received by the Underwriters, subject to the receipt of an unqualified approving opinion as to legality of Kaplan Kirsch & Rockwell LLP, Boston, Massachusetts, and Foley & Lardner LLP, Boston, Massachusetts, Co-Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Authority by its Disclosure Counsel, Locke Lord LLP, Boston, Massachusetts, and for the Underwriters by their counsel, Hinckley, Allen & Snyder LLP, Boston, Massachusetts. PFM Financial Advisors LLC, San Francisco, California, serves as Financial Advisor to the Authority. Delivery of the 2021 Refunding Bonds to DTC or its custodial agent is expected in New York, New York on or about February 17, 2021.

BofA Securities

Jefferies **Ramirez & Co., Inc.**

February 3, 2021

Massachusetts Port Authority
Capital Programs Department
October 31, 2020

Approximate Massport Property

Massport Properties Harborwide

N

0 1500 3000
in feet

Notes:
This drawing is intended for informational purposes only and no use may be made of the same without the express written permission of the Massachusetts Port Authority ("Massport"). Massport does not certify the accuracy, information or title to the properties contained in this plan nor make any warranties of any kind, express or implied, in fact or by law, with respect to any boundaries, easements, restrictions, claims, overlaps or other encumbrances affecting such properties.

Massachusetts Port Authority

$35,630,000
Revenue Refunding Bonds, Series 2021-A (Non-AMT)

Maturity (July 1)	Amount	Interest Rate	Yield	CUSIP[‡]	Maturity (July 1)	Amount	Interest Rate	Yield	CUSIP[†]
2033	$3,730,000	5.00%	1.050%[*]	575896VL6	2037	$4,540,000	5.00%	1.290%[*]	575896VQ5
2034	3,925,000	5.00	1.100[*]	575896VM4	2038	4,760,000	5.00	1.330[*]	575896VR3
2035	4,115,000	5.00	1.150[*]	575896VN2	2039	5,000,000	5.00	1.370[*]	575896VS1
2036	4,315,000	5.00	1.220[*]	575896VP7	2040	5,245,000	5.00	1.400[*]	575896VT9

$21,900,000
Revenue Refunding Bonds, Series 2021-B (AMT)

Maturity (July 1)	Amount	Interest Rate	Yield	CUSIP[†]	Maturity (July 1)	Amount	Interest Rate	Yield	CUSIP[†]
2033	$2,290,000	5.00%	1.280%[*]	575896VU6	2037	$2,790,000	5.00%	1.480%[*]	575896VY8
2034	2,410,000	5.00	1.330[*]	575896VV4	2038	2,925,000	5.00	1.510[*]	575896VZ5
2035	2,535,000	5.00	1.400[*]	575896VW2	2039	3,075,000	5.00	1.550[*]	575896WA9
2036	2,660,000	5.00	1.440[*]	575896VX0	2040	3,215,000	5.00	1.600[*]	575896WB7

$229,740,000
Revenue Refunding Bonds, Series 2021-C (Taxable)

Maturity (July 1)	Amount	Interest Rate	Price	CUSIP[†]	Maturity (July 1)	Amount	Interest Rate	Price	CUSIP[†]
2024	$1,955,000	0.384%	100%	575896WC5	2031	$7,900,000	1.679%	100%	575896WK7
2025	1,965,000	0.657	100	575896WD3	2032	8,035,000	1.779	100	575896WL5
2026	1,980,000	0.757	100	575896WE1	2033	23,965,000	1.879	100	575896WM3
2027	1,995,000	1.055	100	575896WF8	2034	12,780,000	1.979	100	575896WN1
2028	11,455,000	1.155	100	575896WG6	2035	13,030,000	2.079	100	575896WP6
2029	8,360,000	1.479	100	575896WH4	2036	13,300,000	2.179	100	575896WQ4
2030	7,775,000	1.579	100	575896WJ0					

$87,290,000 2.719% Term Bonds due July 1, 2042; Price 100%; CUSIP[†]: 575896WR2
$27,955,000 2.869% Term Bonds due July 1, 2051; Price 100%; CUSIP[†]: 575896WS0

[†] Copyright, American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of The American Bankers Association. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the 2021 Refunding Bonds and the Authority does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future.

[*] Priced at the stated yield to the July 1, 2031 optional redemption date at a redemption price of 100%.

No dealer, broker, salesperson or other person has been authorized by the Authority or any of its agents or the Underwriters to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the 2021 Refunding Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been furnished by the Authority and The Depository Trust Company and includes information from other sources that are believed to be reliable but, as to information from sources other than the Authority, is not to be construed as a representation of the Authority. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority since the date hereof.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

This Official Statement contains forecasts, projections and estimates that are based on current expectations. In light of the important factors that may materially affect the financial condition of the Authority and the aviation industry generally and other economic and financial matters, the inclusion in this Official Statement of such forecasts, projections and estimates should not be regarded as a representation by the Authority or the Underwriters that such forecasts, projections and estimates will occur. Such forecasts, projections and estimates are not intended as representations of fact or guarantees of results.

References to website addresses presented herein, including the Authority's investor relations website, its sustainability website or any other website containing information about the Authority, are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for any purpose, including for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission.

INFORMATION CONCERNING OFFERING RESTRICTIONS IN CERTAIN JURISDICTIONS OUTSIDE THE UNITED STATES

MINIMUM UNIT SALES

THE 2021 REFUNDING BONDS WILL TRADE AND SETTLE ON A UNIT BASIS (ONE UNIT EQUALING ONE 2021 REFUNDING BOND OF $5,000 PRINCIPAL AMOUNT). FOR ANY SALES MADE OUTSIDE THE UNITED STATES, THE MINIMUM PURCHASE AND TRADING AMOUNT IS 30 UNITS (BEING 30 2021 REFUNDING BONDS IN AN AGGREGATE PRINCIPAL AMOUNT OF $150,000).

NOTICE TO PROSPECTIVE INVESTORS IN CANADA

THE 2021 REFUNDING BONDS MAY BE SOLD ONLY TO PURCHASERS PURCHASING, OR DEEMED TO BE PURCHASING, AS PRINCIPAL THAT ARE ACCREDITED INVESTORS, AS DEFINED IN NATIONAL INSTRUMENT 45-106 *PROSPECTUS EXEMPTIONS* OR SUBSECTION 73.3(1) OF THE *SECURITIES ACT* (ONTARIO), AND ARE PERMITTED CLIENTS, AS DEFINED IN NATIONAL INSTRUMENT 31-103 *REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS*. ANY RESALE OF THE 2021 REFUNDING BONDS MUST BE MADE IN ACCORDANCE WITH AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE PROSPECTUS REQUIREMENTS OF APPLICABLE SECURITIES LAWS.

SECURITIES LEGISLATION IN CERTAIN PROVINCES OR TERRITORIES OF CANADA MAY PROVIDE A PURCHASER WITH REMEDIES FOR RESCISSION OR DAMAGES IF THIS OFFICIAL STATEMENT (INCLUDING ANY AMENDMENT THERETO) CONTAINS A MISREPRESENTATION, PROVIDED THAT THE REMEDIES FOR RESCISSION OR DAMAGES ARE EXERCISED BY THE PURCHASER WITHIN THE TIME LIMIT PRESCRIBED BY THE SECURITIES LEGISLATION OF THE PURCHASER'S PROVINCE OR TERRITORY. THE PURCHASER SHOULD REFER TO ANY APPLICABLE PROVISIONS OF THE SECURITIES LEGISLATION OF THE PURCHASER'S PROVINCE OR TERRITORY FOR PARTICULARS OF THESE RIGHTS OR CONSULT WITH A LEGAL ADVISOR.

PURSUANT TO SECTION 3A.3 (OR, IN THE CASE OF SECURITIES ISSUED OR GUARANTEED BY THE GOVERNMENT OF A NON-CANADIAN JURISDICTION, SECTION 3A.4) OF NATIONAL INSTRUMENT 33-105 *UNDERWRITING CONFLICTS* ("NI 33-105"), THE UNDERWRITERS ARE NOT REQUIRED TO COMPLY WITH THE DISCLOSURE REQUIREMENTS OF NI 33-105 REGARDING UNDERWRITER CONFLICTS OF INTEREST IN CONNECTION WITH THIS OFFERING.

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA AND THE UNITED KINGDOM

THIS OFFICIAL STATEMENT HAS BEEN PREPARED ON THE BASIS THAT ALL OFFERS OF THE SECURITIES TO ANY PERSON THAT IS LOCATED WITHIN A MEMBER STATE OF THE EUROPEAN ECONOMIC AREA ("EEA") OR THE UNITED KINGDOM WILL BE MADE PURSUANT TO AN EXEMPTION UNDER ARTICLE 1(4) REGULATION (EU) 2017/1129 (THE "PROSPECTUS REGULATION") FROM THE REQUIREMENT TO PRODUCE A PROSPECTUS FOR OFFERS OF THE SECURITIES. ACCORDINGLY, ANY PERSON MAKING OR INTENDING TO MAKE ANY OFFER TO ANY PERSON LOCATED WITHIN A MEMBER STATE OF THE EEA OR THE UNITED KINGDOM OF THE SECURITIES SHOULD ONLY DO SO IN CIRCUMSTANCES IN WHICH NO OBLIGATION ARISES FOR THE AUTHORITY OR ANY OF THE INITIAL PURCHASERS TO PRODUCE A PROSPECTUS OR SUPPLEMENT FOR SUCH AN OFFER. NEITHER THE AUTHORITY NOR THE INITIAL PURCHASERS HAVE AUTHORIZED, NOR DO THEY AUTHORIZE, THE MAKING OF ANY OFFER OF SECURITIES THROUGH ANY FINANCIAL INTERMEDIARY, OTHER THAN OFFERS MADE BY THE INITIAL PURCHASERS, WHICH CONSTITUTE THE FINAL PLACEMENT OF THE SECURITIES CONTEMPLATED IN THIS OFFICIAL STATEMENT.

THE OFFER OF ANY SECURITIES WHICH IS THE SUBJECT OF THE OFFERING CONTEMPLATED BY THIS OFFICIAL STATEMENT IS NOT BEING MADE AND WILL NOT BE MADE TO THE PUBLIC IN ANY MEMBER STATE OF THE EEA OR THE UNITED KINGDOM, OTHER THAN: (A) TO ANY LEGAL ENTITY WHICH IS A "QUALIFIED INVESTOR" AS SUCH TERM IS DEFINED IN THE PROSPECTUS REGULATION; (B) TO FEWER THAN 150 NATURAL OR LEGAL PERSONS (OTHER

THAN “QUALIFIED INVESTORS” AS SUCH TERM IS DEFINED IN THE PROSPECTUS REGULATION); OR (C) IN ANY OTHER CIRCUMSTANCES FALLING WITHIN ARTICLE 1(4) OF THE PROSPECTUS REGULATION, SUBJECT TO OBTAINING THE PRIOR CONSENT OF THE RELEVANT UNDERWRITER FOR ANY SUCH OFFER; PROVIDED THAT NO SUCH OFFER OF THE SECURITIES SHALL REQUIRE THE AUTHORITY OR THE INITIAL PURCHASERS TO PUBLISH A PROSPECTUS PURSUANT TO ARTICLE 3 OF THE PROSPECTUS REGULATION OR A SUPPLEMENT TO A PROSPECTUS PURSUANT TO ARTICLE 23 OF THE PROSPECTUS REGULATION.

FOR THE PURPOSES OF THIS PROVISION, THE EXPRESSION AN “OFFER OF SECURITIES TO THE PUBLIC” IN RELATION TO THE SECURITIES IN ANY MEMBER STATE OF THE EEA OR THE UNITED KINGDOM MEANS THE COMMUNICATION IN ANY FORM AND BY ANY MEANS OF SUFFICIENT INFORMATION ON THE TERMS OF THE OFFER AND THE SECURITIES TO BE OFFERED SO AS TO ENABLE AN INVESTOR TO DECIDE TO PURCHASE THE SECURITIES.

EACH SUBSCRIBER FOR OR PURCHASER OF THE 2021 REFUNDING BONDS IN THE OFFERING LOCATED WITHIN A MEMBER STATE OF THE EEA OR THE UNITED KINGDOM WILL BE DEEMED TO HAVE REPRESENTED, ACKNOWLEDGED AND AGREED THAT IT IS A “QUALIFIED INVESTOR” AS DEFINED IN THE PROSPECTUS REGULATION. THE AUTHORITY AND EACH UNDERWRITER AND OTHERS WILL RELY ON THE TRUTH AND ACCURACY OF THE FOREGOING REPRESENTATION, ACKNOWLEDGEMENT AND AGREEMENT.

PROHIBITION OF SALES TO EEA OR THE UNITED KINGDOM RETAIL INVESTORS – THE 2021 REFUNDING BONDS ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA OR IN THE UNITED KINGDOM. FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU (AS AMENDED, “MIFID II”); OR (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE (EU) 2016/97 (THE “INSURANCE DISTRIBUTION DIRECTIVE”), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II. CONSEQUENTLY NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 (THE “PRIIPS REGULATION”) FOR OFFERING OR SELLING THE 2021 REFUNDING BONDS OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA OR IN THE UNITED KINGDOM HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE 2021 REFUNDING BONDS OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA OR IN THE UNITED KINGDOM MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

THIS OFFICIAL STATEMENT IS FOR DISTRIBUTION ONLY TO, AND IS DIRECTED SOLELY AT, PERSONS WHO (I) ARE OUTSIDE THE UNITED KINGDOM, (II) ARE INVESTMENT PROFESSIONALS, AS SUCH TERM IS DEFINED IN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE “FINANCIAL PROMOTION ORDER”), (III) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE FINANCIAL PROMOTION ORDER, OR (IV) ARE PERSONS TO WHOM AN INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY (WITHIN THE MEANING OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000) IN CONNECTION WITH THE ISSUE OR SALE OF ANY 2021 REFUNDING BONDS MAY OTHERWISE BE LAWFULLY COMMUNICATED OR CAUSED TO BE COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS “RELEVANT PERSONS”). THIS OFFICIAL STATEMENT IS DIRECTED ONLY AT RELEVANT PERSONS AND MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS OFFICIAL STATEMENT RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. ANY PERSON WHO IS NOT A RELEVANT PERSON SHOULD NOT ACT OR RELY ON THIS OFFICIAL STATEMENT OR ANY OF ITS CONTENTS. THIS OFFICIAL STATEMENT HAS NOT BEEN APPROVED FOR THE PURPOSES OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (THE “FSMA”) BY A PERSON AUTHORIZED UNDER THE FSMA.

NOTICE TO PROSPECTIVE INVESTORS IN SWITZERLAND

THE 2021 REFUNDING BONDS MAY NOT BE PUBLICLY OFFERED, DIRECTLY OR INDIRECTLY, IN SWITZERLAND WITHIN THE MEANING OF THE SWISS FINANCIAL SERVICES ACT (THE "FINSA"), AND NO APPLICATION HAS BEEN OR WILL BE MADE TO ADMIT THE 2021 REFUNDING BONDS TO TRADING ON ANY TRADING VENUE (EXCHANGE OR MULTILATERAL TRADING FACILITY) IN SWITZERLAND. NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE 2021 REFUNDING BONDS (1) CONSTITUTES A PROSPECTUS PURSUANT TO THE FINSA OR (2) HAS BEEN OR WILL BE FILED WITH OR APPROVED BY A SWISS REVIEW BODY PURSUANT TO ARTICLE 52 OF THE FINSA, AND NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE 2021 REFUNDING BONDS MAY BE PUBLICLY DISTRIBUTED OR OTHERWISE MADE PUBLICLY AVAILABLE IN SWITZERLAND.

NOTICE TO PROSPECTIVE INVESTORS IN HONG KONG

WARNING. THE CONTENTS OF THIS OFFICIAL STATEMENT HAVE NOT BEEN REVIEWED BY ANY REGULATORY AUTHORITY IN HONG KONG. YOU ARE ADVISED TO EXERCISE CAUTION IN RELATION TO THE OFFER OF THE 2021 REFUNDING BONDS. IF YOU ARE IN ANY DOUBT ABOUT ANY OF THE CONTENTS OF THIS DOCUMENT, YOU SHOULD OBTAIN INDEPENDENT PROFESSIONAL ADVICE.

THIS DOCUMENT HAS NOT BEEN, AND WILL NOT BE, REGISTERED AS A PROSPECTUS IN HONG KONG NOR HAS IT BEEN APPROVED BY THE SECURITIES AND FUTURES COMMISSION OF HONG KONG PURSUANT TO THE SECURITIES AND FUTURES ORDINANCE (CHAPTER 571 OF THE LAWS OF HONG KONG) (FOR PURPOSES OF THIS PARAGRAPH ONLY, "SFO"). THE 2021 REFUNDING BONDS MAY NOT BE OFFERED OR SOLD IN HONG KONG BY MEANS OF THIS DOCUMENT OR ANY OTHER DOCUMENT, AND THIS DOCUMENT MUST NOT BE ISSUED, CIRCULATED OR DISTRIBUTED IN HONG KONG, OTHER THAN TO `PROFESSIONAL INVESTORS' AS DEFINED IN THE SFO AND ANY RULES MADE THEREUNDER. IN ADDITION, NO PERSON MAY ISSUE OR HAVE IN ITS POSSESSION FOR THE PURPOSES OF ISSUE, WHETHER IN HONG KONG OR ELSEWHERE, ANY ADVERTISEMENT, INVITATION OR DOCUMENT RELATING TO THE 2021 REFUNDING BONDS, WHICH IS DIRECTED AT, OR THE CONTENTS OF WHICH ARE LIKELY TO BE ACCESSED OR READ BY, THE PUBLIC OF HONG KONG (EXCEPT IF PERMITTED TO DO SO UNDER THE SECURITIES LAWS OF HONG KONG) OTHER THAN WITH RESPECT TO 2021 REFUNDING BONDS WHICH ARE OR ARE INTENDED TO BE DISPOSED OF ONLY (A) TO PERSONS OUTSIDE HONG KONG, OR (B) TO `PROFESSIONAL INVESTORS' AS DEFINED IN THE SFO AND ANY RULES MADE THEREUNDER.

NOTICE TO PROSPECTIVE INVESTORS IN JAPAN

THE 2021 REFUNDING BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER ARTICLE 4, PARAGRAPH 1 OF THE FINANCIAL INSTRUMENTS AND EXCHANGE ACT OF JAPAN (ACT NO.25 OF 1948, AS AMENDED THE "FIEA"). IN RELIANCE UPON THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS SINCE THE OFFERING CONSTITUTES THE PRIVATE PLACEMENT TO QUALIFIED INSTITUTIONAL INVESTORS ONLY AS PROVIDED FOR IN "I" OF ARTICLE 2, PARAGRAPH 3, ITEM 2 OF THE FIEA. A TRANSFEROR OF THE 2021 REFUNDING BONDS SHALL NOT TRANSFER OR RESELL THEM EXCEPT WHERE A TRANSFEREE IS A QUALIFIED INSTITUTIONAL INVESTORS AS DEFINED UNDER ARTICLE 10 OF THE CABINET OFFICE ORDINANCE CONCERNING DEFINITIONS PROVIDED IN ARTICLE 2 OF THE FIEA (THE MINISTRY OF FINANCE ORDINANCE NO.14 OF 1993, AS AMENDED).

NOTICE TO PROSPECTIVE INVESTORS IN SOUTH KOREA

THIS OFFICIAL STATEMENT IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSIDERED AS, A PUBLIC OFFERING OF SECURITIES IN SOUTH KOREA FOR THE PURPOSES OF THE FINANCIAL INVESTMENT SERVICES AND CAPITAL MARKETS ACT OF KOREA. THE 2021 REFUNDING BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH THE FINANCIAL SERVICES COMMISSION OF SOUTH KOREA FOR PUBLIC OFFERING IN SOUTH KOREA UNDER THE FINANCIAL INVESTMENT SERVICES AND CAPITAL MARKETS ACT AND ITS SUBORDINATE

DECREES AND REGULATIONS (COLLECTIVELY, THE "FSCMA"). THE 2021 REFUNDING BONDS MAY NOT BE OFFERED, REMARKETED, SOLD OR DELIVERED, DIRECTLY OR INDIRECTLY, OR OFFERED, REMARKETED OR SOLD TO ANY PERSON FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN SOUTH KOREA OR TO ANY RESIDENT OF SOUTH KOREA (AS DEFINED IN THE FOREIGN EXCHANGE TRANSACTIONS LAW OF SOUTH KOREA AND ITS SUBORDINATE DECREES AND REGULATIONS (COLLECTIVELY, THE "FETL")) WITHIN ONE YEAR OF THE ISSUANCE OF THE 2021 REFUNDING BONDS, EXCEPT AS OTHERWISE PERMITTED UNDER APPLICABLE SOUTH KOREAN LAWS AND REGULATIONS, INCLUDING THE FSCMA AND THE FETL.

EACH OF THE UNDERWRITERS HAVE REPRESENTED AND AGREED THAT THEY HAVE NOT AND WILL NOT, DIRECTLY OR INDIRECTLY, SELL OR DELIVER ANY 2021 REFUNDING BONDS IN SOUTH KOREA OR TO, OR, FOR THE ACCOUNT OR BENEFIT OF, ANY RESIDENT OF SOUTH KOREA (AS SUCH TERM IS DEFINED IN THE FOREIGN EXCHANGE TRANSACTION ACT OF SOUTH KOREA) OR TO OTHERS FOR REOFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN SOUTH KOREA OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY RESIDENT OF SOUTH KOREA, EXCEPT AS OTHERWISE PERMITTED BY APPLICABLE LAWS AND REGULATIONS OF KOREA.

NOTICE TO PROSPECTIVE INVESTORS IN TAIWAN

THE 2021 REFUNDING BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED OR FILED WITH, OR APPROVED BY THE FINANCIAL SUPERVISORY COMMISSION OF TAIWAN, THE REPUBLIC OF CHINA ("TAIWAN") AND/OR OTHER REGULATORY AUTHORITY OR AGENCY OF TAIWAN PURSUANT TO RELEVANT SECURITIES LAWS AND REGULATIONS OF TAIWAN AND MAY NOT BE ISSUED, OFFERED, OR SOLD IN TAIWAN THROUGH A PUBLIC OFFERING OR IN CIRCUMSTANCES WHICH CONSTITUTE AN OFFER WITHIN THE MEANING OF THE SECURITIES AND EXCHANGE ACT OF TAIWAN OR RELEVANT LAWS AND REGULATIONS THAT REQUIRES A REGISTRATION, FILING OR APPROVAL OF THE FINANCIAL SUPERVISORY COMMISSION AND/OR OTHER REGULATORY AUTHORITY OR AGENCY OF TAIWAN. THE 2021 REFUNDING BONDS MAY BE MADE AVAILABLE OUTSIDE TAIWAN FOR PURCHASE OUTSIDE TAIWAN BY INVESTORS RESIDING IN TAIWAN DIRECTLY, BUT MAY NOT BE OFFERED OR SOLD IN TAIWAN EXCEPT TO QUALIFIED INVESTORS VIA A TAIWAN LICENSED INTERMEDIARY TO THE EXTENT PERMITTED BY APPLICABLE LAWS OR REGULATIONS. ANY SUBSCRIPTIONS OF 2021 REFUNDING BONDS SHALL ONLY BECOME EFFECTIVE UPON ACCEPTANCE BY THE AUTHORITY OR THE RELEVANT DEALER OUTSIDE TAIWAN AND SHALL BE DEEMED A CONTRACT ENTERED INTO IN THE JURISDICTION OF INCORPORATION OF THE AUTHORITY OR RELEVANT DEALER, AS THE CASE MAY BE, UNLESS OTHERWISE SPECIFIED IN THE SUBSCRIPTION DOCUMENTS RELATING TO THE 2021 REFUNDING BONDS SIGNED BY THE INVESTORS.

TABLE OF CONTENTS

MASSACHUSETTS PORT AUTHORITY

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Lewis Evangelidis, *Chairman*

Warren Q. Fields

Patricia A. Jacobs

John A. Nucci

Sean M. O'Brien

Laura J. Sen

Executive/Senior Staff

Lisa S. Wieland, *Chief Executive Officer and Executive Director*
John P. Pranckevicius, *Director of Administration and Finance/Secretary-Treasurer*
Anna M. Tenaglia, *Deputy Director of Administration and Finance*
Joel A. Barrera, *Director of Strategic and Business Planning*
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Kwang Chen, *Chief Information Officer*
Alaina Coppola, *Director of Community Relations & Government Affairs*
Brian M. Day, *Director of Labor Relations/Labor Counsel*
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David M. Gambone, *Chief Human Resources Officer*
Andrew G. Hargens, *Chief Development Officer*
Catherine M. McDonald, *Chief Legal Counsel*
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Mike Meyran, *Port Director*
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OFFICIAL STATEMENT

of the

MASSACHUSETTS PORT AUTHORITY

Relating to its

$35,630,000 Revenue Refunding Bonds, Series 2021-A (Non-AMT)
$21,900,000 Revenue Refunding Bonds, Series 2021-B (AMT)
$229,740,000 Revenue Refunding Bonds, Series 2021-C (Taxable)

INTRODUCTION

General

This Official Statement of the Massachusetts Port Authority (the "*Authority*") sets forth certain information concerning the Authority and its $35,630,000 Revenue Refunding Bonds, Series 2021-A (Non-AMT) (the "*2021-A Bonds*"), its $21,900,000 Revenue Refunding Bonds, Series 2021-B (AMT) (the "*2021-B Bonds,*" and together with the 2021-A Bonds, the "*Tax-Exempt Bonds*") and its $229,740,000 Revenue Refunding Bonds, Series 2021-C (Taxable) (the "*2021-C Bonds*," and together with the Tax-Exempt Bonds, the "*2021 Refunding Bonds*").

The Authority

The Authority, created pursuant to Chapter 465 of the Massachusetts Acts of 1956, as amended to date (the "*Enabling Act*"), is a body politic and corporate and a public instrumentality of The Commonwealth of Massachusetts (the "*Commonwealth*" or "*Massachusetts*"). The Authority owns, operates and manages the "*Airport Properties*," consisting of Boston-Logan International Airport (the "*Airport*," "*Logan*" or "*Logan Airport*"), Laurence G. Hanscom Field ("*Hanscom Field*") and Worcester Regional Airport ("*Worcester Regional Airport*"); and the "*Port Properties*," consisting of certain facilities in the Port of Boston (the "*Port*") and other properties. APPENDIX A – Information Statement of the Authority sets forth additional information concerning the Authority, the Airport Properties, the Port Properties, other activities of the Authority, its capital program, revenues and selected financial data of the Authority.

The 2021 Refunding Bonds

The 2021 Refunding Bonds are to be issued under and pursuant to the Enabling Act, a Trust Agreement by and between the Authority and U.S. Bank National Association (successor-in-interest to State Street Bank and Trust Company), as trustee (the "*Trustee*"), dated as of August 1, 1978, as amended and supplemented (the "*1978 Trust Agreement*"), and a resolution of the Authority pertaining to the issuance of the 2021 Refunding Bonds (the "*Bond Resolution*") adopted by the Authority on January 21, 2021. The 2021 Refunding Bonds are being issued to (i) refund or provide for the payment of principal and interest at maturity of certain previously issued Bonds (collectively, the "*Refunded Bonds*") and (ii) to finance the costs of issuing the 2021 Refunding Bonds. See "PLAN OF FINANCE."

The 2021 Refunding Bonds and the outstanding Bonds that have been previously issued by the Authority under the 1978 Trust Agreement on a parity therewith, and any additional parity Bonds that may be issued hereafter under the 1978 Trust Agreement are collectively referred to herein as the "*Bonds*." For a description of the outstanding Bonds of the Authority and the pledge of Revenues of the Authority under the 1978 Trust Agreement, see "SECURITY FOR THE 2021 REFUNDING BONDS."

COVID-19

The worldwide outbreak of a highly contagious, upper respiratory tract illness caused by a novel strain of coronavirus ("*COVID-19*") has caused significant disruption to domestic and international air travel, including both passenger and cargo operations, and has had significant negative and adverse effects on the economies of the Commonwealth, the nation and the world. The information in this Official Statement that describes revenues, financial affairs, operations and general economic conditions of the Authority for fiscal year 2020 reflects only four months of COVID-19 impacts. Subsequent data through October 2020 is included in this Official Statement where available. All of this information should be considered in light of the negative and adverse impacts from COVID-19 subsequent to the dates of such data. The effects of COVID-19 and actions taken at the state and national levels to halt its spread have had, and are expected to continue to have, a significant adverse effect on the revenues, financial condition and operations of the Authority and on the economy of the Commonwealth. COVID-19 developments, and associated governmental and regulatory responses, are rapidly changing and cannot be predicted with any assurance. See APPENDIX A – Information Statement of the Authority under the heading "IMPACT OF COVID-19 PANDEMIC ON THE AUTHORITY" for a more detailed discussion of the impact of COVID-19 on the Authority's revenues, financial condition and operations. For a discussion of the current and projected effects of the COVID-19 pandemic on the operations of the Airport and the revenues and expenditures of the Authority, see APPENDIX C – Review of Airport Properties Net Revenues Projection.

Additional Information

This Official Statement includes a description of the Authority, its facilities and certain financial and operational factors relating to the Authority, and a description of the 2021 Refunding Bonds and the security therefor. Except where noted, all information presented in this Official Statement has been provided by the Authority. The following appendices are included as part of this Official Statement: APPENDIX A – Information Statement of the Authority; APPENDIX B – Financial Statements of the Authority for the fiscal years ended June 30, 2020 and 2019; APPENDIX C – Review of Airport Properties Net Revenues Projection of LeighFisher Inc., San Francisco, California (*"LeighFisher")* dated January 25, 2021; APPENDIX D – Summary of Certain Provisions of the 1978 Trust Agreement; APPENDIX E – Form of Continuing Disclosure Certificate; and APPENDIX F – Forms of Opinions of Co-Bond Counsel. APPENDIX A has been provided by the Authority. APPENDIX D has been prepared by Kaplan Kirsch & Rockwell LLP, Co-Bond Counsel to the Authority. APPENDIX E has been prepared by Locke Lord LLP, Disclosure Counsel to the Authority. APPENDIX F has been prepared by Kaplan Kirsch & Rockwell LLP and Foley & Lardner LLP, Co-Bond Counsel to the Authority.

Certain defined terms that are capitalized but not defined herein are defined in the 1978 Trust Agreement. See APPENDIX D – Summary of Certain Provisions of the 1978 Trust Agreement – Certain Definitions. All references in this Official Statement to the 1978 Trust Agreement, the Bond Resolution, the 2021 Refunding Bonds, the Continuing Disclosure Certificate and all other agreements, statutes and instruments are qualified by reference to the complete document. Copies of the 1978 Trust Agreement and the Bond Resolution are available for examination at the offices of the Authority and the Trustee.

The Authority's principal office is located at One Harborside Drive, Suite 200S, East Boston, Massachusetts 02128-2909. Its telephone number is (617) 568-5000. Questions may be directed to Anna M. Tenaglia, Deputy Director of Administration and Finance, at atenaglia@massport.com. Copies of certain documents, including the Authority's Comprehensive Annual Financial Report for fiscal year 2020, are available electronically at the investors' page of the Authority's website at:

http://www.massport.com/massport/finance/investor-relations

References to website addresses presented herein, including the Authority's investor relations website noted above, or any other website containing information about the Authority, are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for any purpose, including for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission ("*SEC*").

THE 2021 REFUNDING BONDS

General Provisions

The 2021 Refunding Bonds will be issued as fully registered bonds in the aggregate principal amounts as set forth on page (i) hereof, will be dated their date of initial delivery and will bear interest from that date to their respective maturities as set forth on page (i) hereof, subject to optional and mandatory sinking fund redemption prior to maturity as described below. Ownership interests in the 2021 Refunding Bonds will be available in denominations of $5,000 and integral multiples thereof. Interest on the 2021 Refunding Bonds will be payable on January 1 and July 1 of each year, commencing July 1, 2021.

So long as Cede & Co. is the registered owner of the 2021 Refunding Bonds, all payments of principal of, premium, if any, and interest on the 2021 Refunding Bonds are payable by wire transfer by the Trustee to Cede & Co., as nominee for DTC, which will, in turn, remit such amounts to the DTC Participants (as defined herein) for subsequent disposition to Beneficial Owners (as defined herein). See "BOOK-ENTRY SYSTEM AND GLOBAL CLEARANCE PROCEDURES" herein.

Redemption

Sinking Fund Installments. The 2021-C Bonds described below will be subject to redemption from sinking fund installments on the dates and in the amounts set forth below, which may be satisfied (i) by purchase and immediate subsequent cancellation by May 15 in each year at not more than 100% (unless another price is set by the Authority) of the principal amount, or (ii) by redemption on July 1 in each year by lot at 100% of the principal amount to be redeemed, in each case together with accrued interest to the purchase or redemption date.

Sinking Fund Installments
2021-C Bonds Maturing July 1, 2042

Year	Principal Amount	Year	Principal Amount
2037	$13,590,000	2040	$14,725,000
2038	13,965,000	2041	15,130,000
2039	14,340,000	2042†	15,540,000

† Maturity

Sinking Fund Installments
2021-C Bonds Maturing July 1, 2051

Year	Principal Amount	Year	Principal Amount
2043	$2,765,000	2048	$3,185,000
2044	2,845,000	2049	3,275,000
2045	2,925,000	2050	3,370,000
2046	3,015,000	2051†	3,475,000
2047	3,100,000		

† Maturity

Optional Redemption.

Tax-Exempt Bonds. The Tax-Exempt Bonds will be redeemable at the option of the Authority, in the order of maturity or sinking fund installments as directed by the Authority, on or after July 1, 2031, in whole or in part on any date, by lot within any single maturity or sinking fund installment of such Series, at 100% of the principal amount to be redeemed, together with accrued interest to the purchase or redemption date.

Par Optional Redemption of 2021-C Bonds. The 2021-C Bonds will be redeemable at the option of the Authority, in the order of maturity or sinking fund installments as directed by the Authority, on or after July 1, 2031, in whole or in part on any date, by lot within any single maturity or sinking fund installment of such Series, at 100% of the principal amount to be redeemed, together with accrued interest to the purchase or redemption date.

Make-Whole Optional Redemption of 2021-C Bonds. The 2021-C Bonds will be redeemable at the option of the Authority, in the order of maturity or sinking fund installment as directed by the Authority, on any date prior to July 1, 2031 at the Make-Whole Redemption Price, as described below.

"Make-Whole Redemption Price" means the greater of (i) 100% of the principal amount of the 2021-C Bonds to be redeemed and (ii) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the 2021-C Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the 2021-C Bonds are to be redeemed, discounted to the date on which such 2021-C Bonds are to be redeemed on a semiannual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (as defined below) plus the sum of: (A) ten (10) basis points for the 2021-C Bonds maturing July 1, 2024 through 2031, inclusive, (B) fifteen (15) basis points for the 2021-C Bonds maturing July 1, 2032 through 2036, inclusive, July 1, 2042 and July 1, 2051 and (C) in each case of clause (ii)(A) and (ii)(B), accrued and unpaid interest on the 2021-C Bonds to be redeemed on the redemption date.

The Authority shall retain an independent accounting firm or financial advisor to determine the Make-Whole Redemption Price and perform all actions and make all calculations required to determine the Make-Whole Redemption Price. The Trustee and the Authority may conclusively rely on such accounting firm's or financial advisor's calculations in connection with, and determination of, the Make-Whole Redemption Price, and neither the Trustee nor the Authority will have any liability for their reliance.

"Treasury Rate" means, as of any redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the 2021-C Bonds to be redeemed. However, if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used.

Selection of 2021 Refunding Bonds to Be Redeemed.

If fewer than all the Bonds of any maturity or sinking fund installment of a Series are to be redeemed, the Trustee will select the Bonds of such maturity or sinking fund installment of a Series to be redeemed by lot; provided, however, that so long as DTC or its nominee is the Bondholder, the particular portions of the Bonds of a Series to be redeemed within a maturity or sinking fund installment shall be selected by DTC in such manner as DTC may determine. For this purpose, each Bond of a Series in a denomination larger than the minimum Authorized Denomination permitted by the Bond Resolution at the time will be considered to be separate Bonds of a Series each in the minimum Authorized Denomination.

Notice of Redemption. During the period that DTC or DTC's partnership nominee is the registered owner of the 2021 Refunding Bonds, the Trustee shall not be responsible for mailing notices of redemption to the Beneficial Owners (as defined herein) of the 2021 Refunding Bonds. See "BOOK-ENTRY SYSTEM AND GLOBAL CLEARANCE PROCEDURES" below. Not less than 30 nor more than 60 days before any redemption date, notice of the redemption will be filed with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("*EMMA*") system, with the Paying Agents of the 2021 Refunding Bonds and mailed to the holders of the 2021 Refunding Bonds (DTC or DTC's partnership nominee, as long as the 2021 Refunding Bonds are so registered) to be redeemed in whole or in part at their address as shown on the registration books of the Trustee. Failure to mail any notice of redemption, however, will not affect the validity of the proceedings for such redemption. If at the time of notice of any optional redemption of 2021 Refunding Bonds moneys sufficient to redeem all of such 2021 Refunding Bonds shall not have been deposited or set aside as provided in the 1978 Trust Agreement, then the notice of redemption may state that it is conditional on the deposit of sufficient moneys by not later than one business day prior to the redemption date, and if the deposit is not timely made the notice shall be of no effect. The Trustee may make other arrangements with respect to the manner of giving notices of redemption to Bondholders of record or Beneficial Owners of the 2021 Refunding Bonds, as provided in the Bond Resolution.

BOOK-ENTRY SYSTEM AND GLOBAL CLEARANCE PROCEDURES

DTC and Book-Entry Only System

The Depository Trust Company ("*DTC*"), New York, New York, will act as securities depository for the 2021 Refunding Bonds. The 2021 Refunding Bonds will be issued in fully-registered form registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One-fully registered certificate will be issued for each maturity of each Series of the 2021 Refunding Bonds, each in the aggregate principal amount of such maturity, and each such certificate will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("*Direct Participants*") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("*DTCC*"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("*Indirect Participants*"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 2021 Refunding Bonds deposited with DTC must be made by or through Direct Participants, which will receive a credit for such 2021 Refunding Bonds on DTC's records. The ownership interest of each actual purchaser of each 2021 Refunding Bond deposited with DTC ("*Beneficial Owner*") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in 2021 Refunding Bonds deposited with DTC are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2021 Refunding Bonds deposited with DTC, except in the event that use of the book-entry system for such 2021 Refunding Bonds is discontinued.

To facilitate subsequent transfers, all 2021 Refunding Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2021 Refunding Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2021 Refunding Bonds deposited with it; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2021 Refunding Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of a maturity of a Series of 2021 Refunding Bonds is being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to 2021 Refunding Bonds deposited with it unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority or the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2021 Refunding Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on 2021 Refunding Bonds deposited with DTC will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with 2021 Refunding Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Authority or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to 2021 Refunding Bonds held by it at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered to Beneficial Owners.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, 2021 Refunding Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

So long as Cede & Co. is the registered owner of the 2021 Refunding Bonds as nominee of DTC, references herein to the holders or registered owners of the 2021 Refunding Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the 2021 Refunding Bonds.

Neither the Authority nor the Trustee will have any responsibility or obligation to the Participants of DTC or the persons for whom they act as nominees with respect to (i) the accuracy of any records maintained by DTC or by any Participant of DTC, (ii) payments or the providing of notice to the Direct Participants, the Indirect Participants or the Beneficial Owners, (iii) the selection by DTC or by any Participant of DTC of any Beneficial Owner to receive payment in the event of a partial redemption of the 2021 Refunding Bonds or (iv) any other action taken by DTC or its partnership nominee as owner of the 2021 Refunding Bonds.

Clearstream Luxembourg and Euroclear Systems

The information set forth below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear and Clearstream Luxembourg. Neither the Authority nor the Underwriters take any responsibility for the accuracy of this section. Investors wishing to use the facilities of any of Euroclear or Clearstream Luxembourg are advised to confirm the continued applicability of the relevant rules, regulations and procedures.

Beneficial Owners may elect to hold interests in the 2021 Refunding Bonds through either DTC (in the United States) or Clearstream Luxembourg or Euroclear (in Europe) if they are participants of those systems, or indirectly, through organizations that are participants in such systems. Interests held through Clearstream Luxembourg and Euroclear will be recorded on DTC's books as being held by the U.S. depositary for each of Clearstream Luxembourg and Euroclear, which U.S. depositaries will in turn hold interests on behalf of their participants' securities accounts.

Clearstream Luxembourg and Euroclear are central securities depositaries subject to Regulation (EU) No 909/2014, as amended, (the "*CSDR*"). The aim of the CSDR is to harmonize certain aspects of the settlement cycle and settlement discipline and to provide a set of common requirements for central securities depositaries operating securities settlement systems across Europe.

Clearstream Luxembourg was incorporated as a limited liability company under the laws of Luxembourg. Clearstream Luxembourg holds securities for its participating organizations ("*Clearstream Luxembourg Participants*") and facilitates the clearance and settlement of securities transactions between Clearstream Luxembourg Participants through electronic book-entry changes in accounts of Clearstream Luxembourg Participants, thereby eliminating the need for physical movement of certificates. Transactions may be settled by

Clearstream Luxembourg in many currencies, including United States dollars. Clearstream Luxembourg provides to Clearstream Luxembourg Participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream Luxembourg has established an electronic bridge with Euroclear to facilitate settlement of trades between Clearstream and Euroclear.

Distributions with respect to 2021 Refunding Bonds held beneficially through Clearstream Luxembourg will be credited to cash accounts of Clearstream Luxembourg Participants in accordance with its rules and procedures, to the extent received by the U.S. depositary for Clearstream Luxembourg.

Euroclear was created in 1968 to hold securities for participants of Euroclear ("*Euroclear Participants*") and to clear and settle transactions between Euroclear Participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Such operations are conducted by Euroclear, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with Euroclear. Euroclear Participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries and may include the agents or their affiliates. Indirect access to the Euroclear system also is available to other firms that clear through or maintain a custodial relationship with a Euroclear Participant, either directly or indirectly.

Securities clearance accounts and cash accounts with Euroclear are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear system, and applicable Belgian law (collectively, the "*Terms and Conditions*"). The Terms and Conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. Euroclear acts under the Terms and Conditions only on behalf of Euroclear Participants, and has no record of, or relationship with, persons holding through Euroclear Participants.

Distributions with respect to 2021 Refunding Bonds held beneficially through Euroclear will be credited to the cash accounts of Euroclear Participants in accordance with the Terms and Conditions, to the extent received by the U.S. depositary of Euroclear.

Global Clearance and Settlement Procedures

Initial settlement for the 2021 Refunding Bonds will be made in immediately available funds. Secondary market trading between Participants will occur in the ordinary way in accordance with DTC's rules. Secondary market trading between Clearstream Luxembourg Participants and/or Euroclear Participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream Luxembourg and Euroclear and will be settled using the procedures applicable to conventional eurobonds in immediately available funds.

Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream Luxembourg or Euroclear Participants, on the other, will be effected within DTC in accordance with DTC's rules on behalf of the relevant European international clearing system by its U.S. depositary; however, such cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its U.S. depositary to take action to effect final settlement on its behalf by delivering or receiving Bonds in DTC, and making or receiving payment in accordance with normal procedures. Clearstream Luxembourg Participants and Euroclear Participants may not deliver instructions directly to their respective U.S. depositaries.

Because of time-zone differences, credits of 2021 Refunding Bonds received in Clearstream Luxembourg or Euroclear as a result of a transaction with a participant will be made during subsequent securities settlement processing and dated the business day following the DTC settlement date. Such credits, or any transactions in the 2021 Refunding Bonds settled during such processing, will be reported to the relevant Euroclear Participants or Clearstream Luxembourg Participants on that business day. Cash received in Clearstream Luxembourg or Euroclear as a result of sales of 2021 Refunding Bonds by, or through a Clearstream Luxembourg Participant or a Euroclear Participant to a participant will be received with value on the business day of settlement in DTC but will be available in the relevant Clearstream Luxembourg or Euroclear cash account only as of the business day following settlement in DTC.

Although DTC, Clearstream Luxembourg and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of securities among participants of DTC, Clearstream Luxembourg and Euroclear, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time.

No Responsibility of Authority, Underwriters or Trustee. NONE OF THE AUTHORITY, THE UNDERWRITERS OR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC, CLEARSTREAM LUXEMBOURG, CLEARSTREAM LUXEMBOURG PARTICIPANTS, EUROCLEAR, EUROCLEAR PARTICIPANTS, OR ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF DTC, CLEARSTREAM LUXEMBOURG, ANY CLEARSTREAM LUXEMBOURG PARTICIPANT, EUROCLEAR OR ANY EUROCLEAR PARTICIPANT; (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE 2021 REFUNDING BONDS UNDER THE 1978 TRUST AGREEMENT; (III) THE SELECTION BY DTC, ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF DTC, CLEARSTREAM LUXEMBOURG, ANY CLEARSTREAM LUXEMBOURG PARTICIPANT, EUROCLEAR OR ANY EUROCLEAR PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE 2021 REFUNDING BONDS; (IV) THE PAYMENT BY DTC, ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF DTC, CLEARSTREAM LUXEMBOURG, ANY CLEARSTREAM LUXEMBOURG PARTICIPANT, EUROCLEAR OR ANY EUROCLEAR PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO THE 2021 REFUNDING BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE 2021 REFUNDING BONDS; OR (VI) ANY OTHER MATTER.

Transfer of 2021 Refunding Bonds

So long as Cede & Co., as nominee for DTC (or other nominee of DTC), is the Bondholder of record of the 2021 Refunding Bonds, beneficial ownership interests in the 2021 Refunding Bonds may be transferred only through a Direct Participant or Indirect Participant and recorded on the book-entry system operated by DTC. In the event the book-entry-only system is discontinued, 2021 Refunding Bond certificates will be delivered to the Beneficial Owners as described in the Bond Resolution. Thereafter, the 2021 Refunding Bonds, upon surrender thereof at the principal office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the holder thereof or such holder's duly authorized attorney, may be exchanged for an equal aggregate principal amount of 2021 Refunding Bonds of the same series and maturity and of any Authorized Denominations.

In all cases in which the privilege of exchanging or transferring 2021 Refunding Bonds is exercised, the Authority shall execute and the Trustee shall authenticate and deliver the 2021 Refunding Bonds in accordance with the provisions of the 1978 Trust Agreement. For every such exchange or transfer of 2021 Refunding Bonds, the Authority or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer but may impose no other charge therefor. Neither the Authority nor the Trustee shall be required to make any such exchange or transfer of 2021 Refunding Bonds during the 15 days next preceding an Interest Payment Date or, in the case of any proposed redemption, during the 15 days next preceding the first publication or mailing of notice of redemption.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds in connection with the issuance of the 2021 Refunding Bonds are summarized below:

	2021-A	2021-B	2021-C	Total
Sources of Funds				
Principal of the 2021 Refunding Bonds	$35,630,000.00	$21,900,000.00	$229,740,000.00	$287,270,000.00
Plus: Original Issue Premium	12,953,631.65	7,437,779.10	--	20,391,410.75
Amounts Available under the 1978 Trust Agreement	1,282,789.70	784,104.51	5,634,141.08	7,701,035.30
Total	$49,866,421.35	$30,121,883.61	$235,374,141.08	$315,362,446.05
Uses of Funds				
Deposit to Redemption Account	49,655,383.33	$29,993,506.18	--	$79,648,889.51
Deposit to Refunding Escrow Fund	--	--	$233,957,507.27	$233,957,507.27
Costs of Issuance[1]	117,153.11	70,671.01	809,118.56	996,942.69
Underwriters' Discount	93,884.91	57,706.42	607,515.25	759,106.58
Total	$49,866,421.35	$30,121,883.61	$235,374,141.08	$315,362,446.05

[1] Includes Trustee fees, the Authority's legal fees, rating agency fees, printing expenses and other miscellaneous fees and expenses.

PLAN OF FINANCE

A portion of the proceeds of the 2021-A Bonds and the 2021-B Bonds, plus available funds held under the 1978 Trust Agreement, will be used to refund (i) all of the Authority's currently outstanding Revenue Bonds, Series 2010-A (the "*Refunded 2010-A Bonds*") on a current basis, and (ii) all of the Authority's currently outstanding Revenue Refunding Bonds, Series 2010-B (the "*Refunded 2010-B Bonds*," and together with the Refunded 2010-A Bonds, "*Current Refunded Bonds*") on a current basis, all as described in more detail in the table captioned "Current Refunded Bonds" below. The proceeds of the 2021-A Bonds and the 2021-B Bonds being used to current refund such portion of the Current Refunded Bonds, plus available funds held under the 1978 Trust Agreement, will be deposited in the Redemption Account established under the 1978 Trust Agreement and will be applied to the payment of the portion of the principal or redemption price of and interest on such Current Refunded Bonds on the first business day after the issuance of the 2021 Refunding Bonds as may be permissible under the 1978 Trust Agreement.

A portion of the proceeds of the 2021-C Bonds, plus available funds held under the 1978 Trust Agreement, will be used to (i) refund all of the Authority's currently outstanding Revenue Bonds, Series 2012-A (AMT) (the "*Refunded 2012-A Bonds*") on an advance basis, (ii) refund all of the Authority's currently outstanding Revenue Refunding Bonds, Series 2012-B (Non-AMT) (the "*Refunded 2012-B Bonds*") on an advance basis, and (iii) pay the principal of, and interest on, the July 1, 2021 and July 1, 2022 maturities of the Authority's Revenue Bonds, Series 2014-A (Non-AMT) (the "*2014-A Bonds*"), Revenue Bonds, Series 2014-B (AMT) (the "*2014-B Bonds*"), Revenue Refunding Bonds, Series 2014-C (Non-AMT) (the "*2014-C Bonds*" and, with the 2014-A Bonds and the 2014-B Bonds, the "*2014 Bonds*"), Revenue Bonds, Series 2015-A (Non-AMT) (the "*2015-A Bonds*"), Revenue Bonds, Series 2015-B (AMT) (the "*2015-B Bonds*" and, with the 2015-A Bonds, the "*2015 Bonds*"), Revenue Refunding Bonds, Series 2016-A (Non-AMT) (the "*2016-A Bonds*"), Revenue Bonds, Series 2017-A (AMT) (the "*2017 Bonds*"), Revenue Bonds, Series 2019-A (the "*2019-A Bonds*"), Revenue Bonds, Series 2019-B (Non-AMT) (the "*2019-B Bonds*"), and Revenue Bonds, Series 2019-C (AMT) (the "*2019-C Bonds*" and, with the 2019-A Bonds and 2019-B Bonds, the "*2019 Bonds*") (collectively, the "*2021/2022 Maturities*"), and with the Refunded 2012-A Bonds and the Refunded 2012-B Bonds, the "*Advance Refunded Bonds*" and, with the Current Refunded Bonds, the "*Refunded Bonds*"), all as described in more detail in the table captioned "Advance Refunded Bonds" below. The proceeds of the 2021-C Bonds being used to advance refund the Advance Refunded Bonds, plus available funds held under the 1978 Trust Agreement, will be deposited to a refunding escrow fund (the "*Refunding Escrow Fund*") held under a Refunding Escrow Agreement (the "*Refunding Escrow Agreement*") to be entered into upon the issuance of the 2021-C Bonds between the Authority and the Trustee for the benefit of the holders of the Advance Refunded Bonds, and applied to the payment of principal or redemption price of and interest on the Advance Refunded Bonds on July 1, 2021 and July 1, 2022, being the first available optional redemption date or maturity date, as the case may be, at par.

Upon the deposit of the proceeds of the 2021-C Bonds with the Trustee and the satisfaction of certain conditions relating thereto specified in the 1978 Trust Agreement, the Advance Refunded Bonds will be legally defeased pursuant to the 1978 Trust Agreement. See APPENDIX D – Summary of Certain Provisions of the 1978 Trust Agreement – Defeasance. The refunding of the Advance Refunded Bonds is contingent upon delivery of the 2021-C Bonds.

Funds deposited in the Refunding Escrow Fund will be applied immediately upon receipt to purchase non-callable direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America ("*Escrow Government Obligations*") and to fund cash deposits in such funds. The maturing principal of and interest on the Escrow Government Obligations, plus any initial cash deposit, held in the Refunding Escrow Fund will be held therein and applied solely for the payment of the principal of and redemption premium and accrued interest on the Advance Refunded Bonds. According to the report described in "VERIFICATION OF MATHEMATICAL COMPUTATIONS" herein, the Escrow Government Obligations held in the Refunding Escrow Fund for the Advance Refunded Bonds will mature at such times and earn interest in such amounts that, together with any initial cash deposit, will produce sufficient monies to pay the principal of and redemption premium, if any, and accrued interest on the Advance Refunded Bonds to and including their respective redemption dates or maturity dates, each as set forth below. Any amounts remaining in the Refunding Escrow Fund after the payment of the Advance Refunded Bonds shall be remitted to the Authority and applied as the Authority shall direct.

Current Refunded Bonds

Series	Original Maturity (July 1)	CUSIP[1]	Amount to Be Refunded	Redemption Date	Redemption Price
2010-A	2034	575896 GH2	$9,025,000	2/18/2021	100%
	2040	575896 GG4	33,010,000	2/18/2021	100
			$42,035,000		
2010-B	2034	575896 HM0	7,975,000	2/18/2021	100%
	2040	575896 HE8	4,115,000	2/18/2021	100
	2040	575896 HN8	25,010,000	2/18/2021	100
			$37,100,000		
		TOTAL:	**$79,135,000**		

Advance Refunded Bonds

Series	Original Maturity (July 1)	CUSIP[1]	Amount to Be Refunded	Redemption Date	Redemption Price
2012-A	2022	575896 JP1	$1,855,000	n/a	n/a
	2023	575896 JQ9	1,935,000	7/1/2022	100%
	2024	575896 JR7	2,025,000	7/1/2022	100
	2025	575896 JS5	2,130,000	7/1/2022	100
	2026	575896 KC8	1,825,000	7/1/2022	100
	2026	575896 JT3	415,000	7/1/2022	100
	2027	575896 JU0	2,345,000	7/1/2022	100
	2028	575896 JV8	2,455,000	7/1/2022	100
	2029	575896 JW6	680,000	7/1/2022	100
	2037	575896 KA2	24,420,000	7/1/2022	100
	2042	575896 KB0	33,170,000	7/1/2022	100
			$73,255,000		
2012-B	2022	575896 KK0	$8,090,000	n/a	n/a
	2023	575896 KL8	8,415,000	7/1/2022	100%
	2024	575896 KM6	8,855,000	7/1/2022	100
	2025	575896 KN4	9,305,000	7/1/2022	100
	2026	575896 KP9	9,785,000	7/1/2022	100

[1] The CUSIP numbers listed above are being provided solely for the convenience of Bondholders. The Authority does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future.

Series	Original Maturity (July 1)	CUSIP[1]	Amount to Be Refunded	Redemption Date	Redemption Price
	2027	575896 KX2	9,070,000	7/1/2022	100
	2027	575896 KQ7	1,215,000	7/1/2022	100
	2028	575896 KR5	10,790,000	7/1/2022	100
	2033	575896 KW4	12,655,000	7/1/2022	100
			$78,180,000		
2014-A	2021	575896 LQ6	$945,000	n/a	n/a
	2022	575896 LR4	$990,000	n/a	n/a
2014-B	2021	575896 ML6	$1,000,000	n/a	n/a
	2022	575896 MM4	$1,050,000	n/a	n/a
2014-C	2021	575896 NG6	$5,470,000	n/a	n/a
	2022	575896 NH4	$5,745,000	n/a	n/a
2015-A	2021	575896 PF6	$2,105,000	n/a	n/a
	2022	575896 PG4	$2,210,000	n/a	n/a
2015-B	2021	575896 QA6	$1,350,000	n/a	n/a
	2022	575896 QB4	$1,420,000	n/a	n/a
2016-A	2021	575896 QX6	$1,540,000	n/a	n/a
	2022	575896 QY4	$1,630,000	n/a	n/a
2017-A	2021	575896 RW7	$9,205,000	n/a	n/a
	2022	575896 RX5	$9,970,000	n/a	n/a
2019-A	2021	575896 ST3	$9,170,000	n/a	n/a
	2022	575896 SU0	$9,630,000	n/a	n/a
2019-B	2022	575896 TP0	$1,000,000	n/a	n/a
2019-C	2021	575896 UM5	$1,200,000	n/a	n/a
	2022	575896 UN3	$2,530,000	n/a	n/a
		TOTAL:	**$219,595,000**		

SECURITY FOR THE 2021 REFUNDING BONDS

General

The principal of, premium, if any, and interest on the 2021 Refunding Bonds and each of the 2010 Bonds, the 2012 Bonds, the 2014 Bonds, the 2015 Bonds, the 2016-A Bonds, the Authority's Revenue Bonds, Series 2016-B (AMT) (the "*2016-B Bonds*"), the 2017 Bonds, the 2019 Bonds, the Authority's Revenue Refunding Bonds, Series 2020-A (AMT) (the "*2020-A Bonds*") and the Authority's Revenue Bonds, Series 2020-B (Taxable) (the "*2020-B Bonds,*" and with the 2020-A Bonds, the "*2020 Bonds*") (each as described in the table below, some of which series of Bonds are expected to be refunded or paid at maturity in whole or in part with proceeds of the 2021 Refunding Bonds, as described in the table below and in "PLAN OF FINANCE" above) and any additional Bonds that may be issued hereafter under the 1978 Trust Agreement, are payable from, and secured by a pledge of, the Authority's Revenues, which include all tolls, rates, fees, rentals and other charges from its Projects (subject to limited exclusions) and certain investment income and other revenues, all as more fully described in APPENDIX D – Summary of Certain Provisions of the 1978 Trust Agreement. For information about historical Revenues, see APPENDIX A – Information Statement of the Authority – Selected Financial Data. The pledge of the Revenues is subject to the provisions of the 1978 Trust Agreement regarding the application of Revenues. See "Flow of Funds" below. Exclusions from Revenues pledged to secure the Bonds include (i) passenger facility charges ("*PFCs*") assessed by the Authority on eligible enplaning passengers at the Airport, (ii) customer facility charges ("*CFCs*") charged to rental car patrons and (iii) certain revenues derived from facilities financed by debt that has limited recourse to the Authority. See below under "Other Revenues of the Authority Not Pledged as Security for the Bonds – Passenger Facility Charges" and "– Customer Facility Charges" and APPENDIX A – Information Statement of the Authority – Other Obligations – CFC Revenue Bonds and – Special Facilities Revenue Bonds. While PFCs are specifically excluded from Revenues, they may be applied to pay principal of and interest on Bonds as described herein. See "SECURITY FOR THE 2021 REFUNDING BONDS – Use of Available Funds to Pay Debt Service" below for a discussion of the Authority's expectation to use PFCs to pay a portion of the debt service on certain Bonds of the Authority.

See APPENDIX A – Information Statement of the Authority – Impact of COVID-19 Pandemic on the Authority for more information on the impact of COVID-19 on the Authority's Revenues.

Before giving effect to the issuance of the 2021 Refunding Bonds and the refunding of the Refunded Bonds, as of July 2, 2020, the Authority had outstanding under the 1978 Trust Agreement 18 Series of Bonds in the aggregate principal amount of $2,097,890,000, consisting of the Series listed in the following table.

BONDS OUTSTANDING UNDER THE 1978 TRUST AGREEMENT
BEFORE GIVING EFFECT TO THE ISSUANCE OF THE 2021 REFUNDING BONDS AND THE REFUNDING OF THE REFUNDED BONDS
as of July 2, 2020

Series	Issued	Amount Outstanding
Revenue Bonds, Series 2010-A (Non-AMT)*	August 2010	$42,035,000
Revenue Refunding Bonds, Series 2010-B (Non-AMT)*	August 2010	37,100,000
Revenue Bonds, Series 2012-A (AMT)*	July 2012	73,255,000
Revenue Refunding Bonds, Series 2012-B (Non-AMT)*	July 2012	78,180,000
Revenue Bonds, Series 2014-A (Non-AMT)*	July 2014	42,010,000
Revenue Bonds, Series 2014-B (AMT)*	July 2014	44,595,000
Revenue Refunding Bonds, Series 2014-C (Non-AMT)*	July 2014	119,220,000
Revenue Bonds, Series 2015-A (Non-AMT)*	July 2015	100,565,000
Revenue Bonds, Series 2015-B (AMT)*	July 2015	64,490,000
Revenue Refunding Bonds, Series 2015-C (Non-AMT)	June 2015	104,465,000
Revenue Refunding Bonds, Series 2016-A (Non-AMT)*	July 2016	45,600,000
Revenue Bonds, Series 2016-B (AMT)	July 2016	180,285,000
Revenue Bonds, Series 2017-A (AMT)*	July 2017	150,960,000
Revenue Bonds, Series 2019-A (AMT)*	February 2019	303,195,000
Revenue Bonds, Series 2019-B (Non-AMT)*	July 2019	157,680,000
Revenue Bonds, Series 2019-C (AMT)*	July 2019	296,255,000
Revenue Refunding Bonds, Series 2020-A (AMT)	April 2020	95,620,000
Revenue Refunding Bonds, Series 2020-B (Taxable)	April 2020	162,380,000
Total		$2,097,890,000

* All of the 2010-A Bonds, 2010-B Bonds, 2012-A Bonds and 2012-B Bonds and a portion of the remaining asterisked (*) Series of Bonds constitute the Refunded Bonds. See "PLAN OF FINANCE" herein.

The Bonds on the foregoing list are the only Bonds currently outstanding under the 1978 Trust Agreement. All of the currently outstanding Bonds are fixed rate bonds. See Note 5 to the Authority's financial statements attached hereto as APPENDIX B for more information about the Authority's bonds and notes payable as of June 30, 2020. For a description of the Authority's subordinated obligations, also issued under the 1978 Trust Agreement but not on parity with the Bonds, see APPENDIX A – Information Statement of the Authority – Other Obligations – Subordinated Indebtedness. For a description of other obligations of the Authority not issued on parity with the Bonds, see APPENDIX A – Information Statement of the Authority – Other Obligations.

The Authority has no power to levy any taxes or pledge the credit or create any debt of the Commonwealth or any political subdivision thereof. The Authority's Bonds and certain other obligations are payable only out of Revenues of the Authority as described herein or the proceeds of Bonds subsequently issued, and are not debts of the Commonwealth or of any such subdivision, nor are they guaranteed by any of them. Under the Enabling Act and the 1978 Trust Agreement, the Authority does not have the power to mortgage the Airport Properties or the Port Properties, or any additional revenue-producing facilities hereafter acquired or constructed by the Authority or extensions, enlargements and improvements of the foregoing. Under its Enabling Act, the Authority has the power to acquire improvements to its Projects and, in certain instances, to sell property included in the Projects. Acquisitions of new facilities unrelated to the Projects and sales of all or substantially all of any existing Project would require authorizing legislation.

Flow of Funds

The Authority's pledge of its Revenues to secure the Bonds is subject to the provisions of the 1978 Trust Agreement regarding the application of Revenues. A brief description of the flow of funds of the Revenues is presented below. For a more detailed summary, see APPENDIX D – Summary of Certain Provisions of the 1978 Trust Agreement – Application of Revenues. **See APPENDIX A – Information Statement of the Authority – Impact of COVID-19 Pandemic on the Authority for more information on the impact of COVID-19 on the Authority's Revenues.**

The 1978 Trust Agreement provides that all Revenues are deposited daily in the Revenue Fund and are then transferred to the credit of the Operating Fund as soon and as often as practicable. The Authority shall pay when due all Operating Expenses from the Operating Fund and, once each month, shall transfer from the Operating Fund amounts, if any, to be deposited to its pension, post-retirement health benefits and self-insurance accounts. Any amounts deposited in the pension and post-retirement health benefit accounts will, upon the occurrence of an event of default under the 1978 Trust Agreement, first be applied to present and accrued pension benefits and post-retirement health benefits of the Authority's employees. See APPENDIX A – Information Statement of the Authority – General Operational Factors – Financial Considerations – Authority Pension Funding and APPENDIX D – Summary of Certain Provisions of the 1978 Trust Agreement – Pledge Effected by the 1978 Trust Agreement.

The Authority retains in the Operating Fund as working capital such amounts as the Authority may determine necessary, provided that the balance therein shall not exceed 15% of the annual Operating Expenses established in the Authority's current annual budget. The balance of the Operating Fund is transferred monthly to the Trustee and applied as follows:

(a) First, to deposit to the credit of the Bond Service Account of the Interest and Sinking Fund, the amount required to make the balance of the Bond Service Account equal to the sum of the interest accrued and to accrue until the first day of the next month on all outstanding Bonds and the principal accrued and to accrue until the first day of the ensuing month of all serial Bonds, if any, which will become payable within the next twelve (12) months, less the amount of Available Funds (defined herein) irrevocably committed by the Authority by resolution or held by the Trustee and set aside exclusively for the payment of principal of, interest or premium, if any, on specified Bonds. See "SECURITY FOR THE 2021 REFUNDING BONDS – Use of Available Funds to Pay Debt Service" herein.

(b) Second, to deposit to the credit of the Redemption Account of the Interest and Sinking Fund, the amount, if any, required to make the amounts deposited in the Redemption Account for the current fiscal year equal to the portion of the Amortization Requirement, if any, for such fiscal year for the outstanding term Bonds of each Series, accrued and to accrue until the first day of the next month.

(c) Third, to deposit to the credit of the applicable subaccount of the Reserve Account of the Interest and Sinking Fund, the amount necessary to make the amount on deposit therein equal to the Reserve Requirement for such subaccount, provided, however that the Authority may elect to fully fund the applicable subaccount in the Reserve Account over a period not to exceed sixty (60) months. See "SECURITY FOR THE 2021 REFUNDING BONDS – Pooled Reserve Subaccount" herein.

(d) Fourth, to deposit to the credit of the Maintenance Reserve Fund, the amount required to make the deposit in the Fund during such month equal to one-twelfth (1/12) of one percent (1%) of the

Replacement Cost of all Projects of the Authority as determined by the Consulting Engineer for the then-current fiscal year, or a greater amount as may have been specified by the Authority in its annual budget for the fiscal year (not to exceed in any fiscal year five percent (5%) of the Replacement Cost of all Projects).

(e) Fifth, to deposit to the credit of the Payment in Lieu of Taxes Fund, the amount, if any, required to make the balance of the Payment in Lieu of Taxes Fund equal to the amount that should be on deposit therein, assuming that the amounts payable on the respective next following payment dates pursuant to the in-lieu-of tax agreements referred to in the 1978 Trust Agreement were paid in equal monthly installments from each respective preceding payment date.

(f) Sixth, to deposit to the credit of the Capital Budget Fund, the amount, if any, required to make the balance of the Capital Budget Fund equal to the sum of the remaining portion of the Capital Budget for the then-current fiscal year budgeted to be paid from the Capital Budget Fund plus all amounts in the Capital Budget Fund obligated with respect to prior fiscal years but not yet expended; provided, that the Authority by resolution may increase or reduce the amount otherwise required to be deposited in the Capital Budget Fund. It has been the Authority's practice not to fund the Capital Budget Fund but instead to deposit amounts in the Improvement and Extension Fund to be used for capital projects.

(g) Seventh, to the Authority for deposit to the credit of the Improvement and Extension Fund any amounts remaining in the Operating Fund after compliance with the above provisions. The 1978 Trust Agreement provides that moneys held in the Improvement and Extension Fund may be used for any lawful purpose of the Authority. Within the Improvement and Extension Fund, the Authority has established separate accounts held for the benefit of the holders of certain subordinated obligations of the Authority, Note Payment Accounts for repayment of the Authority's commercial paper notes, and rebate accounts for the benefit of the United States. See APPENDIX A – Information Statement of the Authority – Other Obligations under the headings "Subordinated Indebtedness" and "Commercial Paper."

A chart summarizing the foregoing flow of funds is set forth on the following page.

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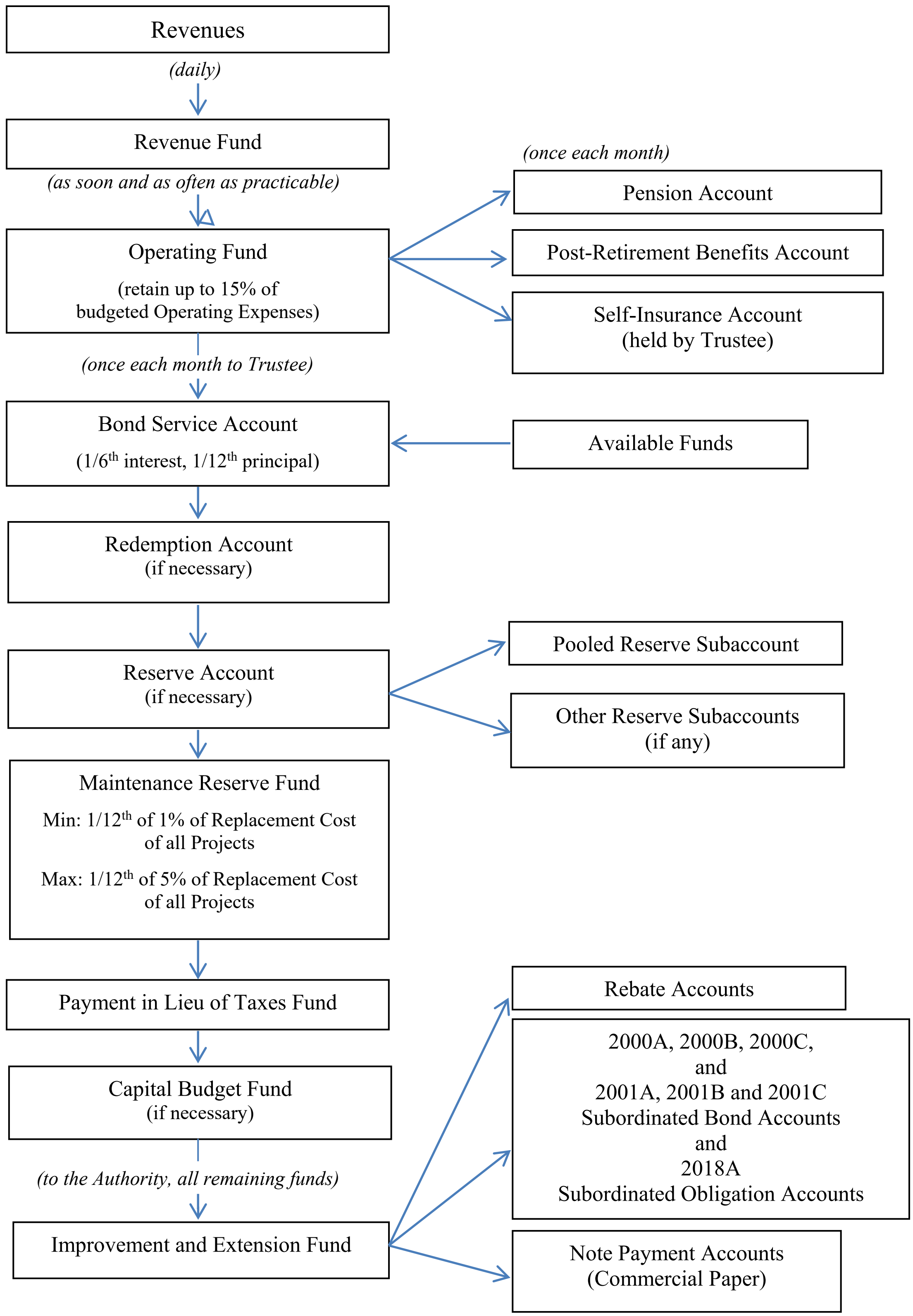
APPLICATION OF REVENUES



Use of Available Funds to Pay Debt Service

Pursuant to the 1978 Trust Agreement, the Authority may approve a resolution or resolutions that shall specify whether and to what extent any Available Funds, will either (i) be pledged to secure or be irrevocably committed to or (ii) be included in the definition of Revenues and, in either case, be used to pay principal of, premium, if any, and interest on such Series of Bonds. The term "*Available Funds*" shall mean for any period of time, (i) the amount of PFCs and/or CFCs to be received by the Authority during such period and not previously pledged or irrevocably committed to payment of principal of, interest on or premium, if any, on a Series of Bonds, and (ii) the amount of any other future income or revenue source not then included in the definition of "Revenues" that the Authority designates as "Available Funds" in a future resolution adopted by the Authority supplementing the 1978 Trust Agreement. The Authority may designate specified PFC revenues as Available Funds. Available Funds are transferred to the Trustee monthly and deposited directly into an Authority designated Bond Service Account to be used to pay debt service on a specific Series of Bonds. In 2020, the Authority elected to designate a portion of the CARES Act grant funds received as Available Funds for fiscal year 2021 to be included in the definition of Revenues, but the Authority has no current plans to designate any other Available Funds to be included in the definition of Revenues. The Authority expects, however, to the extent approved by the FAA, to designate in each annual budget certain PFCs as Available Funds to pay a portion of the debt service on the 2019-A Bonds, the 2019-C Bonds and the 2021-C Bonds, as further described below. Debt service to be paid with PFCs that have been designated as Available Funds will not be included in the calculation of the rate covenant set forth in the 1978 Trust Agreement.

The current capital program assumes that the Authority will issue additional debt that will be payable from PFC revenues that will be designated as Available Funds ("*PFC Backed Debt*") to finance $262.9 million of project costs. See APPENDIX A – Information Statement of the Authority – Capital Program – Funding Sources – Future Bond Proceeds. The Authority received FAA approval to pay a portion of the debt service on the 2019-A Bonds and the 2019-C Bonds with PFCs, and expects to authorize the irrevocable application of PFCs annually to pay a portion of the principal of and interest on the 2019-A Bonds, the 2019-C Bonds, and the portion of the 2021-C Bonds used to refund a portion of the 2019-A Bonds and the 2019-C Bonds, but no assurance can be given that the Authority will receive FAA approval to pay a portion of the debt service on future Bonds with PFCs, or that it will, in any future fiscal year, irrevocably allocate PFCs for such purpose. See APPENDIX A – Information Statement of the Authority under the headings "Capital Programs – Funding Sources – Future Bond Proceeds" and "Management's Discussion of Financial Projection Assumptions."

See APPENDIX A – Information Statement of the Authority – Impact of COVID-19 Pandemic on the Authority for more information on the impact of COVID-19 on PFC revenues.

Covenants as to Fees and Charges

The Authority covenants under the 1978 Trust Agreement to fix and revise as necessary the tolls, rates, fees, rentals and other charges for use of its Projects. The 1978 Trust Agreement requires that in each fiscal year Revenues be at least equal to the greater of (i) Operating Expenses plus 125% of Principal and Interest Requirements (as defined in the 1978 Trust Agreement) for such year on all outstanding Bonds, and (ii) the sum of (A) Operating Expenses and Principal and Interest Requirements (as defined in the 1978 Trust Agreement) and Reserve Requirements on all outstanding Bonds, plus (B) amounts, if any, required to be deposited to the Maintenance Reserve Fund, the Payment in Lieu of Taxes Fund and the Capital Budget Fund, plus (C) amounts required to be deposited to the credit of the Improvement and Extension Fund pursuant to the Twelfth Supplemental Agreement and the Twenty-Second Supplemental Agreement, each between the Authority and the Trustee (which were entered into in connection with the issuance of Subordinated Indebtedness). See APPENDIX A – Information Statement of the Authority – Other Obligations – Subordinated Indebtedness. In addition, the Authority has covenanted to set tolls, rates, fees, rentals and other charges sufficient to reimburse the letter of credit provider under the Authority's commercial paper program, if necessary. If in any year Revenues are less than the amount required, the Authority is required to cause recognized experts to recommend revised schedules of rates and charges and, if the Authority shall comply with all such recommendations, the failure of Revenues to equal the amount specified will not, of itself, constitute a default under the 1978 Trust Agreement. See APPENDIX D – Summary of Certain Provisions of the 1978 Trust Agreement – Covenants as to Fees and Charges.

For purposes of the calculation of the debt service requirements on all outstanding Bonds, any "Principal and Interest Requirements" (as defined in the 1978 Trust Agreement) on outstanding Bonds is reduced by the amount of Available Funds that have been irrevocably committed or are held by the Trustee or another fiduciary and are to be set aside exclusively to be used to pay principal of, interest or premium, if any, on specified Bonds pursuant to a resolution of the Authority (and are not otherwise required for payment of another Series of Bonds). See "SECURITY FOR THE 2021 REFUNDING BONDS – Use of Available Funds to Pay Debt Service" herein.

Pooled Reserve Subaccount

The 1978 Trust Agreement establishes a Reserve Account within the Interest and Sinking Fund, and within that account there has been established a Pooled Reserve Subaccount. The Pooled Reserve Subaccount secures all Bonds that are currently outstanding, other than the 2020-A Bonds and the 2020-B Bonds, on a parity basis. In addition, the Pooled Reserve Subaccount will secure any additional Bonds the Authority elects to participate in the Pooled Reserve Subaccount on a parity basis. In the Bond Resolution, the Authority has elected to have the 2021 Refunding Bonds participate in the Pooled Reserve Subaccount. Such Pooled Reserve Subaccount shall be used to pay debt service on the Bonds secured thereby to the extent of deficiencies in the applicable Bond Service Account. The Bonds currently outstanding under the 1978 Trust Agreement (other than the 2020-A Bonds and the 2020-B Bonds), the 2021 Refunding Bonds and any additional Bonds the Authority elects to have participate in the Pooled Reserve Subaccount are collectively referred to in this Official Statement as the "*Pooled Reserve Subaccount Participating Bonds*."

Pursuant to the 1978 Trust Agreement, there may be created within the Reserve Account by the resolution of the Authority authorizing a Series of Bonds a separate subaccount for such Series of Bonds; provided that (i) the Authority may elect in such resolution that any then-existing subaccount within the Reserve Account (including without limitation the Pooled Reserve Subaccount) shall secure such additional Series of Bonds on a parity basis; and (ii) with respect to any Series of Bonds, the Authority may elect in the resolution that such Series of Bonds shall not be secured by any subaccount in the Reserve Account and, accordingly, not to establish any subaccount in the Reserve Account to secure such Series of Bonds. Any resolution of the Authority providing for the issuance of a Series of Bonds that establishes a separate subaccount within the Reserve Account shall specify (a) whether such subaccount shall secure only such Series of Bonds or may secure additional Series of Bonds and (b) the Reserve Requirement (as defined below) applicable to such subaccount.

The 1978 Trust Agreement also permits the Authority to determine whether to fully fund a subaccount in the Reserve Fund at the time of issuance of a Series of Bonds or to fully fund the Reserve Requirement over a period of time. In particular, the Authority may elect, by the resolution of the Authority authorizing issuance of a Series of Bonds, to fully fund the applicable subaccount in the Reserve Account over a period specified in such resolution, not to exceed sixty (60) months, commencing with the next succeeding fiscal year of the Authority, during which it shall make substantially equal monthly installments in order that the amounts on deposit therein at the end of such period shall equal the Reserve Requirement for such Series of Bonds.

The term "Reserve Requirement" means (a) with respect to the Pooled Reserve Subaccount, the maximum annual Principal and Interest Requirements on all of the outstanding Bonds secured by the Pooled Reserve Subaccount, and (b) with respect to each Series of Bonds not secured by the Pooled Reserve Subaccount, as of any date of calculation for a particular subaccount within the Reserve Account other than the Pooled Reserve Subaccount, the amount of money, if any, required by the resolution adopted by the Authority authorizing the issuance of such Series of Bonds to be maintained in a subaccount in the Reserve Account with respect to such Series of Bonds, which amount shall be available for use only with respect to such Series of Bonds. There is no Reserve Requirement for the 2020-A Bonds and 2020-B Bonds.

As a result of the deposits previously made to the Pooled Reserve Subaccount upon the issuance of Bonds under the 1978 Trust Agreement, plus subsequent monthly deposits, the balance in the Pooled Reserve Subaccount as of October 31, 2020 was approximately $147.3 million. The balance in the Pooled Reserve Subaccount is currently held in cash and Investment Securities (as that term is defined in the 1978 Trust Agreement). It is the Authority's policy to fund its reserve funds with cash, cash equivalents and Investment Securities; the Authority has not used any surety policies to fund the Pooled Reserve Subaccount. Upon issuance of any additional Pooled Reserve Subaccount Participating Bonds (other than certain refunding Bonds), the 1978 Trust Agreement requires that there be deposited to the Pooled Reserve Subaccount an amount at least equal to one-half of the difference between (a) the amount of the increase in the maximum annual debt service requirement on such Pooled Reserve Subaccount Participating Bonds and all then-outstanding Pooled Reserve Subaccount Participating Bonds and (b) the amount, if any, in the Pooled Reserve Subaccount in excess of the maximum annual debt service requirement on all then-outstanding Pooled Reserve Subaccount Participating Bonds.

The Reserve Requirement applicable to the 2021 Refunding Bonds will be funded with released funds on deposit in the Parity Reserve Account allocable to the Refunded Bonds. At the time of issuance of the 2021 Refunding Bonds, the Pooled Reserve Subaccount is expected to be fully funded with respect to all outstanding Pooled Reserve Subaccount Participating Bonds (including the 2021 Refunding Bonds and after giving effect to the refunding of the Refunded Bonds). See APPENDIX D – Summary of Certain Provisions of the 1978 Trust Agreement – Application of Revenues.

Permitted Investments

Moneys held for the credit of the funds and accounts established under the 1978 Trust Agreement may, with certain exceptions, be invested only in "Investment Securities" as defined in the 1978 Trust Agreement. See APPENDIX D – Summary of Certain Provisions of the 1978 Trust Agreement – Certain Definitions. The exceptions are that moneys held for the credit of any special separate pension account in the Operating Fund may be invested in such manner as provided in the resolution of the Authority establishing such account, and that moneys held for the credit of certain other accounts may be invested solely in Government Obligations. See APPENDIX D – Summary of Certain Provisions of the 1978 Trust Agreement – Investments in Funds and Accounts. For a description of the Authority's investment policy, see APPENDIX A – Information Statement of the Authority – General Operational Factors – Investment Policy.

Additional Bonds

Under the 1978 Trust Agreement the Authority may, on the fulfillment of certain conditions, issue additional Bonds. The Enabling Act does not limit the amount of additional Bonds that may be issued by the Authority. Bonds may be issued under provisions of the 1978 Trust Agreement to finance, among other things, the cost of acquiring and constructing Additional Facilities and Additional Improvements and to refund outstanding Bonds, Subordinated Obligations or other obligations not issued under the provisions of the 1978 Trust Agreement. These provisions of the 1978 Trust Agreement permit the issuance of a series of additional Bonds if, among other conditions, the Authority complies with one or more tests based on historical or projected Net Revenues and debt service requirements. See APPENDIX D – Summary of Certain Provisions of the 1978 Trust Agreement – Issuance of Additional Bonds.

In connection with the issuance of the 2021 Refunding Bonds, the following test will be applicable: that the Net Revenues of the Authority (the excess of Revenues over Operating Expenses during the applicable period) for any 12 consecutive months of the last 18 months have been at least 125% of the maximum annual Principal and Interest Requirements on all Outstanding Bonds, after giving effect to the issuance of the 2021 Refunding Bonds and the refunding or payment at maturity, as applicable, of the Refunded Bonds (and any subsequent additional Bonds estimated to be issued under the 1978 Trust Agreement to complete Additional Improvements or Additional Facilities partially financed by Bonds now Outstanding). For the purpose of this calculation, annual Principal and Interest Requirements on Outstanding Bonds means, for any fiscal year of the Authority, interest accrued on such Bonds during such fiscal year, excluding interest for such period paid or to be paid from the Construction Fund, and maturing principal and mandatory amortization requirements due and payable on the July 1 immediately following such fiscal year, excluding principal, interest and/or premium to be paid from Available Funds or earnings thereon. See "SECURITY FOR THE 2021 REFUNDING BONDS – Use of Available Funds to Pay Debt Service." In the case of Bonds that bear interest at a variable rate, the interest component of maximum annual Principal and Interest Requirements is computed at the rate estimated by a nationally known investment banking firm selected by the Authority as the rate at which such Bonds would bear interest if issued at par with a fixed rate of interest and the same maturity.

Coverage for purposes of the additional Bonds test described in the preceding paragraph was 235%, based upon (i) Net Revenues for the 12 months ended September 30, 2020 of $375.53 million and (ii) maximum annual Principal and Interest Requirements of approximately $159.66 million, determined as described above, after giving effect to the issuance of the 2021 Refunding Bonds and the anticipated refunding of the Refunded Bonds.

Other Revenues of the Authority Not Pledged as Security for the Bonds

Passenger Facility Charges. Under the 1978 Trust Agreement, PFCs assessed by the Authority on eligible enplaning passengers at the Airport have been excluded from Revenues at the election of the Authority, and the proceeds of PFCs are collected, held and expended outside the Funds and Accounts established under the 1978 Trust Agreement, and are not security for the Bonds. See APPENDIX A – Information Statement of the Authority – Capital Program – Funding Sources. As described under the subheading "– Use of Available Funds to Pay Debt Service" above, however, pursuant to the 1978 Trust Agreement, the Authority may approve a resolution or resolutions that shall specify whether and to what extent any PFCs will either (i) be pledged to secure or be irrevocably committed to or (ii) be included in the definition of Revenues and, in either case, be used to pay principal of, premium, if any, and interest on such Series of Bonds. The Authority expects to authorize the irrevocable application of PFCs annually to pay a portion of the principal of and interest on certain Bonds currently outstanding, as well as Bonds to be issued under the 1978 Trust Agreement in the future. **See APPENDIX A – Information Statement of the Authority – Impact of COVID-19 Pandemic on the Authority for more information on the impact of COVID-19 on PFC revenues.**

Customer Facility Charges. In December 2008, the Authority instituted a CFC for each transaction day that a car is rented at Logan Airport. The purpose of the CFC is to fund the evaluation, design, financing and development of the Rental Car Center ("*RCC*") and related facilities at the Airport, which opened in September 2013. On June 8, 2011, the Authority issued its first series of special facilities revenue bonds (the "*CFC Revenue Bonds*") under a Trust Agreement dated as of May 18, 2011 (the "*CFC Trust Agreement*") by and between the Authority and U.S. Bank National Association, as trustee, for the purpose of providing funds sufficient, together with other available funds, to finance the development and construction of the RCC and related improvements. Pursuant to the CFC Trust Agreement, the CFC revenues are pledged as security for the CFC Revenue Bonds, and the CFC revenues are not included in Revenues securing the 2021 Refunding Bonds and other Bonds issued under the 1978 Trust Agreement. As described under the subheading "– Use of Available Funds to Pay Debt Service" above, however, pursuant to the 1978 Trust Agreement, the Authority may approve a resolution or resolutions that shall specify whether and to what extent any CFCs will either (i) be pledged to secure or be irrevocably committed to or (ii) be included in the definition of Revenues and, in either case, be used to pay principal of, premium, if any, and interest on such Series of Bonds. The Authority currently has no expectation to authorize the irrevocable application of CFCs to pay debt service on Bonds issued under the 1978 Trust Agreement. For a further description of the RCC and the CFC Revenue Bonds, see (i) APPENDIX A – Information Statement of the Authority – Airport Properties – Airport Facilities – Service and Support Facilities and (ii) APPENDIX A – Information Statement of the Authority – Other Obligations – CFC Revenue Bonds. The CFC Revenue Bonds are not issued under or secured by the 1978 Trust Agreement.

Other Obligations and Commitments. The Authority is permitted by the 1978 Trust Agreement to incur borrowings or issue other obligations, including bond anticipation notes issued in the form of commercial paper, that are generally subordinate to the rights of holders of the Bonds and are payable solely from moneys in the Improvement and Extension Fund, proceeds of borrowings or obligations subsequently incurred or issued and, in certain circumstances, Bonds subsequently issued. For a description of such borrowings, including the Authority's commercial paper program, see APPENDIX A – Information Statement of the Authority – Other Obligations – Subordinated Indebtedness. The Authority has also issued special facilities revenue bonds for various capital projects on a non-recourse basis. The principal of and interest on the special facilities revenue bonds issued by the Authority are special obligations of the Authority, payable solely from the sources provided; none of such special facilities revenue bonds is secured by the Revenues of the Authority. For a description of these bonds, see APPENDIX A – Information Statement of the Authority – Other Obligations – Special Facilities Revenue Bonds.

Additional Facilities. The Authority may acquire or construct revenue-producing facilities (in addition to Additional Improvements to the Airport Properties or the Port Properties) that serve a public purpose as may hereafter be authorized by the Legislature of the Commonwealth. Under the 1978 Trust Agreement, the Authority may not construct, acquire or operate any other building, structure or other facility financed other than by additional Bonds, unless the Consulting Engineer files a statement to the effect that in their opinion the operation of such facility will not materially adversely affect the Net Revenues or impair the operating efficiency of the Projects taken as a whole. Such a statement was delivered by the Consulting Engineer in connection with the issuance of each series of non-recourse bonds issued by the Authority. See "Other Obligations and Commitments" above and APPENDIX A – Information Statement of the Authority – Other Obligations.

Separately, the 1978 Trust Agreement permits the Authority to contract with any municipality or political subdivision of the Commonwealth, or with any public agency or instrumentality thereof or of the United States of America or the Commonwealth, to provide for the construction, operation and maintenance and/or administration of any facility or improvement, whether or not connected with or made a part of the Airport Properties or the Port Properties, if permitted by law. The Authority may expend or contribute moneys for such purpose from the Improvement and Extension Fund, but only, in the case of construction, if the construction of such facility or improvement (i) will result in increasing the average annual Net Revenues of the Authority, during the period of sixty (60) months immediately following the placing of such facility or improvement in operation, by an amount not less than 5% of the amount of moneys to be so expended or contributed by the Authority, and (ii) will not impair the operating efficiency or materially adversely affect the Revenues of any Project.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The arithmetical accuracy of certain computations included in the schedules provided by PFM Financial Advisors LLC on behalf of the Authority relating to the computation of forecasted receipts of principal of and interest on the Government Obligations on deposit in the Refunding Escrow Fund and the forecasted payments of principal and interest to pay at maturity or redeem the Advance Refunded Bonds, as applicable, was examined by The Arbitrage Group, Inc. Such computations were based solely upon schedules and information supplied by or on behalf of the Authority. The Arbitrage Group, Inc. has restricted its procedures to examining the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

TAX MATTERS

Tax-Exempt Bonds

In the opinion of Foley & Lardner LLP, Co-Bond Counsel (*"Foley"*), based on existing laws, regulations, rulings and court decisions, and assuming, among other matters, compliance with certain covenants, as described herein, interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "*Code*"), except for interest on any Tax-Exempt Bond for any period during which such Tax-Exempt Bond is held by a person who is a "substantial user" of facilities financed with the proceeds of the Tax-Exempt Bonds or a "related person" of such a substantial user (within the meaning of Section 147(a) of the Code). In addition, interest on the 2021-A Bonds is not a specific preference item for purposes of federal alternative minimum tax. Interest on the 2021-B Bonds is a specific preference item for purposes of the federal alternative minimum tax. Interest on the 2021-C Bonds is included in gross income for federal income tax purposes under the Code. A copy of the proposed form of the opinion of Foley, as Co-Bond Counsel, is set forth in APPENDIX F.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Tax-Exempt Bonds. These requirements include requirements for "governmental bonds" that are not treated as "private activity bonds" under Section 141 of the Code and different requirements for "exempt facility bonds" issued under Section 142(a)(1) of the Code. The 2021-A Bonds consist of separate issues of "governmental bonds" and "exempt facility" bonds for such federal income tax purposes. The 2021-B Bonds consist of "exempt facility bonds" for such purposes." The Authority has covenanted to comply with certain restrictions and requirements designed to assure that the interest on the Tax-Exempt Bonds will not be included in gross income for federal income tax purposes. Failure to comply with these covenants may result in such interest being included in gross income for federal income tax purposes, possibly from the original issuance date of the Tax-Exempt Bonds. The opinion of Foley assumes compliance with these covenants. Foley has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the issuance of the Tax-Exempt Bonds may adversely affect the tax status of the interest on the Tax-Exempt Bonds. Accordingly, the opinion of Foley is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

The opinion of Foley relies on factual representations made by the Authority and other persons. These factual representations include but are not limited to certifications by the Authority regarding its reasonable expectations regarding the use and investment of bond proceeds. Foley has not verified these representations by independent investigation. Foley does not purport to be an expert in asset valuation and appraisal, financial analysis, financial projections or similar disciplines. Failure of any of these factual representations to be correct may result in interest on the Tax-Exempt Bonds being included in gross income for federal income tax purposes, possibly from the original issuance dates of such Tax-Exempt Bonds.

Although Foley is of the opinion that interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Tax-Exempt Bonds may otherwise affect a beneficial owner's federal tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the beneficial owner or the beneficial owner's other items of income or deduction. Foley expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Tax-Exempt Bonds to be subject, directly or indirectly, to federal income taxation or otherwise prevent the beneficial owners of the Tax-Exempt Bonds from realizing the full current benefit of the tax status of such interest. For example, from time to time, legislative proposals have been advanced which generally would limit the exclusion from gross income of interest on obligations like the Tax-Exempt Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal tax rates. Other proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Tax-Exempt Bonds. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Tax-Exempt Bonds. Such future legislation, if enacted, possibly could apply to obligations issued before such legislation is enacted and some or all of the Tax-Exempt Bonds possibly could be treated for purposes of such future legislation as issued on one or more dates after the dates of original issuance of the Tax-Exempt Bonds. Prospective purchasers of the Tax-Exempt Bonds should consult their own tax advisors regarding any pending or proposed federal or state legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Foley expresses no opinion.

The opinion of Foley speaks only as of its date and is based on current legal authorities, covers certain matters not directly addressed by such authorities, and represents Foley's judgment regarding the proper treatment of the Tax-Exempt Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service (the "*IRS*") or the courts, and it is not a guarantee of result. Furthermore, Foley cannot give and has not given any opinion or assurance about the future activities of the Authority or about the effect of changes to the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Authority has covenanted, however, to comply with the applicable requirements of the Code.

Foley is not obligated to defend the Authority regarding the tax-exempt status of the Tax-Exempt Bonds in the event of an examination by the IRS. Under current IRS procedures, the Beneficial Owners and parties other than the Authority would have little, if any, right to participate in an IRS examination of the Tax-Exempt Bonds. Moreover, because obtaining judicial review in connection with an IRS examination of tax-exempt bonds is difficult, obtaining independent review of IRS positions with which the Authority legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Tax-Exempt Bonds for examination, or the course or result of such an examination, or an examination of bonds presenting similar tax issues may affect the market price, or the marketability, of the Tax-Exempt Bonds, and may cause the Authority or the Beneficial Owners to incur significant expense.

Payments of interest on tax-exempt obligations, including the Tax-Exempt Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Beneficial Owner of a Tax-Exempt Bond is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Premium. Tax-Exempt Bonds purchased, whether at original issuance or otherwise, for an amount greater than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("*Tax-Exempt Premium Bonds*") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Tax-Exempt Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a beneficial owner's basis in a Tax-Exempt Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such beneficial owner. Beneficial owners of Tax-Exempt Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Taxable Bonds

Foley observes that interest on the 2021-C Bonds (the "*Taxable Bonds*") is not excluded from gross income for federal income tax purposes under Section 103 of the Code.

The following discussion summarizes certain U.S. federal tax considerations generally applicable to holders of the Taxable Bonds that acquire their Taxable Bonds in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or expected to be sought from the IRS with respect to any of the U.S. federal tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with the U.S. tax consequences applicable to any given investor, nor does it address the U.S. tax considerations applicable to all categories of investors, some of which may be subject to special taxing rules (regardless of whether or not such investors constitute U.S. Holders), such as certain U.S. expatriates, banks, REITS, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their Taxable Bonds as part of a hedge, straddle or an integrated conversion transaction, or investors whose "functional currency" is not the U.S. dollar. Furthermore, it does not address (i) alternative minimum tax consequences, (ii) the net investment income tax imposed under Section 1411 of the Code, or (iii) the indirect effects on persons who hold equity interests in a holder. This summary also does not consider the taxable of the Taxable Bonds under state, local or non-U.S. tax laws. In addition, this summary generally is limited to U.S. tax considerations applicable to investors that acquire their Taxable Bonds pursuant to an initial offering for an issue price that is applicable to such Taxable Bonds (i.e., the price at which a substantial amount of the Taxable Bonds are sold to the public) and who will hold their Taxable Bonds as "capital assets" within the meaning of Section 1221 of the Code.

As used herein, "U.S. Holder" means a beneficial owner of a Taxable Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). As used herein, "Non-U.S. Holder" generally means a beneficial owner of a Taxable Bond (other than a partnership) that is not a U.S. Holder. If a partnership holds Taxable Bonds, the tax treatment of such partnership or partner in such partnership generally will depend on the status of the partner and upon the activities of the partnership. Partnerships holding Taxable Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Taxable Bonds (including their status as U.S. Holders or Non-U.S. Holders).

Notwithstanding the rules described below, it should be noted that certain taxpayers that are required to prepared certified financial statements or file financial statements with certain regulatory or governmental agencies may be required to recognize income, gain and loss with respect to the Taxable Bonds at the time that such income, gain or loss is recognized on such financial statements instead of under the rules described below.

Prospective investors should consult their own tax advisors in determining the U.S. federal, state, local or non-U.S. tax consequences to them from the purchase, ownership and disposition of the Taxable Bonds in light of their particular circumstances.

U.S. Holders

Interest. Interest on the Taxable Bonds generally will be taxable to a U.S. Holder as ordinary income at the time such amounts are accrued or received, in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes.

To the extent that the issue price of any maturity of Taxable Bonds is less than the amount to be paid at maturity of such Taxable Bonds (excluding amounts stated to be interest payable at least annually over the term of such Taxable Bonds) by more than a de minimis amount, the difference may constitute original issue discount ("OID"). U.S. Holders of Taxable Bonds will be required to include OID in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest (which may be before the receipt of cash payments attributable to such income). Under this method, U.S. Holders generally will be required to include in income increasingly greater amounts in successive accrual period.

Taxable Bonds purchased for an amount in excess of the principal amount payable at maturity (or, in some cases, at their earlier call date) will be treated as issued at a premium. A U.S. Holder of a Taxable Bond issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such Taxable Bond.

Sale or Other Taxable Disposition of the Taxable Bonds. Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including by an offer of the Authority) or other disposition of a Taxable Bond will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a Taxable Bond will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the Taxable Bond, which will be taxed in the manner described above) and (ii) the U.S. Holders adjusted U.S. federal income tax basis in the Taxable Bond (generally, the purchase price paid by the U.S. Holder for the Taxable Bond, decreased by any amortized premium and increased by the amount of any OID previously included in income by such U.S. Holder with respect to such Taxable Bond). Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the Taxable Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. Holder's holding period for the Taxable Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

Defeasance of the Taxable Bonds. If the Authority defeases any Taxable Bond, the Taxable Bond may be deemed to be retired for U.S. federal income tax purposes as a result of the defeasance. In that event, in general, a holder will recognize taxable gain or loss equal to the difference between (i) the amount realized from the deemed sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and (ii) the holder's adjusted tax basis in the Taxable Bond.

Information Reporting and Backup Withholding. Payments on the Taxable Bonds generally will be subject to U.S. information reporting and possibly "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate U.S. Holder of Taxable Bonds may be subject to backup withholding at the current rate of 24% with respect to "reportable payments," which include interest paid on the Taxable Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Taxable Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("*TIN*") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to backup withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against the U.S. Holder's federal income tax liability, if any, proved that the required information is timely furnished to the IRS. Certain U.S. Holders (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. A holder's failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

Non-U.S. Holders

Interest. Subject to the discussions below under the headings "Information Reporting and Backup Withholding" and "Foreign Account Tax Compliance Act," payments of principal of, and interest on, any Taxable Bond to a Non-U.S. Holder, other than (i) a controlled foreign corporation, as such term is defined in the Code, which is related to the Authority through stock ownership and (ii) a bank which acquires such Taxable Bond in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business, will not be subject to any U.S. federal withholding tax provided that the beneficial owner of the Taxable Bonds provides a certification completed in compliance with applicable statutory and regulatory requirements, which requirements are discussed below under the heading "Information Reporting and Backup Withholding," or an exemption otherwise established.

Disposition of the Taxable Bonds. Subject to the discussions below under the headings "Information Reporting and Backup Withholding" and "FATCA," any gain realized by a Non-U.S. Holder upon the sale, exchange, redemption, retirement (including pursuant to an offer by the Authority or a deemed retirement due to defeasance of the Taxable Bond) or other disposition of a Taxable Bond generally will not be subject to U.S. federal income tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States; or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such holder is present in the United States for 183 days or more in the taxable year of such sale, exchange, redemption, retirement (including pursuant to an offer by the Authority) or other disposition and certain other conditions are met.

U.S. Federal Estate Tax. A Taxable Bond that is held by an individual who at time of death is not a citizen or resident of the United States will not be subject to U.S. federal estate tax as a result of such individual's death, provided that, at the time of such individual's death, payments of interest with respect to such Taxable Bond would not have been effectively connected with the conduit by such individual of a trade or business within the United States.

Information Reporting and Backup Withholding. Subject to the discussion below under the heading "FATCA," under current U.S. Treasury Regulations, payments of principal and interest on any Taxable Bonds to a holder that is not a United States person will not be subject to any backup withholding tax requirements of the beneficial owner of the Taxable Bond or a financial institution holding the Taxable Bond on behalf of the beneficial owner in the ordinary course of its trade or business provides an appropriate certification to the payor and the payor does not have actual knowledge that the certification is false. If a beneficial owner provides the certification, the certification must give the name and address of such owner, state that such owner is not a United States person, or, in the case of an individual, that such owner is neither a citizen nor a resident of the United States, and the owner must sign the certifies under penalty of perjury. The current backup withholding tax rate is 24%.

Foreign Account Tax Compliance Act (FATCA) – U.S. Holders and Non-U.S. Holders

Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to foreign financial institutions, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Under current guidance, failure to comply with the additional certification, information reporting and other specified requirements specified under FATCA could result in the 30% withholding tax being imposed on payments of interest on the Taxable Bonds. In general, withholding under FATCA currently applies to payments of U.S. source interest (including OID) and, under current guidance, will apply to certain "passthru" payments no earlier than the date that is two years after publication of final U.S. Treasury Regulations defining the term "foreign passthru payments." Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

The foregoing summary is included herein for general information only and does not discuss all aspects of U.S. federal taxation that may be relevant to a particular holder of Taxable Bonds in light of the holder's particular circumstances and income tax situation. Prospective investors are urged to consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of Taxable Bonds, including the application and effect of state, local, non-U.S. and other tax laws.

State Tax Exemption

In the opinion of Kaplan Kirsch & Rockwell LLP, Co-Bond Counsel ("*Kaplan Kirsch*"), under existing Massachusetts law, the 2021 Refunding Bonds, their transfer and the income therefrom (including any profit made on the sale thereof) are exempt from taxation within the Commonwealth. Kaplan Kirsch expresses no opinion as to whether the 2021 Refunding Bonds or the interest thereon will be included in the measure of Massachusetts estate and inheritance taxes and certain Massachusetts corporation excise and franchise taxes. Kaplan Kirsch expresses no opinion regarding any federal tax consequences or any other Massachusetts tax consequences, or regarding tax consequences of states other than The Commonwealth of Massachusetts. A copy of the proposed form of the opinion of Kaplan Kirsch, as Co-Bond Counsel, is set forth in APPENDIX F.

ELIGIBILITY FOR INVESTMENT

The Enabling Act provides that the 2021 Refunding Bonds are eligible for investment by all Massachusetts insurance companies, trust companies in their commercial departments, banking associations, executors, trustees and other fiduciaries.

RATINGS

The 2021 Refunding Bonds have been assigned ratings of "AA" (outlook: negative) by Fitch, Inc. ("*Fitch*"), "Aa2" (outlook: stable) by Moody's Investors Service ("*Moody's*") and "AA-" (outlook: negative) by S&P Global Ratings ("*S&P*"), respectively. Such ratings reflect only the respective views of Fitch, Moody's and S&P, and an explanation of the significance of such ratings may be obtained from the rating agency furnishing the same. There is no assurance that such ratings will continue for any given period of time or that they will not be revised or withdrawn entirely by any or all of such rating agencies if, in its or their judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2021 Refunding Bonds.

FORWARD-LOOKING STATEMENTS

If and when included in this Official Statement, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates" and analogous expressions are intended to identify forward-looking statements as defined in the Securities Act of 1933, as amended, and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include, among others, general economic and business conditions, changes in political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, litigation and various other events, conditions and circumstances affecting airports and the airline industry, seaports, maritime and commercial real estate, the COVID-19 pandemic, the outbreak of any other disease or public health threat, other future global health concerns, and other events or circumstances beyond the control of the Authority. These forward-looking statements speak only as of the date of this Official Statement. The Authority disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Authority's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

CERTAIN LEGAL MATTERS

The unqualified approving opinions of Kaplan Kirsch & Rockwell LLP, Boston, Massachusetts, and Foley & Lardner LLP, Boston, Massachusetts, Co-Bond Counsel to the Authority, will be furnished upon delivery of the 2021 Refunding Bonds; the proposed forms of such opinions are set forth in APPENDIX F. Certain legal matters will be passed on for the Authority by Catherine M. McDonald, Esquire, its Chief Legal Counsel, and by Locke Lord LLP, Boston, Massachusetts, its Disclosure Counsel. Certain legal matters will be passed on for the Underwriters by their counsel, Hinckley, Allen & Snyder LLP, Boston, Massachusetts.

INDEPENDENT AUDITORS

The financial statements of the Authority as of and for the years ended June 30, 2020 and 2019 included in APPENDIX B of this Official Statement have been audited by Ernst & Young LLP, independent auditors, as stated in their report appearing therein.

The prospective financial information (projected Operating Results and Debt Service Coverage) included within this Official Statement and the appendices hereto was prepared by the Authority in accordance with accounting principles required by the 1978 Trust Agreement in order to show projected debt service coverage and ability to meet other required fund deposits; such information was not prepared with a view toward compliance with the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. The prospective financial information included in this Official Statement has been prepared by and is the responsibility of the Authority's management. Neither Ernst & Young LLP nor any other independent auditor has examined, compiled, reviewed, audited or performed any procedures with respect to the accompanying financial projections, and accordingly, neither Ernst & Young LLP nor any other independent auditor expresses an opinion or any other form of assurance with respect thereto.

REVIEW OF AIRPORT PROPERTIES NET REVENUES PROJECTION

The Review of Airport Properties Net Revenues Projection set forth in APPENDIX C was prepared by LeighFisher in connection with the issuance of the 2021 Refunding Bonds. The review covers a projection period through fiscal year 2026.

In the context of the widespread economic disruption, public health restrictions, and reductions in airline travel that have resulted from the COVID-19 pandemic beginning in early 2020, making meaningful projections of air traffic demand for Logan Airport is not possible at this time. For purposes of preparing the financial projections described in the Review of Airport Properties Net Revenues Projection set forth in APPENDIX C, the Authority developed a range of hypothetical scenarios for passenger traffic recovery over the next four to six years.

The projected financial results of the Airport Properties presented in the Review of Airport Properties Net Revenues Projection are based upon certain assumptions and estimates concerning future events and circumstances described in the review, which the Authority believes to be reasonable. However, any projection is subject to uncertainties and some assumptions will not be realized and unanticipated events and circumstances may occur. Therefore, there will be differences between the projected and actual results, and those differences may be material.

The Review of Airport Properties Net Revenues Projection set forth in APPENDIX C should be read in its entirety for an understanding of the projections and the key assumptions therein. Such review is set forth herein in reliance upon the knowledge and experience of such firm as airport financial consultants. LeighFisher has consented to the inclusion of their report herein.

UNDERWRITING

The 2021 Refunding Bonds are being purchased by the underwriters listed on the cover page hereof (collectively, the "*Underwriters*"), for whom BofA Securities, Inc. is acting as representative. The Underwriters have agreed, subject to certain conditions, to purchase all of the 2021 Refunding Bonds from the Authority at an aggregate underwriters' discount from the initial public offering prices or yields set forth on page (i) hereof equal to $759,106.58 and to reoffer such 2021 Refunding Bonds at public offering prices not higher than or at yields not lower than those set forth on page (i) hereof. The Underwriters are obligated to purchase all such 2021 Refunding Bonds if any are purchased. The obligation of the Underwriters to make each such purchase and any such reoffering will be subject to certain terms and conditions set forth in the purchase contract relating to the 2021 Refunding Bonds (the "*Purchase Contract*"), the approval of certain legal matters by counsel and certain other conditions.

The 2021 Refunding Bonds may be offered and sold by the Underwriters to certain dealers (including dealers depositing such 2021 Refunding Bonds in unit investment trusts or mutual funds, some of which may be managed by the Underwriters) and certain dealer banks and banks acting as agents at prices lower (or yields higher) than the public offering prices (or yields) set forth on page (i) of this Official Statement. Subsequent to such initial public offering, subject to the Purchase Contract, the Underwriters may change the public offering prices (or yields) as they may deem necessary in connection with the offering of such 2021 Refunding Bonds.

The following language has been provided by the Underwriters named therein. The Authority takes no responsibility as to the accuracy or completeness thereof.

BofA Securities, Inc., an underwriter of the 2021 Refunding Bonds, and Bank of America, N.A., the sole bondowner of (i) the 2020-A Bonds and the 2020-B Bonds, which are not being refunded with the proceeds of the 2021 Refunding Bonds, and (ii) the Series 2018 Subordinated Obligations (see APPENDIX A – Information Statement of the Authority – Other Obligations – Subordinated Indebtedness), are both wholly-owned, indirect subsidiaries of Bank of America Corporation.

BofA Securities, Inc., an underwriter of the 2021 Refunding Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("*MLPF&S*"). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA

Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the 2021 Refunding Bonds.

Jefferies LLC ("*Jefferies*"), an underwriter of the 2021 Refunding Bonds, has entered into a distribution agreement with 280 Securities LLC ("*280 Securities*") for the retail distribution of municipal securities. Pursuant to the agreement, if Jefferies sells 2021 Refunding Bonds to 280 Securities, it will share a portion of its selling concession compensation with 280 Securities.

Each of the Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Authority for which they received or will receive customary fees and expenses. In the ordinary course of their various business activities, each of the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority.

One or more of the Underwriters may have from time to time entered into, and may in the future enter into, distribution agreements with other broker-dealers (that have not been designated by the Authority as Underwriters) for the distribution of the 2021 Refunding Bonds at the original issue prices. Such agreements generally provide that the relevant Underwriter will share a portion of its underwriting compensation or selling concession with such broker-dealers.

FINANCIAL ADVISOR

PFM Financial Advisors LLC ("*PFM*") is serving as financial advisor to the Authority for the issuance of the 2021 Refunding Bonds. PFM is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. PFM is an independent financial advisory firm and is not engaged in the business of underwriting, trading or distributing securities. PFM is a registered municipal advisor with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board under the Dodd-Frank Act of 2010.

CONTINUING DISCLOSURE

1978 Trust Agreement Information

The Authority is required by the 1978 Trust Agreement to prepare, file with the Trustee and mail to all Bondholders of Record (DTC or DTC's partnership nominee, as long as the 2021 Refunding Bonds are so registered), within 60 days of the end of each fiscal year, a report setting forth, among other things, the status of all funds and accounts created under the 1978 Trust Agreement, and to prepare, file with the Trustee and mail to all such Bondholders of Record within three months of the end of each fiscal year a report on the audit of the books and accounts of the Authority by the Authority's independent public accountants. The Authority is also required by the 1978 Trust Agreement to send certain documents and reports to all Bondholders of Record. The Director of Administration and Finance of the Authority, or his or her designee from time to time, shall be the contact person on behalf of the Authority from whom the foregoing information, data and notices may be obtained. The name, address and telephone number of the initial contact person are Anna M. Tenaglia, Deputy Director of Administration and Finance, Massachusetts Port Authority, One Harborside Drive, Suite 200S, East Boston, Massachusetts 02128-2909, Tel: (617) 568-5000.

Continuing Disclosure Undertakings

The Authority has undertaken for the benefit of the owners of the 2021 Refunding Bonds to provide certain continuing disclosure pursuant to the provisions of Rule 15c2-12(b)(5) under the Securities Exchange Act of 1934, as amended. Specifically, the Authority executed and delivered a Continuing Disclosure Certificate dated as of July

17, 2019 (the "*Continuing Disclosure Certificate*") for the benefit of the owners of all Bonds (including the 2021 Refunding Bonds) issued by or on behalf of the Authority that are designated by the Authority as subject to and having the benefits of the Continuing Disclosure Certificate. The Continuing Disclosure Certificate requires the Authority to provide certain financial information and operating data relating to the Authority's preceding fiscal year by no later than January 1 of each year (the "*Annual Filing*") and to provide notices of the occurrence of certain enumerated events. The nature of the information to be included in the Annual Filing and the notices of enumerated events is set forth in APPENDIX E – Form of Continuing Disclosure Certificate.

The Authority has previously undertaken, for the benefit of the owners of its Bonds issued prior to the 2019-B Bonds, to provide certain continuing disclosure pursuant to a Continuing Disclosure Certificate dated as of July 19, 2012 (the "*2012 Continuing Disclosure Certificate*"). All outstanding Bonds of the Authority issued prior to the 2019-B Bonds are subject to and have the benefits of the 2012 Continuing Disclosure Certificate. In connection with the issuance of its CFC Revenue Bonds, the Authority has agreed to provide annual updated data with respect to certain other information regarding the Authority and the Airport pursuant to a Continuing Disclosure Certificate dated as of June 15, 2011 with respect to the CFC Revenue Bonds.

In order to provide certain continuing disclosure with respect to its Bonds previously issued under the 1978 Trust Agreement and its CFC Revenue Bonds, the Authority entered into a Disclosure Dissemination Agent Agreement with Digital Assurance Certification, L.L.C. ("*DAC*"), dated as of January 8, 2010. The Authority shall amend the Disclosure Dissemination Agent Agreement to include coverage of the 2021 Refunding Bonds by this agreement.

For fiscal year 2015, when the Annual Filing was filed as part of the Authority's Comprehensive Annual Financial Report ("*CAFR*"), fiscal year 2015 data in one of the appendices pertaining to the CFC Revenue Bonds was available only from July 2014 through March 2015. The Authority supplemented such appendix when the information became available to include data from July 2014 through June 2015, which supplemental information was filed on April 22, 2016. Similarly, for fiscal year 2016, when the Annual Filing was filed as part of the CAFR, fiscal year 2016 data in one of the appendices pertaining to the CFC Revenue Bonds was available only from July 2015 through March 2016. The Authority supplemented such appendix when the information became available to include data from July 2015 through June 2016, which supplemental information was filed on April 10, 2017.

The execution and delivery of this Official Statement have been duly authorized by the Authority.

MASSACHUSETTS PORT AUTHORITY

By: *_/s/ Lisa S. Wieland_*

Lisa S. Wieland, Chief Executive Officer and Executive Director

APPENDIX A

INFORMATION STATEMENT OF THE AUTHORITY

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THE AUTHORITY

Purpose

This Information Statement provides certain information concerning the Massachusetts Port Authority (the "*Authority*") in connection with the sale by the Authority of its Revenue Refunding Bonds, Series 2021-A (Non-AMT) (the "*2021-A Bonds*"), its Revenue Refunding Bonds, Series 2021-B (AMT) (the "*2021-B Bonds*") and its Revenue Refunding Bonds, Series 2021-C (Taxable) (the "*2021-C Bonds*," and together with the 2021-A Bonds and the 2021-B Bonds, the "*2021 Refunding Bonds*"). Capitalized terms not defined in this Appendix A are used as defined in the Official Statement, except as otherwise noted herein. The 2021 Refunding Bonds are being issued under the 1978 Trust Agreement and are secured solely by the Revenues pledged thereunder.

The Authority

The Authority, created pursuant to Chapter 465 of the Massachusetts Acts of 1956, as amended to date (the "*Enabling Act*"), is a body politic and corporate and a public instrumentality of The Commonwealth of Massachusetts (the "*Commonwealth*" or "*Massachusetts*"). The Authority owns, operates and manages the following two Projects (as defined in the Enabling Act): the "*Airport Properties*," which consist of Boston-Logan International Airport (the "*Airport*," "*Logan*" or "*Logan Airport*"), Laurence G. Hanscom Field ("*Hanscom Field*") and Worcester Regional Airport ("*Worcester Regional Airport*"); and the "*Port Properties*," which consist of certain facilities in the Port of Boston (the "*Port*") and other properties further described herein.

Powers and Facilities

Under the Enabling Act, the Authority has general power, *inter alia* (a) to issue its revenue bonds and to borrow money in anticipation thereof, (b) to fix, revise, charge and collect tolls, rates, fees, rentals and charges for use of the Projects, (c) to maintain, repair and operate and to extend, enlarge and improve the Projects, and (d) to construct or acquire Additional Facilities (as defined in the Enabling Act) within the Commonwealth when authorized by the Legislature of the Commonwealth. The Authority has the power to acquire property by purchase or through the exercise of the right of eminent domain in certain circumstances, and, in certain instances, to sell or exchange property owned by it when the same shall, in the opinion of the Authority, cease to be needed for the purposes of the Enabling Act. The Authority has no taxing power and generally receives no money from the Commonwealth's budget.

The Authority's facilities include the Airport Properties, consisting of the Airport, Hanscom Field and Worcester Regional Airport and the Port Properties, consisting of Moran Terminal, Hoosac Pier (site of Constitution Center and Marina), Mystic Piers 1, 48, 49 and 50 and the Medford Street Terminal, all of which are located in Charlestown; Conley Terminal, the North Jetty and Fargo Street Terminals, the former Army Base (including Flynn Cruiseport Boston), the Boston Fish Pier, Commonwealth Pier (site of World Trade Center Boston) and a portion of Commonwealth Flats, all of which are located in South Boston; and the East Boston Piers and the Boston Marine Works, both located in East Boston.

Members and Management

The Enabling Act provides that the Authority shall consist of seven Members (collectively, the "*Board*"). Six Members are appointed by the Governor of the Commonwealth, including the Secretary of Transportation of the Commonwealth; the seventh Member is appointed by the Massachusetts Port Authority Community Advisory Committee. Four Members of the Board constitute a quorum and the affirmative vote of four Members is necessary for any action taken by the Board. With the exception of the Secretary of Transportation, the Members are appointed for staggered seven-year terms. Members completing a term in office are eligible for reappointment and remain in office until their successors are appointed, except that any Member appointed to fill a vacancy shall serve only for the unexpired term. The Members of the Board serve without compensation, although they are reimbursed for expenses they incur in carrying out their duties.

The Chairman of the Board is elected annually by the Members. The Members also annually elect a Vice Chairman and a Secretary-Treasurer (who need not be a Member of the Board), both of whom serve at the pleasure of the Members. The current Members of the Board and the expiration dates of their terms are as follows:

Members of the Board	**Expiration of Term (June 30)**
Jamey Tesler Acting Secretary of Transportation and Chief Executive Officer of the Massachusetts Department of Transportation ("*MassDOT*"), Commonwealth of Massachusetts	*
Lewis Evangelidis, Chairman Worcester County Sheriff	2027
Warren Q. Fields Chief Executive Officer, Pyramid Advisors, LLC	2025
Patricia A. Jacobs President, AT&T New England	2023
John A. Nucci Senior Vice President for External Affairs, Suffolk University	2022
Sean M. O'Brien President, Teamsters Local 25	2026
Laura J. Sen Board Member, Massachusetts Mutual Life Insurance Company Board Member, Burlington Stores, Inc.	2024

* The Secretary of Transportation is an *ex officio* Member of the Board.

The management of the Authority and its operations is carried out by a staff headed by the Chief Executive Officer and Executive Director, who is appointed by and reports directly to the Board.

The Authority has two operating Departments – Aviation and Maritime – each of which is charged with profit and loss responsibility. The staff members overseeing the operation of the Authority's facilities are charged with balancing financial performance with operational demands, customer service and community impacts, as well as forecasting the implications of any proposed capital programs or operating initiatives, and for the collection of accounts receivable.

The senior staff of the Authority currently includes the following persons, who are each aided by administrative, operating and maintenance personnel:

Lisa Wieland, Chief Executive Officer and Executive Director, joined the Authority in 2006 and became Chief Executive Officer and Executive Director in August 2019. As CEO, she oversees the Authority's operation of Boston Logan International Airport, Hanscom Field, Worcester Regional Airport, the Port of Boston's Conley Container Terminal and Flynn Cruiseport Boston, and management of real estate holdings in South Boston, East Boston and Charlestown. Before being named CEO, Ms. Wieland served as Port Director since January 2016, Acting Port Director since March 2015 and previously as Maritime's Chief Administrative Officer. Before joining the Maritime team, Ms. Wieland served in several roles at the Authority, including the Director of Corporate Planning and Analysis and the Director of HR Strategy & Employment. Prior to joining the Authority, Ms. Wieland worked as a Consultant for Bain & Company, serving health care and consumer products clients, and previous to that, for CNN in various news and political assignments. Ms. Wieland received a B.A. degree in Political Science from UCLA and an M.B.A. from Harvard Business School.

John P. Pranckevicius, Director of Administration and Finance/Secretary-Treasurer, joined the Authority in May 2007. After serving as Acting Chief Executive Officer and Executive Director of the Authority from November 2018 through August 2019, he has now returned to his prior role. He oversees the Authority's financial responsibilities including treasury, budgeting, accounting, debt and investment management and administration, and serves as Treasurer-Custodian of the Massachusetts Port Authority Employees' Retirement System and Chair of the Authority's Retiree Benefits Trust. Prior to joining the Authority, Mr. Pranckevicius served as the Chief Financial Officer for the City of Worcester, Massachusetts. He is licensed in the Commonwealth as a Certified Public Accountant, and holds a B.A. degree and a Masters in Public Administration from the University of Maine and an M.S. in Accountancy from Bentley University.

Anna M. Tenaglia, Deputy Director of Administration and Finance, joined the Authority in June 2008 and was appointed to her current position in August 2019 after having served as Acting Director of Administration and Finance/Secretary-Treasurer since November 2018, during the Authority's search for a new CEO. She also served as the Authority's Director of Treasury from March 2015 to November 2018. Prior to joining the Authority, Ms. Tenaglia was the Chief Financial Officer for the City of Gloucester, the Treasurer/Assistant Finance Director for the City of Chelsea and was also a Vice President at State Street Bank's Institutional Investor Services Division. She holds a B.S. in finance from Suffolk University and an M.B.A. with a concentration in finance from the University of Southern New Hampshire. She is a designated Certified Treasury Professional (CTP).

Joel A. Barrera, Director of Strategic and Business Planning, joined the Authority in October 2018. He is responsible for overseeing the department charged with master planning, aviation planning, transportation planning, and environmental planning and permitting for the Authority. Prior to joining the Authority, he was Deputy Chief of Staff for Strategic Innovation in the Office of Governor Charlie Baker, and prior to that he served as Deputy Director for the Metropolitan Area Planning Council, the regional planning agency for metropolitan Boston. He has a B.A. from Princeton University and an M.A. from Worcester College, Oxford University.

Tiffany Brown-Grier, Acting Director of Diversity & Inclusion/Compliance, joined the Authority in 1995 and was appointed to her current position in December 2020. She has served as Deputy Director of Diversity & Inclusion/Compliance since 2015. In this position, she oversees and manages the Authority's multiple diversity programs, including business and supplier diversity, workforce diversity, airport concessions, construction and design, as well as all compliance initiatives associated with the Authority's Minority/Women/ Disadvantaged/ Business Enterprise programs. Ms. Brown Grier holds a B.A. degree from Virginia State University.

Luciana Burdi, Director Capital Programs and Environmental Affairs, joined the Authority in July 2012 as Deputy Director of Capital Programs and Environmental Affairs and was appointed as Director of Capital Programs and Environmental Affairs in December 2020 upon the retirement of Houssam "Sam" H. Sleiman. Prior to joining the Authority, she held several positions at The Commonwealth of Massachusetts Division of Capital Asset Management and Maintenance for The Commonwealth of Massachusetts. She is a member of the Construction Management Association of America (CMAA) National Board of Directors, and the Chair of the CMAA Emerging Technologies Committee. She earned her Certified Construction Manager (CCM) credential in 2019. She received her Doctorate from Harvard Graduate School of Design. Previously, she was a Special Program in Urban and Regional Studies Fellow at MIT and she graduated summa cum laude from the Instituto Universitario di Architettura di Venezia (IUAV) in Venice, Italy, with a master's degree.

Kwang Chen, Chief Information Officer, joined the Authority in June 2019 and has over 20 years of experience in the Information Technology industry, primarily within the transportation sector. He is responsible for the IT systems and infrastructure for both employees and customers of the Authority, across all of the Authority's facilities. These systems span areas including cyber and information security, aviation and maritime operations, passenger information, financial operations, and telecommunications. Prior to joining the Authority, Mr. Chen served as a Vice President and in other senior IT leadership roles at such places as Abu Dhabi Terminals, Global Container Terminals Canada, Yusen Terminals Inc., and APM Terminals. In addition to his roles in IT operations and administration, he has led strategic IT planning initiatives and business transformation efforts. Mr. Chen has a B.S. in Management Information Systems from California State University Long Beach, and an M.B.A. from the University of Northern British Columbia.

Alaina Coppola, Director of Community Relations & Government Affairs, joined the Authority's Community Relations department in 2003 and was appointed to her current position in January 2019 after serving as Assistant Director of Administration and Community Giving since July 2017. She is responsible for directing the development and implementation of community and government relations and charitable giving initiatives designed to strengthen the relationship between the Authority and its neighboring communities. Ms. Coppola holds a B.S. degree from Suffolk University.

Brian M. Day, Director of Labor Relations/Labor Counsel, joined the Authority in September 2006. He is responsible for all matters related to each of the Authority's union collective bargaining agreements and all other union related matters affecting the Authority's mission and its tenants, customers, employees and the public. Mr. Day is responsible for negotiating and properly administering the Authority's union collective bargaining agreements, as well as overseeing the resolution of all union labor disputes. Prior to joining the Authority, he was a Senior Labor Relations Representative for the MBTA and prior to that was the Chief of Staff for the Massachusetts House of Representatives' Chairman of the Joint Committee on Transportation. He has a B.A. in Politics from Fairfield University and received his J.D. from Suffolk University Law School.

Edward C. Freni, Director of Aviation, joined the Aviation Division of the Authority in 2000 as the Deputy Director of Aviation Operations at Logan Airport, Hanscom Field and Worcester Regional Airport and was appointed to his current position in 2007. He is responsible for administering, coordinating and managing all airside and landside activities and operations at all three airports. Prior to joining the Authority, Mr. Freni worked for 23 years at American Airlines. He holds a B.S. degree from the University of New Hampshire.

David M. Gambone, Chief Human Resources Officer, joined the Authority in March 2004. He oversees all core functions of Human Resources, including recruitment, compensation, benefits, training and development, performance management, employee relations, health and wellness, leave management and human resources management systems. Mr. Gambone has over 25 years of human resources management experience having worked in the private sector as the head of human resources for consulting firms and training organizations focused on executive leadership development. He holds a B.A. in Philosophy from Boston College. He is also certified as a Senior Professional in Human Resources (SPHR).

Andrew G. Hargens, Chief Development Officer, joined the Authority in 1995 and has served in a variety of planning, asset management, and real estate development roles since that time. Prior to his designation as Chief Development Officer in June 2018, Mr. Hargens served as Deputy Director for Real Estate Development. Before joining the Authority, Mr. Hargens worked as an environmental consultant for TRC Corporation and Eastern Research Group. Mr. Hargens has a B.A. in Geology from Harvard University and a Masters in Public Policy and Planning from Tufts University.

Catherine M. McDonald, Chief Legal Counsel, joined the Authority in 1999 and was appointed to her current position in January 2016. She also served as the Authority's Chief of Staff from October 2017 to November 2018. She oversees legal activity in all functional areas including real estate, construction, litigation, employment and ethics, maritime, aviation, security and public finance. Prior to joining the Authority, Ms. McDonald was an Assistant Chief of Staff in the Governor's Office, an Associate at McDermott, Will and Emery and a law clerk to the Honorable A. David Mazzone of the United States District Court for Massachusetts. Ms. McDonald holds degrees from Northeastern University and Suffolk University School of Law.

Jennifer B. Mehigan, Director of Media Relations, joined the Authority in June 2014 as the Assistant Director of Media Relations. Prior to joining the Authority, Ms. Mehigan was the Director of Media Relations for Boston EMS, and Deputy Press Secretary under former Boston Mayor Thomas Menino. Ms. Mehigan has a master's degree in Journalism from American University in Washington, D.C. and a bachelor's degree from Wheaton College, Norton, Massachusetts.

Mike Meyran, Port Director, joined the Authority in November 2007 as Deputy Port Director, and was promoted to Port Director in November 2019. In this role, he leads all financial management, business planning, strategic initiatives, process improvement, special projects, and the day-to-day management of the Maritime division. Prior to joining the Authority, Mr. Meyran had almost 10 years of port experience, serving in various management and senior management positions at APM Terminals, as an operations supervisor for A.P. Moller – Maersk, and as a port coordinator for Sealand (a Maersk company). Mr. Meyran has a B.S. in business economics from SUNY Oneonta.

Reed Passafaro, Chief of Staff, joined the Authority in March 2014 and was appointed to his current position in November 2018 after serving as Senior Business and Policy Manager for the Authority's Maritime Division. Prior to joining the Authority, Mr. Passafaro worked for the City of Boston as the Director of Speechwriting under former Mayor Thomas M. Menino. He has a B.A. from Saint John Fisher College and an M.B.A from Northeastern University's D'Amore-McKim School of Business.

John Raftery, Chief Marketing Officer, joined the Authority in February 2019. He oversees external and internal communications and marketing strategies, advertising, branding, promotional campaigns and event planning both for the Authority and its facilities. Mr. Raftery also serves as Adjunct Professor at Boston University teaching evening graduate and undergraduate courses in advertising, marketing and new media. Prior to joining the Authority, Mr. Raftery was SVP, Director of Brand Experience at Arnold Worldwide and has over 20 years of marketing leadership experience on both the agency and client side. He has a B.A. in English and Communications from the University of Massachusetts.

Christine Reardon, Acting Director of Internal Audit, joined the Authority in September 2017. She is responsible for all activities within the Authority's Internal Audit function, which reviews the integrity and effectiveness of internal controls across Authority operations and services. Ms. Reardon reports directly to the Audit Committee of the Board to ensure the function's independence and objectivity. Prior to joining the Authority, she worked in audit services at Kevin P. Martin & Associates, P.C., a regional CPA and business consulting firm. She is a CPA with a B.A. in Accounting from Assumption College and holds an M.S. in Accounting from Northeastern University.

Harold H. Shaw, Chief Security Officer, joined the Authority in January 2019. He is responsible for all security matters relevant to the Authority with oversight of the corporate security and emergency preparedness programs and the respective security teams in the functional and staff departments. Mr. Shaw is responsible for establishing security plans, protocols and exercises, implementing a threat-based approach to counter security risks to the aviation and maritime sectors inherent to the Authority, and collaborating across federal, state, and local law enforcement, as well as with applicable private sector security managers. Fundamental to his responsibilities, he works across departments to develop processes to counter the terrorism and cyber threats of the future. Prior to joining the Authority, Mr. Shaw was a FBI Special Agent, serving in a variety of leadership positions, with a broad-range of experiences within the counterterrorism, counterintelligence, cyber and criminal programs. He previously served as the Special Agent in Charge of the FBI Boston Division, responsible for all operations, intelligence functions, and liaison activities within the states of Massachusetts, Maine, New Hampshire and Rhode Island. A United States Army veteran, Mr. Shaw has a B.S. in Communications from Norwich University.

IMPACT OF COVID-19 PANDEMIC ON THE AUTHORITY

The following information regarding recent developments in finances and operations of the Authority supplements information set forth elsewhere in this APPENDIX A describing Authority Revenues and information contained under the headings "AIRPORT PROPERTIES," "PORT PROPERTIES," "CAPITAL PROGRAM," "SELECTED FINANCIAL DATA" and "MANAGEMENT'S DISCUSSION OF HISTORICAL OPERATING RESULTS," certain of which historical information predates the COVID-19 pandemic or was prepared before the outbreak of COVID-19 and should be considered in light of possible negative and adverse impacts of COVID-19.

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

COVID-19 Outbreak

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, is having significant adverse health and financial impacts throughout the world and the Commonwealth and has caused significant disruptions to domestic and international air travel, including both passenger and cargo operations. The World Health Organization has declared the outbreak of COVID-19 a pandemic, and the United States Secretary of Health and Human Services and Massachusetts Governor Charlie Baker have each declared states of emergency. Many states and local governments in the United States, including the Commonwealth, initially issued "stay at home" or "shelter in place" orders, which severely restricted movement and limited businesses and activities to essential functions. While many of these orders were subsequently lifted, the recent rise in COVID-19 cases has prompted certain state and local governments in the United States to reinstate the orders, and there remain restrictions in place throughout the country to varying levels of degree. Additionally, a number of nations have effectively closed their borders by restricting entry and exit to only essential travel and/or requiring travelers to self-isolate for 14 days, further depressing demand for passenger air travel.

Airports in the United States, including the Airport and Worcester Regional Airport, have been acutely impacted by the reductions in passenger volumes and flights, as well as by the broader economic shutdown resulting from the COVID-19 pandemic. The pandemic has adversely affected domestic and international travel and travel-related industries. Airlines, including those operating out of the Airport and Worcester Regional Airport, have reported unprecedented reductions in passenger volumes, causing the cancellation of numerous flights and a dramatic reduction in network capacity. This reduction in demand and capacity is expected to continue in the near term, although with modest incremental improvement. In response, airlines have reduced the size of aircraft operating on certain routes and reduced flights in an attempt to match capacity to the reduced demand for air travel.

On December 11, 2020 and December 18, 2020, the U.S. Food and Drug Administration issued emergency use authorizations for two COVID-19 vaccines. These vaccines, and others currently undergoing the drug clinical trial process, are expected to be rolled out to the general public over the next six months or more, potentially leading to a return to more normal economic activity (and potentially more normal conditions in the aviation industry) during the latter half of calendar year 2021. It is too soon to predict, however, how quickly the vaccines will be rolled out and the ultimate impact they will have on the timeline for a return to "normal."

The COVID-19 pandemic is ongoing, and its dynamic nature leads to uncertainties, including relating to the severity of the disease; the duration of the pandemic; actions that may be taken by governmental authorities to contain the outbreak or to treat its impact; the impact of the pandemic and any travel restrictions on the demand for air travel, including at the Airport and Worcester Regional Airport, on port and cruise activity, or on Authority revenues and expenses; the impact of the outbreak on the local or global economy or on the airlines and concessionaires serving the Airport, or on the airline or travel industry generally; and the efficacy and distribution of vaccines. Due to the evolving nature of the COVID-19 pandemic and the response of governments, businesses and individuals to the COVID-19 pandemic, the Authority cannot predict, among other things: (i) the duration or extent of the COVID-19 pandemic or another outbreak or pandemic; (ii) the scope or duration of restrictions or warnings related to air travel, gatherings or any other activities, and the duration or extent to which airlines will reduce services at the Airport or Worcester Regional Airport, or whether airlines will cease operations at the Airport or Worcester Regional Airport or shut down in response to such restrictions or warnings; (iii) what effect any COVID-19 pandemic or other outbreak or pandemic-related restrictions or warnings may have on air travel, cruise demand and port activity and the resulting impact on Authority revenues and expenses; (iv) whether and to what extent the COVID-19 pandemic or another outbreak or pandemic may disrupt the local, state, national or global economies, manufacturing or supply chain, or whether any such disruption may adversely impact Airport- or Port- related construction, the cost, sources of funds, schedule or implementation of the Authority's capital program, or other Authority operations; (v) the extent to which the COVID-19 pandemic or another outbreak or pandemic, or the resultant disruption to the local, state, national or global economies, may result in changes in demand for air travel, or may have an impact on the airlines or concessionaires serving the Airport, or the airline and travel industry, generally; (vi) whether or to what extent the Authority may provide deferrals, forbearances, adjustments or other changes to the Authority's arrangements with its tenants and Airport concessionaires; or (vii) the duration of, and the Authority's response to, the adverse effect of the foregoing on the finances and operations of the Authority.

The information included in this Official Statement includes audited data for fiscal year 2020, which reflects approximately four months of impact from the COVID-19 pandemic, as well as unaudited data for the first four months of fiscal year 2021 (through October 2020). Due to the evolving nature of the COVID-19 pandemic, the impact of the COVID-19 pandemic on the Airport Properties, the Port Properties and the Authority cannot be fully quantified at this time.

Goals and Objectives of Authority's Response to COVID-19 Pandemic

The COVID-19 pandemic and related restrictions have had an adverse effect on airlines serving the Airport and Worcester Regional Airport, retail concessionaires at the Airport Properties and Airport Revenues as more fully discussed herein. The safety and health of passengers and employees is the Authority's top priority, and the Authority has been working in coordination with the Centers for Disease Control and Prevention (the "*CDC*"), airline partners, building cleaning contractors, local public health and emergency response organizations, and other stakeholders to keep travel safe. The Authority implemented a COVID-19 mitigation response plan across its facilities and departments. The response plan includes enhanced cleaning, health advisories and temperature checks at construction sites with protocols in place to ensure job site safety.

In addition to ensuring the health and safety of passengers and employees, however, the Authority is also keenly focused on maintaining its prudent financial management and fiscal responsibility. Prior to the start of the pandemic, the Authority continued to experience strong business activity growth and financial results; and this strong financial position has enabled the Authority to be flexible in its response to the pandemic. As reflected herein, the Authority has at its disposal experienced management and a variety of tools that it has and continues to proactively deploy to not only maintain financial sustainability during this potentially sustained period of contracted activity, but also continue to invest in its assets to better position the Authority and its properties for the expected return to growth once the pandemic is under control. In particular, the Authority believes that its ability to quickly and prudently implement operating expense reductions, avail itself of liquidity strategies (including restructuring its debt and revising its commercial paper program), effectively utilize available federal funding, and take advantage of the benefits of its existing, modular capital program to move forward in a prudent manner with strategically chosen capital projects, all as further described below, will allow the Authority to weather the current downturn and emerge on the other side in a strong operating position.

Impact of COVID-19 on Airport Properties

During the first eight months of fiscal year 2020 (the Authority's fiscal year ends June 30), prior to the COVID-19 pandemic, the Authority continued to experience strong business activity. Logan Airport, the principal source of the Authority's Revenues, Operating Expenses and Net Revenues and the dominant factor in the determination of the Authority's financial condition, reached another milestone in calendar year 2019, ending the year with 42.5 million passengers, an increase of approximately 4% over the prior year. Passenger volumes in January and February were up 8% and 6%, respectively, over the prior year totals, and as of February 2020, the Authority's operating margin for fiscal year 2020 was 7.1% (or $47 million) ahead of plan.

Since the start of the COVID-19 pandemic, however, Logan Airport, similar to other airports around the nation, has seen steep declines in many financial and operating metrics. April 2020 represented the low point in terms of enplaned passengers, which totaled 45,867 or 2.54% of April 2019 enplanements. International traffic at the Airport decreased beginning in February as international travel restrictions took effect as a result of the COVID-19 pandemic, although international passenger numbers were not below the prior year's figures until March. Scheduled seat capacity was reduced starting in April 2020, although actual passenger traffic reduced starting mid-March 2020. In April, international passenger numbers were less than one percent (1%) of those recorded a year earlier, and in June were only 2.2% of those recorded a year earlier. Only British Airways (with one daily flight to London), Aer Lingus (with five weekly flights to Dublin) and Icelandair (with twice weekly flights to Reykjavik) provided international service to destinations outside of the United States in April, May and June. Decreases in domestic passenger numbers started mid-March 2020, and in April were only 3.0% of those recorded a year earlier and by June had recovered to only 13.5% of those recorded a year earlier.

For fiscal year 2020, domestic service as measured by average daily departing seats was 19.4% lower than in fiscal year 2019, while average daily enplaned passenger numbers were 27.2% lower. The average domestic load factor (enplaned passengers divided by departing seats) was 75.4% in fiscal year 2020 versus 83.5% in fiscal year 2019. For the first four months of fiscal year 2021 (through October 2020), domestic service as measured by average daily departing seats was 61.1% lower than for the first four months of fiscal year 2020, while average daily enplaned passenger numbers were 79.3% lower. The average domestic load factor (enplaned passengers divided by departing seats) was 46.2% for the first four months of fiscal year 2021 versus 85.8% for the same period in fiscal year 2020.

Network decisions made by each airline regarding their rate of reduction in flight operations can impact the significance of this load factor during the COVID-19 pandemic.

For fiscal year 2020, average daily departing seats on international flights were 25.1% lower than in 2019, while average daily enplaned passengers were 29.9% lower, resulting in an international load factor of 78.1% in fiscal year 2020 versus 83.4% in fiscal year 2019. For the first four months of fiscal year 2021, average daily departing seats on international flights were 74.5% lower than for the same period in 2020, while average daily enplaned passengers were 90.6% lower, resulting in an international load factor of 35.9% in fiscal year 2021 (through October) versus 83.7% in fiscal year 2020 (through October).

Passenger traffic at the Airport totaled 30.4 million passengers for fiscal year 2020 (including general aviation), a 27.5% decrease from the 41.9 million passengers who used the Airport in the prior year. For the first four months of fiscal year 2021 (through October), the Airport experienced passenger declines of approximately 81.6% when compared to the same four-month period in fiscal year 2020. Total passengers for calendar year 2020 through October were 69% lower than the same ten-month period in 2019. Monthly airport passenger traffic for fiscal year 2020 and for fiscal year 2021 through October 2020 is set forth below:

	Logan Airport Passengers		
	Domestic	**International**	**Total**
Fiscal Year 2020			
July 2019	3,180,440	891,642	4,072,082
August	3,222,178	898,759	4,120,937
September	2,822,755	724,791	3,547,546
October	3,085,149	686,063	3,771,212
November	2,712,039	552,066	3,264,105
December	2,768,033	621,349	3,389,382
January 2020	2,361,444	579,541	2,940,985
February	2,403,071	487,442	2,890,513
March	1,359,486	274,615	1,634,101
April	89,509	5,843	95,352
May	197,112	6,216	203,328
June	419,619	18,647	438,266
Fiscal Year 2021			
July 2020	665,784	72,351	738,135
August	627,928	72,837	700,765
September	567,564	65,329	632,893
October	712,398	68,900	781,298
FY20 (Jul-Jun)	24,620,835	5,746,974	30,367,809
FY21 (Jul-Oct)	2,573,674	279,417	2,853,091

Air cargo activity at the Airport was also reduced in early 2020 as the COVID-19 pandemic affected economic activity and trade, but much less so than passenger activity, partly because of the need to transport medical supplies and increased demand for home deliveries. Combined cargo and mail tonnage, which is comprised of mail service, freight service and express service (FedEx, UPS, DHL), at the Airport in June 2020 was 76.3% of that carried in June 2019. When comparing June 2020 to June 2019, express service exceeded 2019 tonnage by 11.7%. However, June 2020 mail and freight service lagged June 2019 levels, comprising 57.7% and 32.2% of the prior year’s tonnage, respectively.

The declines in passenger traffic have also continued to reduce demand for commercial parking as well as retail and services provided by Airport concessionaires, including but not limited to restaurants, retail and rental car services, and ground transportation services, such as those provided by taxis, limousines and Ride Apps (e.g., Uber and Lyft). Airport parking revenues (including Logan Express) decreased from $181.5 million in fiscal year 2019 to

$136.4 million in fiscal year 2020 primarily due to decreased business activity as a result of the pandemic. For the first four months of fiscal year 2021 (through October), the Airport experienced a decrease in parking revenues (the Airport's largest source of discretionary income) of approximately 81% when compared to the same four-month period in fiscal year 2020. For the period March through October 2020, revenues from commercial parking were down 83%, limousines were down 88%, taxis were down 92% and Ride Apps were down 87% compared to the same period in calendar year 2019.

As of November 2020, the total number of in terminal concession programs open at the Airport has decreased from 150 to 68. The Authority has received and may continue to receive requests for rate relief and other forms of financial restructuring of agreements from airlines and Airport concessionaires. In April 2020, June 2020 and September 2020, the Authority's Board approved certain rate relief measures for its aviation tenants, as described further under "Other Authority Actions – Tenant Sustainability and Recovery Plan" below.

The following table presents the percentage variances for selected operating and financial data for the first eight months of fiscal year 2020 (July 2019 to February 2020) and for the months of March 2020 through October 2020, compared with the same periods in the prior year. April 2020 was the low point for passengers and May 2020 was the low point for aircraft operations. The percent decrease in revenues below generally reflects the reduced passenger activity at the Airport. Total passengers for calendar year 2020 through October were 69% lower than the same ten-month period in 2019.

	Percentage Change Compared to Prior Year								
	Jul 2019 - Feb 2020	Mar 2020	Apr 2020	May 2020	Jun 2020	Jul 2020	Aug 2020	Sep 2020	Oct 2020
Domestic Passengers	3.2%	(51.9)%	(97.0)%	(93.7)%	(86.5)%	(79.1)%	(80.5)%	(79.9)%	(76.9)%
International Passengers	7.4	(56.5)	(99.2)	(99.2)	(97.8)	(91.9)	(91.9)	(91.0)	(90.0)
Total Passengers	3.9	(52.7)	(97.4)	(94.8)	(88.9)	(81.9)	(83.0)	(82.2)	(79.3)
Total Operations	2.1	(16.5)	(77.9)	(80.4)	(72.4)	(58.2)	(61.1)	(63.9)	(63.2)
Revenues:									
Parking	5.9	(51.0)	(93.1)	(90.5)	(83.0)	(79.8)	(82.5)	(81.8)	(80.3)
Concession	6.0	(97.6)	(76.9)	(22.3)	(58.0)	(65.8)	(68.4)	(69.2)	(56.5)
Rental Car	(0.4)	(402.5)	75.4	25.6	(2.5)	(43.0)	(59.3)	(57.2)	(39.7)

Impact of COVID-19 on Airline Service

Prior to the COVID-19 pandemic and through December 31, 2019, scheduled airline service at the Airport, was provided by 59 airlines, including 10 domestic large jet carriers, 37 non-U.S. flag ("*foreign flag*") and 12 domestic regional and commuter airlines ("*regional airlines*" or "*regional carriers*"). As of October 2020, actual airline service at the Airport was provided by 28 airlines, as listed in the table below, including nine domestic large jet carriers, 14 foreign flag carriers and five regional airlines or regional carriers.

BOSTON-LOGAN INTERNATIONAL AIRPORT
AIRLINES SERVING THE AIRPORT*
(Actual as of October 2020)

U.S. Domestic Large Jet Carriers		U.S. Domestic Regional Carriers[1]	
		Independent:	*Affiliated:*
Alaska	JetBlue	Boutique Air	Republic Airlines (American Eagle, Delta Connection and United Express)
Allegiant	Southwest	Cape Air	Endeavor Air (Delta Connection)
American	Spirit	Silver Airlines	
Delta	United		
Frontier			

Foreign Flag Carriers		
Aer Lingus	Icelandair	SATA
Air Canada[2]	KLM Royal Dutch Airlines	Swiss
Air France	Korean Air	TAP Portugal
British Airways	Lufthansa	Turkish Airlines
Emirates	Qatar	

* Excludes charter-only airlines.

1 The independent U.S. domestic regional carriers operate their own routes. The affiliated U.S. domestic regional carriers serving Logan are either wholly owned by a network carrier or operate under joint marketing agreements with network carriers. One affiliated U.S. domestic regional carrier—Republic—operates at the Airport for more than one network carrier.

2 Includes regional carriers Jazz Air and Sky Regional Airlines, both of which operate as part of Air Canada Express.

All passenger airlines have reduced or suspended service to the Airport in calendar year 2020. All foreign flag carriers operating from the Airport, including Air France, Lufthansa, Qatar, WestJet and Virgin Atlantic, reduced or suspended passenger operations starting mid-March 2020. During this time, the Airport was designated by the United States Department of Homeland Security as one of only 13 U.S. airports permitted to receive Americans returning to the United States. As such, several airlines, including Air Canada, British Airways, Aer Lingus and Icelandair continued to offer a minimum level of scheduled service between April and June 2020. Scheduled international departures for all carriers fell over 90% from February to May 2020. Published schedules indicate that almost two-thirds of the foreign-flag airlines that suspended service in spring 2020 have resumed service at the Airport, although at drastically reduced frequencies compared to pre-COVID levels.

Domestic service has been reduced to a lesser extent than international service. Only one domestic airline, Hawaiian Airlines, fully suspended operations during calendar year 2020; as of December 2020, they have resumed some operations at the Airport. Major airlines at the Airport operated at 30-42% of normal capacity for October 2020. For October 2020, Logan's average daily flights were approximately 452 per day, down from 1,224 per day in October 2019. Future published schedules have not been reliable predictors of airline intentions. The published seat capacity outlook for future months has fallen with each passing month as airlines continue to grapple with the uncertainties of air travel demand and the pace at which it might recover.

Due to the effects of the COVID-19 pandemic on air travel, American Airlines and JetBlue suspended operations at Worcester Regional Airport in June 2020. Delta also suspended operations in October 2020. The three carriers have expressed their desire to return to Worcester Regional Airport, but it would be dependent on demand for air travel in the post-pandemic environment.

Impact of COVID-19 on Passenger Facility Charges (PFCs)

PFCs collected, including investment income, during fiscal year 2020 were $61.0 million, which was $25.1 million less than fiscal year 2019 collections of $86.1 million. In developing the fiscal year 2021 PFC projection in June 2020, the Authority assumed a 69.3% reduction in enplanements compared to fiscal year 2019, which results in an expected decrease in PFC collections, including investment income, to $25.5 million. As of October 31, 2020, the Authority had $48.9 million of PFC revenues available. See "IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT – Authority's Liquidity Position" below. This balance, together with the estimated reduced future collections due to the COVID-19 pandemic, are estimated to be sufficient to pay the PFC approved eligible portion of debt service on Bonds outstanding through maturity.

Impact of COVID-19 on Port Properties

The COVID-19 pandemic also continues to adversely impact the Authority's port properties, though to a lesser extent. Conley Terminal, the Authority's cargo container port, processed 269,691 TEUs (twenty-foot equivalent units) for the 12-month period ending October 2020, or 11.8% below the TEU volume for the 12-month period ending October 2019. The decrease was driven by an overall decline in demand for retail and consumer goods, although Conley Terminal saw an uptick in products related to the new work/learn-from home environment as well as personal protective equipment (PPE) manufactured by several New England businesses. These declines continued through the first four months of fiscal year 2021 (through October), as TEUs were down 12.6% when compared to the same four months in fiscal year 2020. In October 2020, Conley Terminal had cargo container volume of 22,366 TEUs, which was 26.9% below October 2019 volume.

With respect to Flynn Cruiseport Boston, due to the COVID-19 pandemic, the CDC issued a No Sail Order in March 2020, which effectively cancelled the 2020 cruise season. On October 30, 2020, the CDC lifted the No Sail Order and replaced it with a Conditional Sail Order, issuing detailed protocols and requirements that cruise lines must meet before the CDC can approve their ships to sail in the United States. The Authority is unable to predict the impact of the Conditional Sail Order on the calendar year 2021 cruise season at this time.

The following table presents activity at the Authority's port properties for fiscal year 2020 and for fiscal year 2021 through October 2020, including a breakdown of container volume, TEUs, cruise passengers, automobiles and bulk tonnage.

	Containers	TEUs	Cruise Passengers	Automobiles	Bulk Tonnage
Fiscal Year 2020					
July 2019	13,510	23,701	41,332	6,280	15,444
August	16,664	28,960	50,676	4,995	11,434
September	13,219	23,004	96,535	4,071	11,626
October	17,264	30,586	100,970	4,008	11,620
November	12,414	22,144	8,516	5,805	3,878
December	13,282	23,545	-	4,513	15,467
January 2020	14,623	25,874	-	5,919	3,880
February	12,969	22,927	-	3,510	3,890
March	12,407	21,749	-	4,927	7,725
April	12,857	22,444	-	3,337	3,862
May	11,947	20,624	-	1,925	7,757
June	10,015	17,503	-	1,209	15,292
Fiscal Year 2021					
July 2020	13,946	24,386	-	2,316	2,719
August	11,594	20,339	-	4,292	11,565
September	14,530	25,790	-	3,981	7,239
October	12,746	22,366	-	5,809	11,585
FY20 (Jul-Jun)	161,171	283,061	298,029	50,499	111,875
FY21 (Jul-Oct)	52,816	92,881	-	16,398	33,108

FY2020 Actions Taken in Response to COVID-19

In response to the outbreak of the COVID-19 pandemic and in an effort to close the forecasted fiscal year 2020 budget gap, the Authority swiftly implemented the following strategies:

- ***Reduction in Fiscal Year 2020 Operating Expenses***. The Authority proactively implemented approximately $40 million of expense reductions to help close the fiscal year 2020 budget gap, including but not limited to: a hiring freeze on open positions; reducing overtime and limiting approved overtime to safety and critical operations; suspending certain employee benefits and eliminating all non-essential employee travel; postponing certain Authority initiatives and discretionary spending; and reducing spending on professional services. Due to lower passenger demand, the Authority closed the economy parking garage and reduced contracted services with Logan Express and other busing services to achieve further reductions in operating costs. Stevedoring expenses were also reduced at Conley Terminal because of lower expected container volumes.

- ***Suspension of Capital Projects***. The modular nature of the Authority's capital program was specifically designed to allow the Authority to pivot quickly in response to unforeseen events such as the pandemic. To that end, the Authority was able to quickly reduce its current capital program by either suspending or deferring certain projects totaling approximately $850 million. These actions allowed the Authority to lower the amount of pay-go capital and debt service deposits required to fund these capital projects. In particular, for fiscal year 2020, the Authority reduced its deposit into the Maintenance Reserve Fund by $24 million, it suspended a $59 million transfer from its Improvement and Extension Fund to the Capital Budget Account, and it lowered its deposit into the debt service accounts by $33 million.

- ***Strategic Taxable Debt Issuance and Cash Defeasance to Improve Liquidity Position and Achieve Debt Service Relief***. During the last quarter of fiscal year 2020, the Authority undertook several debt refinancing and restructuring actions to further secure its liquidity position. These included the following:

    - On April 3, 2020, the Authority issued the 2020-A Bonds and the 2020-B Bonds in a direct purchase transaction with Bank of America, N.A., the proceeds of which were used to refinance certain debt outstanding and provide additional new money funds for certain capital projects. This transaction resulted in a net present value savings of $29.4 million that further support the Authority's operating cash flow.

    - On June 24, 2020, the Authority used available cash in the CFC Stabilization Fund established pursuant to the CFC Trust Agreement (hereinafter defined) to defease $66 million (or 34%) of its outstanding CFC Bonds. This transaction allowed the Authority to improve its debt coverage ratio with respect to these bonds, while reducing by $7.6 million scheduled debt service payments in fiscal year 2021 that otherwise would have been paid from operations. See "OTHER OBLIGATIONS – CFC Revenue Bonds" herein.

- ***Effective Utilization of CARES Act Stimulus Funds***. The United States government, the Federal Reserve Board and foreign governments are taking legislative and regulatory actions and implementing measures to mitigate the broad disruptive effects of the COVID-19 outbreak. The Coronavirus Aid, Relief, and Economic Security Act (the "*CARES Act*"), approved by the United States Congress and signed by the President on March 27, 2020, is one of the legislative actions to address the crisis created by the COVID-19 pandemic and includes among its relief measures direct aid for airports as well as direct aid, loans and loan guarantees for passenger and cargo airlines. The Authority worked closely with the Federal Aviation Administration ("*FAA*") and the local Congressional delegation to prepare for the distribution of federal airport relief stimulus and to optimize the use of such funds. On April 14, 2020, the FAA notified the Authority that it would receive $143.6 million in CARES Act funding for each of its three airports as follows:

	CARES Act Stimulus Funding
Logan Airport	$141.3 million
Worcester Regional Airport	$1.3 million
Hanscom Field	$1.0 million

The Authority may draw on such funds, on a reimbursement basis, to pay for any purpose for which airport revenues can lawfully be used, including, but not limited to, the payment of maintenance and operation expenses accruing on or after January 20, 2020, and the payment of debt service due on or after March 27, 2020. CARES Act funds must be used within four years from the date on which the agreement between the Authority and the FAA is executed, and the Authority must comply with certain other obligations, including, but not limited to, employing at least 90% of its staff as of March 27, 2020 through December 31, 2020.

As of June 30, 2020, the Authority had drawn $35 million of the CARES Act funds, of which $31 million was used for reimbursement of certain operating expenses incurred in fiscal year 2020 and the balance was deposited in the Improvement and Extension Fund. For purposes of the fiscal year 2020 audited financial statements, in accordance with generally accepted accounting principles ("*GAAP*"), the Authority recognized $57.1 million of CARES Act grant funds as being used for operating expenses, and designated such funds as Available Funds under the 1978 Trust Agreement. See "MANAGEMENT'S DISCUSSION OF HISTORICAL OPERATING RESULTS" herein. The Authority expects to use the balance of the CARES Act funds in fiscal year 2021 to help offset commercial parking, transportation service and concession losses at Logan Airport.

FY 2020 Audited Financial Results

Ernst & Young LLP, the Authority's independent auditors, completed the Authority's fiscal year 2020 financial statement audit and issued an unmodified opinion with a September 30, 2020 opinion date. A summary of the Authority's fiscal year 2020 financial performance, as reflected in the audited financial statements is set forth below. For information regarding the Authority's financial results for fiscal year 2020, see "SELECTED FINANCIAL DATA" and "MANAGEMENT'S DISCUSSION OF HISTORICAL OPERATING RESULTS" herein.

<u>Fiscal Year 2020 Financial Performance</u>:

- Operating revenues were $825 million, or $81 million lower than the prior year. Fourth quarter revenues declined by $95 million.
- Operating expenses were $806 million, or $7 million lower than the prior year. Cost controls in the fourth quarter produced $42 million of expense reductions compared to same period in fiscal year 2019.
- Operating income declined $73 million to $19 million for the year. Fourth quarter operating income was a negative $40 million.
- Non-operating income totaled $86 million, of which $57 million was federal CARES Act funding. PFCs and CFCs were down $25 million and $8 million, respectively, compared to fiscal year 2019. Interest expense increased $33 million as a result of refinancing the Terminal A Bonds and the issuance of $300 million in new bonds during fiscal year 2020.
- The Authority's liquidity position as of June 30, 2020, remained favorable. The Authority had $329 million of restricted funds for capital projects and $259.9 million of restricted funds for debt service, $40 million of customer facility charge revenues, and $52 million of passenger facility charge revenues, all of which may be used towards the Authority's Capital Program and debt payments. The Authority ended the year with a $277 million unrestricted net position as of June 30, 2020.

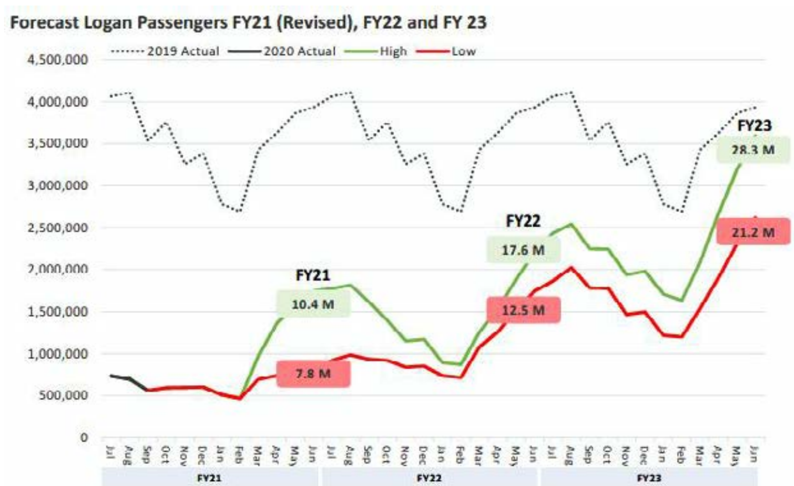
Authority's Plan for Financial Sustainability

Adopted Fiscal Year 2021 Budget. On June 18, 2020, the Authority's Board approved the Authority's fiscal year 2021 operating budget (the "*Adopted FY21 Budget*"), which was based on an expectation of a slow and measured recovery in passenger volumes and business activity. The Adopted FY21 Budget assumed 13 million Logan passengers, and resulted in a revenue target of $600 million, which represented a $307 million (or 34%) decline from fiscal year 2020 budgeted operating revenues. In the Adopted FY21 Budget, approximately $113 million of CARES Act grant funds were designated as Available Funds to be included in the definition of Revenues. The $307 million projected revenue decline in fiscal year 2021 as compared to the fiscal year 2020 budget was comprised of the following ($ in millions):

Revenue Budget Comparison

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

Revised Logan Airport Passenger Forecasts. Logan's passenger activity through October 2020 was 22% below fiscal year 2021 budgeted activity for the same period. The expected recovery of a portion of Logan passenger activity in the third and fourth quarters of fiscal year 2021, which was built into the budget, is now less certain, and the Authority has revised its passenger forecasts assuming more constrained third and fourth quarter passenger activity. As a result, the Authority now expects that actual passenger volumes and business activity at the Airport may be lower than the assumptions made in developing the FY21 Budget and that the overall recovery to pre-pandemic levels will take longer than initially projected. The revised passenger forecast may result in Logan Airport realizing approximately 8-10 million passengers in fiscal year 2021 and a recovery of only 50-67% of 2019 passenger volume by fiscal year 2023 (see chart below).



The lower of the revised passenger forecasts for fiscal 2021-2023 described above, if realized, would produce a multiyear aggregate $400 million projected financial gap through fiscal year 2023, as reflected in the chart below.

Budget		Preliminary Financial Forecast			
FY 2021		**FY 2021**	**FY 2022**	**FY 2023**	**Cumulative**
12.8 M	**Forecast Passengers**	7.8 M	12.5 M	21.2 M	
$600 M	Revenue	$540 M	$600 M	$687 M	
--	Tenant Relief	($66 M)	($23 M)	($10 M)	
$113 M	CARES Act	$113 M	--	--	
($713 M)	Expense	($713 M)	($718 M)	($810 M)	
$0 M	**Financial Gap**	**($126 M)**	**($141 M)**	**($ 133 M)**	**= ($400 M)**

FY 2021-2023 Financial Sustainability Plan. The Authority cannot predict when and to what extent passenger volumes will rebound over the next several years. Accordingly, as a conservative measure, the Authority is using the lower of the revised passenger forecasts for fiscal year 2021-2023 described above in its financial modeling, and it continues to develop its FY 2021-2023 Financial Sustainability Plan, which consists of four specific strategies (as described below) to address the projected financial gap that would result from the lower of the revised passenger forecasts. To date, the Authority has identified additional revenue opportunities, operating expense reductions and debt restructuring opportunities that are expected to close approximately 55% of this potential gap, as discussed in further detail below. The Authority continues to analyze and develop plans to address the remaining potential financial gap in the latter years of the forecast period.

As reflected in the table on page A-65, which reflects projected Operating Results and Debt Service Coverage for fiscal year 2021 through fiscal year 2025, taking into account the lower passenger forecast estimates, the additional revenues and operating expense savings identified to date as part of the FY 2021-2023 Financial Sustainability Plan (which address approximately 55% of the potential financial gap) and the additional funding the Authority expects to receive pursuant to the COVID Relief Act (defined below), the Authority anticipates debt service coverage above 1.75x and significant positive net cashflow (after the payment of operating expenses and debt service) in each year through fiscal year 2025. If the Authority is able to further address the financial gap, and/or passenger traffic recovers faster than the revised forecast, those metrics are expected to be even stronger.

The four strategies of the FY 2021-2023 Financial Sustainability Plan, and actions taken to date relating thereto, are as follows:

- **Identify New Revenue Opportunities.** The Authority is working to identify new revenue streams, including maximizing the Authority's real estate assets, increasing existing fees and/or new fees, the potential sale of non-core assets, and temporarily repurposing certain facilities to maximize revenue opportunities, among other revenue producing activities. To date, the Authority has identified the following new revenue opportunities, which it expects to use to lower the financial gap:
    - *Additional Land Use Agreements and Rental Car MAG Payments*. The Authority is pursuing three land use agreements (two of which extend current lease terms and the third of which constitutes a new facility lease), which, upon execution, will increase ground rents to the Authority in FY 2021-2023. Furthermore, the Authority will be revising upwards revenue being received from rental car concessions to reflect minimum annual guarantee collections. The Authority estimates that, collectively, these initiatives will generate approximately $38 million in new budgeted revenues.
    - *Revised Port Projections*. Conley Terminal container volume through November 2020, was 48.9% higher than budget, resulting in a 53% increase in Authority container revenues for the same period as compared to budget. As a result of this higher than budgeted activity, Management intends to increase budgeted container volume for fiscal years 2021 through 2023 by approximately 36,000 containers, which is expected to generate approximately $45 million in additional revenue.
    - *Additional Real Estate Revenues*. In fiscal year 2021, the Authority received nearly $11 million of additional commercial real estate revenue in the form of transaction rent from a ground lease tenant, which was not part of the fiscal year 2021 budget.
- **Implement Additional Operating Expenses Reductions.** The Authority has implemented and continues to implement a variety of operating expense reductions. In addition to those implemented in fiscal year 2020, which have continued into fiscal year 2021, in November 2020, the Authority's Board approved a FY2021 Financial Sustainability Workforce Plan intended to reduce the Authority's current labor force by approximately 25% and thereby lower operating expenses. Subject to the workforce retention requirements set forth in the COVID Relief Act (see the bullet entitled "Continued Effective Use of and Pursuit of Additional Funding under CARES Act and COVID Relief Act" below), the Authority expects to complete the voluntary and involuntary program over the next several months with a furlough program taking effect in the second and third quarters of calendar year 2021. This initiative,

after accounting for all other termination costs, is estimated to reduce annual operating expenses by approximately $25 million per year beginning in fiscal year 2022.

- **Undertake Additional Liquidity and Funding Strategies.** Since the start of the COVID-19 pandemic, the Authority has taken several actions relating to its capital program and outstanding debt to enhance the Authority's current and future liquidity position.

    - *Strategic Reductions to Capital Program*. Again taking advantage of the modularity of the capital program, the Authority has reduced the Authority's portion of the current Capital Program by either suspending or deferring certain projects totaling approximately $1.4 billion. See "CAPITAL PROGRAM – COVID-19 Impact and Capital Program Prioritization" herein. These actions allow the Authority to lower the amount of pay-go capital and debt service deposits required to fund these capital projects. In particular, these reductions will lower the required fiscal year 2021 deposit to the Maintenance Reserve Fund to $73.6 million, which reflects approximately 1% of the replacement value of the Authority's assets (excluding land) in accordance with the 1978 Trust Agreement and is a 24.7% reduction from the fiscal year 2020 budgeted deposit of $97.7 million. Furthermore, the Authority's modular five-year capital program is flexible and allows for further adjustments to projects if necessary.

    - *Debt Refinancing and Restructuring Activities*. The Authority has continued its debt refinancing and restructuring efforts in fiscal year 2021 to further secure its liquidity position. These actions include the following:

        - On December 2, 2020, the Authority completed a restructuring of its existing commercial paper program, increasing the authorized maximum aggregate principal amount from $150 million to $200 million and authorizing the issuance of both taxable and tax-exempt AMT and Non-AMT commercial paper. The additional commercial paper capacity along with the addition of a taxable series provides the Authority with additional liquidity and flexibility with the funding of the Capital Program.

        - The issuance of the 2021 Refunding Bonds results in a restructuring of the Authority's debt to create cash flow savings of approximately $35 million in fiscal year 2021, $51 million in fiscal year 2022 and $13 million in fiscal year 2023, providing budgetary relief and further supporting the Authority's operating cash flow. Management estimates that approximately $60 million of these savings will be used between fiscal year 2021-2023 to lower the financial gap.

      The overall impact of the above-described debt refinancing and restructuring actions include not only near-term debt service savings, but also additional liquidity and capital project funding sources, a reduction in maximum annual debt service and a reshaping of the Authority's annual debt service profile. These actions have also allowed the Authority to maintain borrowing capacity for future borrowings to finance capital projects, including the expected issuance of new money bonds later in fiscal year 2021 to complete the financing of the Terminal E modernization project, the Terminal C Optimization project and the Terminal B to C Roadway Improvements project, thereby completing the final Airport components of the Authority's current strategic plan. See "STRATEGIC PLAN" and "CAPITAL PROGRAM" under the headings "– Authority Funded Capital Project" and "– Funding Sources – Future Bond Proceeds."

- **Continued Effective Use and Pursuit of Additional Funding under CARES Act and COVID Relief Act.** The Authority expects to continue its effective use of and pursuant of additional funding to support operations, including as follows:

    - *CARES Act Funding*. The Authority is submitting expense reimbursements to the FAA under the federal CARES Act for wages, operating expenses associated with commercial parking, transportation services and concessions related expenses incurred at Logan Airport, among other items. The Authority's financial plan includes the expected use of the remaining $113 million of CARES Act grant funds in fiscal year 2021.

- o *COVID Relief Act*. The Coronavirus Response and Relief Supplemental Appropriation Act (H.R. 133) (the "*COVID Relief Act*"), signed into law by the President on December 27, 2020, includes $2 billion in funds to be awarded as economic relief to eligible U.S. airports and eligible concessions at those airports to prevent, prepare for, and respond to the COVID-19 public health emergency. To distribute these funds, the FAA has established the Airport Coronavirus Response Grant Program. The FAA will make grants to all eligible airports that are part of the national airport system, including all commercial service airports, all reliever airports, and some public-owned general aviation airports.

  Under the new Airport Coronavirus Response Grant Program:

  - Primary commercial service airports (those with more than 10,000 annual passenger boardings), which includes Logan Airport and Worcester Regional Airport), will share $1.75 billion based on the number of annual boardings, similar to how the FAA currently allocates Airport Improvement Program (AIP) entitlement funds.

  - Primary commercial service airports will share an additional $200 million based on the number of annual boardings, and these funds will then be available for these airports to provide relief from rent and minimum annual guarantees to on-airport car rental, on-airport parking, and in-terminal airport concessions. Airports will provide this relief to each airport concession based on its proportional share of the total annual rent and minimum annual guarantees for the airport.

  - Non-primary commercial service and general aviation airports, which includes Hanscom Field, will share $45 million based on their airport categories, such as National, Regional, Local, and Basic. Of that $45 million, airports that participate in the FAA Contract Tower Program will divide $5 million equally.

  Among other things, to be eligible to receive funds pursuant to the COVID Relief Act, the Authority must continue to employ at least 90% of its staff as of March 27, 2020 through February 15, 2021, excluding any retirements or voluntary employee separations that occur during this time period.

  The FAA has not yet announced specific allocations of the $2 billion of funds among all eligible airports. The Authority intends to work closely with the FAA and the local Congressional delegation to prepare for the distribution of this additional federal airport relief stimulus and to maximize its allocation to the Authority.

  The Authority currently estimates that it will receive approximately $30 million of grant funds from the COVID Relief Act, which will be used to reimburse the Authority for operating and debt expenses in fiscal year 2021, and thereby help to lower the financial gap. The Authority will work with its concession partners to best use an additional approximately $5 million of funds it expects to receive that will be specifically earmarked for concessions as part of this new grant.

- o *Other Federal Funding*. The Authority also continues to pursue additional federal grant funding contained in various federal legislation filed in Congress, which may reduce the revenue losses the Authority is experiencing as a result of significantly less passenger traffic.

The Authority cannot predict at this time whether the measures being taken as part of the FY 2021-2023 Financial Sustainability Plan will be adequate to mitigate the negative financial effects of the COVID-19 pandemic.

The Authority expects to continue to assess and implement opportunities to increase revenues, reduce costs and adjust operations to keep its facilities safe and efficient in response to the ongoing changes.

Other Authority Actions – Tenant Sustainability and Recovery Plan

2020 Plan. In response to requests for rate relief, on April 23, 2020, the Authority's Board approved a tenant sustainability and recovery plan (the "*2020 Plan*") to support tenants and business partner relationships for the remainder of fiscal year 2020. The 2020 Plan included the following provisions:

- ***Domestic and International Airlines.*** The 2020 Plan provided for a delay to July 1, 2020 of a planned adjustment of activity based rates and charges (baggage fees, landing fees and Terminal E passenger fees), which were expected to be recovered pursuant to the annual airline true up (September 2020) and paid no later than December 2020. The Authority originally estimated that approximately $44 million of cash collections from airlines would be delayed as a result of this part of the 2020 Plan. Subsequently, the Authority decided to waive approximately $20 million of these deferred cash collections, and the balance (approximately $24 million) was recovered by December 2020 as part of the annual true-up.

- ***Airport Tenants.*** The 2020 Plan also provided for the waiver of minimum annual guaranteed ("*MAG*") rent payments from April 1 through June 30, 2020 for certain airport terminal area concession agreements (excluding rental car agencies), while continuing percentage fee payments. This waiver is estimated to have cost the Authority $2.1 million in fiscal year 2020, with no recovery. In addition, the 2020 Plan also provided for the adjustment of MAG rent or base rent payments from April 1 through June 30, 2020 for certain other business partners, while continuing percentage fee payments, with increased rent payments being due in calendar year 2021. The net fiscal year 2020 revenue impact for this part of the 2020 Plan was estimated to be a reduction of approximately $13.3 million, with 100% of the revenues expected to be recovered during calendar year 2021.

- ***Maritime Tenants***. The 2020 Plan also provided rent relief to maritime tenants. This rent relief is estimated to be less than $1.0 million and is limited to the application of existing security deposits as rent and rent deferment for up to three months (in fiscal year 2020), with such deferred rent payments being due in 12 equal monthly payments during calendar year 2021.

The 2020 Plan was contingent upon the airlines and airport tenants using reasonable efforts to seek CARES Act stimulus funding and remaining current in their accounts payable to the Authority. The rent relief described above for maritime tenants was contingent upon the tenants using reasonable efforts to pursue federal stimulus support, exploring utilization of business interruption insurance and remaining current in their accounts payable to the Authority.

2021 Plan. In response to continued requests for rate relief, on June 18, 2020, the Authority's Board approved a Tenant Sustainability and Recovery Plan for 2021 (the "*2021 Plan*"), effective July 1, 2020. Subsequently, in response to additional requests for rate relief from the airlines, and in order to achieve the goals of maintaining the Authority's financial self-sustainability while assisting the airline community to maintain service levels at Logan, the Authority's Board approved an amendment to the 2021 Plan with respect to activity based rates and charges on airlines. The 2021 Plan, as so amended, includes the following provisions:

- ***Domestic and International Airlines***. The 2021 Plan, as amended, provides for a true-up of rates and charges (baggage fees, landing fees and Terminal E passenger fees) for the period of October 1, 2019 through June 30, 2020 (the "*2020 True-up*") in amounts that were determined and provided to each airline on October 9, 2020. Each airline was required to pay its applicable share of the 2020 True-up amounts due to the Authority not later than December 18, 2020 (the "*Payment Deadline*"), with any late payments bearing interest. As of January 19, 2021, 91.3% of the airlines serving the Airport have paid their applicable share of the 2020 True-up amount. The 2021 Plan, as amended, also authorizes the creation of a Temporary Airline Cost Center Relief (the "*TACCR*") program to offset certain airline activity charges (landing fees and Terminal E passenger fees) in an amount not to exceed a total of $43 million (the "*TACCR Amount*"). Provided that an airline has paid to the Authority its applicable share of the 2020 True-up amount (as well as regular rates and charges for the use of the Airport due and unpaid before the Payment Deadline) on or before the Payment Deadline, the Authority will enter into an agreement (the "*TACCR Agreement*") with such airline to repay, as part of the annual rates and charges, its applicable share of the TACCR Amount over a period of three (3) years, commencing July 1, 2021 and ending June 30, 2024 (the "*Accommodation Period*"), payable in equal monthly installments plus interest thereon at the then current thirty (30)-day Treasury bill interest rate, and pre-payable at any time without penalty. As a result of the 2021 Plan, as amended, the Authority expects that the collection of the TACCR Amount will not be received in FY21, but rather will be received in monthly installments over the three-year Accommodation Period. As of January 15, 2021, the Authority has entered into TACCR Agreements with 30 airlines (which reflects 60% of the airlines to which the program was offered). All of these airlines have paid to the Authority their applicable share of the 2020 True-up amount (as well as regular rates and charges for the use of the Airport due and unpaid before the Payment Deadline).

- ***Airport Tenants.*** The 2020 Plan granted certain terminal area concession tenants (excluding rental car agencies) a three month waiver of MAG rent payments, but not percentage rent, as described above. The 2021 Plan approved an additional waiver of MAG, but not of percentage rent, commencing July 1, 2020 and ending not later than June 30, 2021, provided that each such tenant must enter into an agreement with its subtenant(s) to waive in its entirety subtenant MAG during the same time period. This waiver is expected to cost the Authority an estimated $8.7 million in fiscal year 2021, which amount will not be recovered.

Authority's Liquidity Position

Notwithstanding the adverse impacts of the COVID-19 pandemic on Authority operations discussed above, the Authority has continued to maintain a favorable liquidity position. According to the internally prepared management statements, as of September 30, 2020, the Authority had $290 million of restricted funds for capital projects, $212.6 million for debt service, $35.8 million of customer facility charge revenues, and $48.9 million of passenger facility charge revenues, all of which may be used towards the Authority's Capital Program and debt payments. The Authority's unaudited unrestricted net position for the same period was $308.6 million.

The following table presents the Authority's days cash on hand information as of June 30 for each of the five most recent fiscal years.

Days Cash on Hand
As of June 30,

	2016	**2017**	**2018**	**2019**	**2020**
Ending Fund Balance					
Maintenance Reserve Fund	$182,422	$172,539	$207,405	$225,021	$198,828
Improvement & Extension Fund	214,769	277,012	304,378	336,218	395,950
Capital Budget Fund	54,565	68,323	135,774	123,242	220,056
Operating/Revenue Fund	69,272	89,764	71,063	76,605	83,783
Total Ending Balance	$521,028	$607,638	$718,620	$761,086	$898,617
Annual Expenses	$411,986	$440,241	$465,230	$492,428	$483,975
Days Cash on Hand	**462**	**504**	**564**	**564**	**678**

In addition, the Authority maintains a commercial paper facility program of up to $200 million of which $22 million is outstanding as of the date of this Official Statement. See "OTHER OBLIGATIONS – Commercial Paper" herein.

AIRPORT PROPERTIES

The information provided by the Authority in this section of APPENDIX A includes historical information regarding operations of the Airport Properties that occurred before the COVID-19 pandemic and before realizing the economic impact of measures instituted to slow the spread of COVID-19. Accordingly, the information in this section of APPENDIX A may not be indicative of future results or performance due to these and other factors.

Boston-Logan International Airport

The Airport is the principal source of the Authority's Revenues, Operating Expenses and Net Revenues and is the dominant factor in the determination of the Authority's financial condition. In fiscal year 2020, the Airport Properties accounted for approximately 80.5% of the Authority's Revenues and approximately 74.4% of the Authority's Net Revenues (as defined in the 1978 Trust Agreement), before application of other Available Funds (as defined in the 1978 Trust Agreement). The Airport is situated principally in East Boston (with a small portion situated in the Town of Winthrop), approximately three miles from downtown Boston and adjacent to Boston Harbor. The total land area of the Airport is approximately 2,400 acres.

Air Service Region. The Airport serves the greater Boston area and plays the leading role in New England's air service infrastructure. Based upon information provided by the United States Department of Transportation ("*USDOT*") for fiscal year 2020, approximately 94.4% of total passengers (domestic and international) at the Airport began or ended their air travel ("*origin-destination*" travel) at Logan Airport.

The high percentage of origin-destination passengers in both the business and leisure markets is in contrast to many other major airports that are used in large part by airlines as connecting hubs for passengers en route to another point as their final destination. As a result of this traffic base, overall activity levels at Logan Airport are less vulnerable to fluctuations in connecting traffic resulting from route restructuring by individual airlines or other factors affecting particular airlines. Rather, Airport activity levels tend to reflect general economic conditions, regional economic and demographic trends and the economics of the airline industry.

The Boston metropolitan area was the 11th largest metropolitan area in the United States in terms of population as of July 2019 (the most recent data available), and it ranked 10th in the nation with 2.5 million employed individuals as of June 2020. The Boston metropolitan area has historically had one of the nation's lowest unemployment rates, when compared to other large metro areas, but that trend reversed when the COVID-19 pandemic began. In June 2020, the unemployment rate in the Boston metropolitan area was 17.0%, which was one of the highest among the nation's large metropolitan areas (i.e., those with populations of larger than one million) and 5.8 percentage points higher than the national average of 11.2%. In the greater Boston area, the following six major sectors have contributed to the Boston region's economic growth since the early 1990s and currently account for approximately one half of the Boston area employment base: high technology, biotechnology, health care, financial services, higher education and tourism. The Boston metropolitan area's average per capita personal income in calendar year 2018 (the most recent data available) was 44.1% above the national average and 16.6% above the New England average. While the Authority cannot predict the impact of the COVID-19 pandemic on the Boston metropolitan area's average per capital personal income, it expects these percentages to be lower in fiscal year 2020 than what is reflected here for calendar year 2018.

Airport Traffic Levels. The following table summarizes Airport operations and passenger traffic statistics for the most recent five fiscal years and the four-month periods ending October 31, 2019 and October 31, 2020. Both operations and passengers are grouped by origin and destination regardless of whether the carrier was a U.S. air carrier or a foreign flag carrier.

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SELECTED BOSTON-LOGAN INTERNATIONAL AIRPORT TRAFFIC STATISTICS
(Fiscal Year Ended June 30, except as noted)

	2016	2017	2018	2019	2020	Four Months Ending 10/31/2019	Four Months Ending 10/31/2020
Aircraft Operations (1)							
Domestic (2)	237,479	244,857	257,296	263,545	208,986	92,148	35,002
International (3)	46,687	51,500	52,483	54,736	39,318	19,424	4,362
Regional	72,416	68,223	71,198	77,809	71,285	31,116	14,622
General Aviation	30,026	31,300	31,186	30,420	21,534	11,414	5,230
Total Operations	386,608	395,880	412,163	426,510	341,123	154,102	59,216
Aircraft Landed Weights (1,000 pounds) (4)	22,652,895	24,040,957	25,249,192	26,547,968	21,462,516	9,701,389	3,497,790
Passengers Traffic							
Domestic (2)							
Enplaned	13,368,762	14,257,124	14,995,819	15,620,740	11,281,039	5,663,835	1,209,937
Deplaned	13,466,887	14,348,544	15,079,032	15,696,004	11,285,569	5,651,140	1,221,670
International (3)							
Enplaned	3,004,322	3,493,005	3,609,751	4,011,290	2,820,055	1,549,622	145,968
Deplaned	3,034,210	3,506,567	3,649,730	4,018,879	2,926,919	1,651,633	133,449
Regional							
Enplaned	962,163	881,940	1,030,643	1,200,779	995,484	478,425	62,296
Deplaned	952,308	871,399	1,028,876	1,204,503	980,667	476,288	61,301
Subtotal	34,788,652	37,358,579	39,393,851	41,752,195	30,289,733	15,470,943	2,834,621
General Aviation ("GA")							
Total Passengers	109,766	111,772	112,658	111,216	78,076	40,834	18,470
Total Passengers	34,898,418	37,470,351	39,506,509	41,863,411	30,367,809	15,511,777	2,853,091
Total Enplaned Passengers (excluding GA)	17,335,247	18,632,069	19,636,213	20,832,809	15,096,578	7,691,882	1,418,201
Average Passengers Per Flight							
Domestic (2)	113.0	116.8	116.9	118.8	108.0	122.8	69.5
International (3)	129.3	135.9	138.3	146.7	146.2	164.8	64.1
Regional	26.4	25.7	28.9	30.9	27.7	30.7	8.5
Air Carrier and Passenger Metrics							
Primary carrier (5)	JetBlue	JetBlue	JetBlue	JetBlue	JetBlue	JetBlue	JetBlue
Primary carrier market share (5)	26.5%	27.2%	27.9%	28.5%	29.3%	27.4%	29.4%
Two top carriers market share (5)	40.7%	44.3%	44.1%	43.9%	43.9%	42.1%	50.5%
Origination & destination share (6)	94.8%	94.4%	94.2%	94.5%	94.4% (7)	N/A	N/A
Compensatory airline payments to Massport per enplaned passenger (8)	$13.45	$13.98	$14.37	$14.63	$20.21	N/A	N/A
Logan Airport revenue per enplaned passenger (9)	$33.85	$34.25	$35.39	$35.40	$44.02	N/A	N/A
Total Cargo & Mail (1,000 pounds)	606,101	672,402	727,175	733,465	657,848	241,584	200,942

(1) Includes all-cargo flights.

(2) Includes domestic flights on jets and charters.

(3) Includes international flights on jet, charter and commuter carriers.

(4) Excludes general aviation and non-tenant.

(5) Data consists of mainline activity only.

(6) Source: the Authority and U.S. DOT, Air Passenger Origin-Destination Survey, reconciled to Schedule T1, as reported in Appendix CFC-1 to the Authority's CAFR; this statistic is calculated based on outbound passengers only as of fiscal year end.

(7) Fiscal year 2020 data is preliminary.

(8) Consists of landing fees, terminal rents, certain non-PFC passenger fees and aircraft parking fees.

(9) Consists of landing fees, terminal rents, parking, utilities, non-terminal and ground rent, concessions and baggage fees.

Source: Authority reports.

Passenger traffic at the Airport totaled 30.4 million passengers for fiscal year 2020 (including general aviation), a 27.5% decrease from the 41.9 million passengers who used the Airport in the prior fiscal year, primarily as a result of domestic and international travel restrictions that were placed into effect beginning in March 2020 due to the COVID-19 pandemic. Passenger traffic increased 6.0% in fiscal year 2019 and 5.4% in fiscal year 2018. For the four-month period ending October 31, 2020, passenger traffic was 81.6% lower than the four-month period ending October 31, 2019, as travel restrictions remained in place. Landed weights for fiscal year 2020 were 19.2% lower than fiscal year 2019, following a 5.1% increase in landed weights form fiscal year 2018 to fiscal year 2019, and in the four-month period ending October 31, 2020, landed weights were 63.9% lower than for the same four-month period ending in 2019. See "IMPACT OF COVID-19 PANDEMIC ON THE AUTHORITY," "AUTHORITY REVENUES – Airport Properties Revenues" and "MANAGEMENT'S DISCUSSION OF HISTORICAL OPERATING RESULTS."

The calendar year statistics presented in the paragraphs below do not reflect the impact of the COVID-19 pandemic, which impact began in March 2020. See "IMPACT OF COVID-19 PANDEMIC ON THE AUTHORITY – Impact of COVID-19 on Airport Properties" above for information on the impact of COVID-19 on passenger traffic at the Airport.

On a calendar year basis, passenger traffic at the Airport totaled approximately 42.5 million passengers in 2019 (including general aviation). This represented a 3.9% increase in passenger traffic over calendar year 2018, following calendar year passenger traffic increases of 6.6% and 5.9% in calendar years 2018 and 2017, respectively.

According to data from Airports Council International ("*ACI*"), Logan Airport was the most active airport in New England and the 17th most active airport in North America in reporting year 2019 (the most recent data available), based upon total passenger volume. In reporting year 2019 (the most recent year for which data is available), Logan Airport was the 53rd most active in the world according to data from ACI.

The following tables summarize regional,* international and domestic passenger traffic statistics (including general aviation) for Logan Airport on a fiscal year and calendar year basis, since 2015 through the most current year for which data is available.

Passengers by Traffic Type

Fiscal Year				
Period	**Regional**	**International**	**Domestic**	**Total**
FY2015	1,813,528	5,246,232	25,239,461	32,299,221
FY2016	1,914,471	6,038,532	26,945,415	34,898,418
FY2017	1,753,339	6,999,572	28,717,440	37,470,351
FY2018	2,059,519	7,259,481	30,187,509	39,506,509
FY2019	2,405,282	8,030,169	31,427,960	41,863,411
FY2020	1,976,151	5,746,974	22,644,684	30,367,809

Calendar Year				
Period	**Regional**	**International**	**Domestic**	**Total**
CY2015	1,835,803	5,534,176	26,079,601	33,449,580
CY2016	1,724,617	6,587,473	27,975,952	36,288,042
CY2017	1,969,890	7,199,595	29,242,934	38,412,419
CY2018	2,184,819	7,583,887	31,173,219	40,941,925
CY2019	2,603,100	8,317,993	31,601,318	42,522,411

Market Share by Traffic Type

Fiscal Year			
Period	**Regional**	**International**	**Domestic**
FY2015	5.6%	16.2%	78.1%
FY2016	5.5	17.3	77.2
FY2017	4.7	18.7	76.6
FY2018	5.2	18.4	76.4
FY2019	5.7	19.2	75.1
FY2020	6.5	18.9	74.6

Calendar Year			
Period	**Regional**	**International**	**Domestic**
CY2015	5.5%	16.5%	78.0%
CY2016	4.8	18.2	77.1
CY2017	5.1	18.7	76.1
CY2018	5.3	18.5	76.1
CY2019	6.1	19.6	74.3

* For purposes of the Authority's data compilation, regional airlines are defined as domestic commuter carriers that exclusively operate smaller regional jet and turbo-prop aircraft with up to 90 seats.

Source: Authority

Year over Year Variances by Traffic Type

Fiscal Year				
Period	**Regional**	**International**	**Domestic**	**Total**
FY2015	(10.8)%	12.0%	4.6%	4.7%
FY2016	5.6	15.1	6.8	8.0
FY2017	(8.4)	15.9	6.6	7.4
FY2018	17.5	3.7	5.1	5.4
FY2019	16.8	10.6	4.1	6.0
FY2020	(17.8)	(28.4)	(27.9)	(27.5)

Calendar Year				
Period	**Regional**	**International**	**Domestic**	**Total**
CY2015	(9.8)%	10.9%	6.0%	5.7%
CY2016	(6.1)	19.0	7.3	8.5
CY2017	14.2	9.3	4.5	5.9
CY2018	10.9	5.3	6.6	6.6
CY2019	19.1	9.7	1.4	3.9

Domestic jet passengers (including charters) accounted for 74.6% of passenger traffic in fiscal year 2020 and 75.1% of passenger traffic in fiscal year 2019. The Airport's domestic jet passenger traffic totaled 22.6 million in fiscal year 2020, after reaching the Airport's record for domestic jet passengers of 31.4 million set in fiscal year 2019. This represents a 27.9% decrease for fiscal year 2020 as compared to the previous increase for fiscal year 2019 of 4.1%.

In fiscal years 2020 and 2019, passengers traveling domestically on regional airlines accounted for approximately 6.5% and 5.7% of total passenger traffic at the Airport, respectively, or approximately 2.0 million and 2.4 million passengers each fiscal year, respectively. The number of regional passengers (excluding passengers traveling internationally) decreased by 17.8% in fiscal year 2020, following a 16.8% increase in fiscal year 2019 and 17.5% increase in fiscal year 2018.

International passengers, including those traveling on foreign flag and U.S. flag carriers (including U.S. regional carriers) accounted for 18.9% of passenger traffic in fiscal year 2020, or approximately 5.7 million passengers. This segment decreased by 28.4% in fiscal year 2020, following increases of 10.6% and 3.7% in fiscal years 2019 and 2018, respectively. Of the 18.9% of passengers traveling internationally in fiscal year 2020, 50.6% traveled to or from Europe, 16.2% to or from Bermuda and the Caribbean, 11.5% to or from Canada, 9.2% to or from Middle East, 7.0% to or from the Trans-Pacific, 4.9% to or from Central and South America and 0.5% to or from Africa.

In fiscal year 2020, there were approximately 341,123 aircraft operations (including both commercial and general aviation) at the Airport, a decrease of 20.0% from fiscal year 2019. While aircraft operations at the Airport increased from 373,743 to 426,510, more than 14.1% between fiscal year 2010 and 2019, the Airport's total passengers (including both commercial and general aviation) increased by 55.0% over the same period. This was due, in part, to the airlines' use of larger-sized aircraft and their achievement of higher capacity during this period.

The following table shows monthly growth in enplaned passengers (including general aviation) for the 12 months ended October 31, 2020 and 2019. As shown on the table below, for the 12 months ending October 31, 2020, the number of enplaned passengers at the Airport (including general aviation) was 58.0% lower than for the same period in 2019. The table below illustrates the decline in Airport traffic as a result of the COVID-19 pandemic beginning in March 2020.

BOSTON-LOGAN INTERNATIONAL AIRPORT
MONTHLY GROWTH IN ENPLANED PASSENGER (Year over Year)
12 Months ended 10/31/2019 and 10/31/2020

	12 Mos. Ended 10/31/2019	12 Mos. Ended 10/31/2020	Growth %
November	1,659,933	1,647,750	(0.7)%
December	1,598,397	1,753,195	9.7
January	1,328,493	1,434,514	8.0
February	1,384,498	1,460,333	5.5
March	1,692,903	768,265	(54.6)
April	1,801,974	45,867	(97.5)
May	1,920,832	102,119	(94.7)
June	1,971,225	211,274	(89.3)
July	2,013,206	364,776	(81.9)
August	2,043,711	346,956	(83.0)
September	1,762,417	315,814	(82.1)
October	1,892,965	399,890	(78.9)
Total 12 months	**21,070,554**	**8,850,753**	**(58.0)%**

Source: Authority.

Airline Passenger Services. As primarily an origin-destination airport, Logan Airport is served today, as it has been in the past, by a wide variety of carriers. Prior to the COVID-19 pandemic and through December 31, 2019, scheduled airline service at the Airport was provided by 59 airlines, including 10 domestic large jet carriers, 37 non-U.S. flag ("*foreign flag*") and 12 domestic regional and commuter airlines ("*regional airlines*" or "*regional carriers*"). As of October 2020, airline service at the Airport was provided by 28 airlines, as listed in the table below, including nine domestic large jet carriers, 14 foreign flag carriers and five regional airlines or regional carriers.

BOSTON-LOGAN INTERNATIONAL AIRPORT
AIRLINES SERVING THE AIRPORT*
(Actual as of October 2020)

U.S. Domestic Large Jet Carriers		**U.S. Domestic Regional Carriers**[1]	
Alaska	JetBlue	*Independent:*	*Affiliated:*
Allegiant	Southwest	Boutique Air	Republic Airlines (American Eagle, Delta Connection and United Express)
American	Spirit	Cape Air	Endeavor Air (Delta Connection)
Delta	United	Silver Airlines	
Frontier			

Foreign Flag Carriers		
Aer Lingus	Icelandair	SATA
Air Canada[2]	KLM Royal Dutch Airlines	Swiss
Air France	Korean Air	TAP Portugal
British Airways	Lufthansa	Turkish Airlines
Emirates	Qatar	

* Excludes charter-only airlines.

1 The independent U.S. domestic regional carriers operate their own routes. The affiliated U.S. domestic regional carriers serving Logan are either wholly owned by a network carrier or operate under joint marketing agreements with network carriers. One affiliated U.S. domestic regional carrier—Republic—operates at the Airport for more than one network carrier.

2 Includes regional carriers Jazz Air and Sky Regional Airlines, both of which operate as part of Air Canada Express.

See "IMPACT OF COVID-19 PANDEMIC ON THE AUTHORITY – Impact of COVID-19 on Airline Service" above for information on the impact of COVID-19 on airline service at the Airport.

The Authority maintains separate statistical data for regional airlines. For purposes of the Authority's data compilation, regional airlines are defined as domestic commuter carriers that exclusively operate smaller regional jet and turbo-prop aircraft with fewer than 100 seats. Most of these carriers are generally subsidiaries or affiliates of major domestic carriers, as noted above, with the exception of Boutique Air, Cape Air and Silver Airlines, which operate their own routes. As of June 30, 2020, the top five regional airlines were Republic Airlines with 63.3% of domestic regional passengers, followed by Endeavor Air with 17.3%, Cape Air with 6.7%, SkyWest with 5.9% and Piedmont with 4.4% of domestic regional passengers.

In response to competitive pressures, the U.S. airline industry has consolidated over the past decade. In 2008, Delta Air Lines ("*Delta*") and Northwest Airlines merged and consolidated under the Delta name. In 2010, United Airlines ("*United*") and Continental Airlines completed a merger transaction and in 2012 consolidated all activity under the United name. In 2011, Southwest Airlines ("*Southwest*") and AirTran Airways completed a merger transaction and as of the end of calendar year 2014 consolidated all operations under the Southwest name. In 2013, American Airlines ("*American*") and US Airways merged and as of October 2015 all operations were integrated under the American name. In December 2016, Alaska Airlines ("*Alaska*") acquired Virgin America and in January 2018 all operations were consolidated under the Alaska name, making Alaska the fifth largest domestic carrier in terms of enplaned passengers. As a result of the above-described mergers, the five largest U.S. air carrier airlines now consist of Alaska, American, Delta, Southwest and United. USDOT recently cleared a proposed strategic partnership between JetBlue and American Airlines to create more competitive options and choices for customers in the Northeast by offering codeshares, loyalty benefits, additional travel options and new routes. According to a July 16, 2020 JetBlue press release, the partnership will pair JetBlue's domestic network with American's international network, creating additional connectivity in the Northeast and enhancing each carrier's offerings in New York and Boston.

The following table shows passenger traffic for the carriers providing service from Logan Airport for the past five fiscal years and for the four months ended October 31, 2020 and October 31, 2019. For the four months ended October 31, 2020, the Airport experienced an aggregate 81.7% decrease in passenger traffic, compared to the four months ended October, 2019. **See "IMPACT OF COVID-19 PANDEMIC ON THE AUTHORITY – Impact of COVID-19 on Airport Properties" above for additional information on the impact of COVID-19 on passenger traffic at the Airport.**

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BOSTON-LOGAN INTERNATIONAL AIRPORT
ANNUAL PASSENGERS BY CARRIER
(Fiscal Year Ended June 30, except as noted)

Air Carrier [1]	2016	2017	2018	2019	2020	Four Months Ended 10/31/19	Four Months Ended 10/31/20	Growth %
American [2]	**7,130,681**	**6,693,236**	**6,632,752**	**6,610,856**	**4,548,670**	**2,168,711**	**614,913**	**(71.6)%**
American	*5,079,473*	-	-	-	-	-	-	*
US Airways	*2,051,208*	-	-	-	-	-	-	*
Delta [3]	**5,102,225**	**5,582,876**	**6,491,173**	**7,617,548**	**6,054,515**	**3,100,996**	**438,439**	**(85.9)**
JetBlue	**9,253,087**	**10,174,855**	**11,007,911**	**11,928,487**	**8,889,649**	**4,242,612**	**838,372**	**(80.2)**
Southwest	**2,827,355**	**3,064,506**	**2,990,557**	**2,767,926**	**1,747,658**	**929,932**	**196,422**	**(78.9)**
United [4]	**3,822,367**	**3,953,232**	**3,982,764**	**4,038,102**	**2,684,906**	**1,420,066**	**288,800**	**(79.7)**
Foreign Flag	**4,539,853**	**5,412,118**	**5,626,482**	**6,094,152**	**4,248,129**	**2,495,965**	**118,081**	**(95.3)**
Regional U.S. Carriers [5]	**241,021**	**235,438**	**221,944**	**192,235**	**146,960**	**1,016,850**	**308,512**	**(69.7)**
Other U.S. Carriers [6]	**1,872,063**	**2,242,318**	**2,440,268**	**2,502,889**	**1,969,246**	**95,811**	**31,082**	**(67.6)**
Total[7]	**34,788,652**	**37,358,579**	**39,393,851**	**41,752,195**	**30,289,733**	**15,470,943**	**2,834,621**	**(81.7)%**

(1) For purposes of comparison, data for consolidated air carriers (American) is presented for all fiscal years. In the case of each such consolidated air carrier, the data provided for each period occurring prior to the consolidation is estimated based on a summation of the individual carrier information for such period. The data provided for period(s) occurring after the consolidation reflects actual data for such period(s). To the extent individual merged carriers continued to operate separately, individual carrier information is also shown for the periods occurring post-merger, which information may not add to the consolidated figure.

(2) Includes American Eagle, US Airways Shuttle (American Eagle as of October 2015) and associated regional carriers. In December 2013, American merged with US Airways, and effective October 1, 2015, the two airlines were fully integrated under the American name.

(3) Includes Delta Shuttle and Delta Connection.

(4) Includes United Express.

(5) Includes PenAir (through June 30, 2018), Boutique Air (commencing June 1, 2018), Silver Airways (commencing July 1, 2018) and Cape Air.

(6) Includes Alaska, Frontier, Hawaiian, Spirit Airlines, Sun Country, Virgin America (merged with Alaska effective January 11, 2018) and charter/non-scheduled domestic service.

(7) Excludes general aviation figures.

* Not meaningful.

Source: Authority.

The relative share of various carriers at the Airport has fluctuated with no individual carrier having a market share of over 29.3% in any of the past ten fiscal years. The following table presents the relative shares of the U.S. air carrier airlines carrying the highest shares of total passenger traffic at the Airport, as well as the relative shares of the independent regional airlines and foreign flag carriers, during the last five fiscal years and the four-month periods ended October 31, 2019 and 2020. Since commencing service at Logan in 2004, JetBlue Airways ("*JetBlue*") has made Logan Airport its second largest focus airport after New York-JFK. As a result, as reflected in the table below, in fiscal year 2020 and fiscal year 2019, JetBlue had the largest market share with 29.3% and 28.6%, respectively. The carriers with the highest market shares—American, Delta, JetBlue, Southwest and United—carried an aggregate of 79.0% of all passengers traveling through the Airport in fiscal year 2020. As a result of the COVID-19 pandemic, carriers have reduced service at the Airport. **See "IMPACT OF COVID-19 PANDEMIC ON THE AUTHORITY – Impact of COVID-19 on Airline Service" herein.**

BOSTON-LOGAN INTERNATIONAL AIRPORT
MARKET SHARES OF TOTAL PASSENGER TRAFFIC
(Fiscal Year Ended June 30, except as noted)

Air Carrier[1]	2016	2017	2018	2019	2020	Four Months Ended 10/31/19	Four Months Ended 10/31/20
American [2]	**20.5%**	**17.9%**	**16.8%**	**15.8%**	**15.0%**	**14.0%**	**21.7%**
American	*14.6*	--	--	--	--	--	--
US Airways	*5.9*	--	--	--	--	--	--
Delta [3]	**14.7**	**14.9**	**16.5**	**18.2**	**20.0**	**20.0**	**15.5**
JetBlue	**26.6**	**27.2**	**27.9**	**28.6**	**29.3**	**27.4**	**29.6**
Southwest	**8.1**	**8.2**	**7.6**	**6.6**	**5.8**	**6.0**	**6.9**
United [4]	**11.0**	**10.6**	**10.1**	**9.7**	**8.9**	**9.2**	**10.2**
Foreign Flag	**13.0**	**14.5**	**14.3**	**14.6**	**14.0**	**16.1**	**4.2**
Regional U.S. Carriers [5]	**0.7**	**0.6**	**0.6**	**0.5**	**0.5**	**6.6**	**10.9**
Other U.S. Carriers [6]	**5.4**	**6.0**	**6.2**	**6.0**	**6.5**	**0.6**	**1.1**
Total [7]	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

(1) For purposes of comparison, data for consolidated air carriers (American) is presented for all fiscal years. In the case of each such consolidated air carrier, the data provided for each period occurring prior to the consolidation is estimated based on summation of the individual carrier information for such period. The data provided for period(s) occurring after the consolidation reflects actual data for such period(s). To the extent individual merged carriers continued to operate separately, individual carrier information is also shown for the periods occurring post-merger, which information may not add to the consolidated figures.
(2) Includes American Eagle, US Airways Shuttle (American Eagle as of October 2015) and associated regional carriers. In December 2013, American merged with US Airways, and effective October 1, 2015, the two airlines were fully integrated under the American name.
(3) Includes Delta Shuttle and Delta Connection.
(4) Includes United Express.
(5) Includes PenAir (through June 30, 2018), Boutique Air (commencing June 1, 2018), Silver Airways (commencing July 1, 2018) and Cape Air.
(6) Includes Alaska, Frontier, Hawaiian, Spirit Airlines, Sun Country, Virgin America (merged with Alaska effective January 11, 2018) and charter/non-scheduled domestic service.
(7) Excludes general aviation figures.

Source: Authority.

The following table shows changes in passenger traffic for the largest carriers serving Logan Airport for the past five fiscal years and for the four months ended October 31, 2019 and October 31, 2020.

BOSTON-LOGAN INTERNATIONAL AIRPORT
ANNUAL CHANGE IN PASSENGERS BY CARRIER
(Fiscal Year Ended June 30, except as noted)

Air Carrier	2016	2017	2018	2019	2020	Four Months Ended 10/31/19	Four Months Ended 10/31/20	CAGR* 2016-2020
American (1)	**1.1%**	**(6.1)%**	**(0.9)%**	**(0.3)%**	**(31.2)%**	**(10.0)%**	**(8.3)%**	**(10.6)%**
Delta (2)	**7.3**	**9.4**	**16.3**	**17.4**	**(20.5)**	**18.8**	**(85.9)**	**4.4**
JetBlue	**6.6**	**10.0**	**6.6**	**8.4**	**(25.5)**	**6.9**	**(80.2)**	**(1.0)**
Southwest	**15.1**	**8.4**	**(2.4)**	**(7.4)**	**(36.9)**	**(16.7)**	**(78.9)**	**(11.3)**
United (3)	**5.7**	**3.4**	**0.7**	**1.4**	**(33.5)**	**(9.0)**	**(79.7)**	**(8.5)**
Foreign Flag	**17.0**	**19.2**	**4.0**	**8.3**	**(30.3)**	**3.9**	**(95.3)**	**(1.6)**
Regional U.S. Carriers (4)	**0.6**	**(2.3)**	**(5.7)**	**(13.4)**	**(23.6)**	**11.7**	**(69.7)**	**(11.6)**
Other U.S. Carriers (5)	**23.0**	**19.8**	**8.8**	**2.6**	**(21.3)**	**(1.4)**	**(67.6)**	**1.3**
Total (6)	**8.0%**	**7.4%**	**5.4%**	**6.0%**	**(27.5)%**	**2.6%**	**(81.7)%**	**(3.4)%**

(1) Includes American Eagle, US Airways Shuttle (American Eagle as of October 2015) and associated regional carriers. In December 2013, American merged with US Airways, and effective October 1, 2015, the two airlines were fully integrated under the American name.
(2) Includes Delta Shuttle and Delta Connection.
(3) Includes United Express.
(4) Includes PenAir (through June 30, 2018), Boutique Air (commencing June 1, 2018), Silver Airways (commencing July 1, 2018) and Cape Air.
(5) Includes Alaska, Frontier, Hawaiian, Spirit Airlines, Sun Country, Virgin America (merged with Alaska effective January 11, 2018) and charter/non-scheduled domestic service.
(6) Excludes general aviation figures.
* CAGR stands for Compound Annual Growth Rate.
Source: Authority.

International Passenger Services. International passenger traffic grew by 10.6%, 3.7%, 15.9% and 15.1% in fiscal years 2019, 2018, 2017 and 2016, respectively, increasing by 33.0% from fiscal year 2016 to fiscal year 2019. For fiscal year 2020, based on international passenger traffic through February, the Authority was on track for another year of continued growth; however, as a result of the COVID-19 pandemic, overall international passenger traffic for fiscal year 2020 ultimately ended with a 28.4% year-over-year decline. The carriers with the largest market shares of international enplanements in fiscal year 2020 were JetBlue with 15.8%, Delta with 9.9%, Air Canada with 7.9% and British Airways with 6.9%. The market share of foreign flag carriers serving the Airport increased over the five years ending in fiscal year 2019, from 13.0% of passenger traffic in fiscal year 2016 to 14.6% in fiscal year 2019, before dropping to 14.0% in fiscal year 2020 as a result of the COVID-19 pandemic. For fiscal year 2020, the shares of international passengers at the Airport were 50.6% for Europe, 11.5% for Canada, 9.2% for the Middle East, 7.0% for Trans-Pacific, 4.9% for Central/South America and 0.5% for Africa.

See "IMPACT OF COVID-19 PANDEMIC ON THE AUTHORITY – Impact of COVID-19 on Airport Properties" above for information on the impact of COVID-19 on international passenger traffic at the Airport.

The following table shows passenger enplanements for the carriers providing international service from Logan Airport for the past five fiscal years and for the four months ended October 31, 2019 and October 31, 2020. For the four months ended October 31, 2020, the Airport experienced an aggregate 90.6% decrease in international passenger enplanements due to the COVID-19 pandemic.

BOSTON-LOGAN INTERNATIONAL AIRPORT
ANNUAL INTERNATIONAL ENPLANEMENTS BY CARRIER
(Fiscal Year Ended June 30, except as noted)

Air Carrier	2016	2017	2018	2019	2020	Four Months Ended 10/31/19	Four Months Ended 10/31/20	Growth %
Aer Lingus	219,334	222,246	190,159	200,142	143,999	80,049	6,070	(92.4)%
Air Canada [1]	261,528	302,105	321,306	330,651	222,995	126,807	5,241	(95.9)
Air France	113,351	107,685	103,528	122,632	82,165	49,210	4,352	(91.2)
Alitalia	57,249	56,410	58,161	60,544	37,039	27,502	1,251	(95.5)
American Airlines	27,031	28,219	24,463	12,870	10,497	1,221	268	(78.1)
British Airways	286,570	288,971	285,467	295,515	195,074	108,767	8,716	(92.0)
Cathay Pacific**	49,808	62,708	87,088	87,119	51,045	25,977	-	*
COPA Airlines**	35,344	42,958	57,721	66,231	42,213	21,283	-	*
Delta Air Lines	273,143	294,973	339,962	376,482	279,599	160,095	3,960	(97.5)
El AL**	25,539	25,437	26,021	30,567	20,918	10,309	-	*
Emirates	149,645	166,240	110,337	109,074	96,864	49,254	3,088	(93.7)
Hainan**	80,791	110,592	114,554	113,568	71,783	43,424	-	*
IBERIA**	37,245	45,969	58,581	65,574	43,755	31,498	-	*
Icelandair	108,816	117,344	110,955	111,608	66,601	39,203	3,144	(92.0)
Japan Airlines**	59,191	61,061	62,424	65,132	43,623	21,450	-	*
JetBlue	444,256	471,084	455,040	585,761	444,302	185,767	68,194	(63.3)
KLM Royal Dutch Airlines	-	-	-	10,748	26,348	14,247	2,863	(79.9)
Korean				12,876	33,040	17,047	967	(94.3)
Level**	-	-	6,606	39,048	27,240	13,622	-	*
Lufthansa German Airlines	214,114	215,581	216,658	229,124	152,592	92,814	7,019	(92.4)
Norwegian Air**	31,993	95,782	77,381	73,390	50,779	50,779	-	*
Norwegian UK**	-	-	29,632	107,860	72,061	37,754	-	*
Porter Airlines Inc.**	95,658	104,925	102,082	106,583	67,664	41,932	-	*
Qatar Airway	19,377	68,626	74,048	92,248	75,479	34,368	4,769	(86.1)
Royal Air Maroc**				1,144	13,902	7,982	-	*
SATA Internacional	61,601	67,193	71,800	66,758	46,242	29,430	3,246	(89.0)
Scandinavian**	5,221	20,645	25,724	29,541	21,553	20,236	-	*
Spirit Airlines				-	9,506	-	10,356	*
Swiss International	76,827	85,582	89,381	98,181	67,828	44,908	251	*
TACV-Cabo Verde Airlines**	-	-	3,343	6,743	5,600	2,539	-	*
TAM – Linhas Aereas**	-	-	-	38,084	37,095	16,926	-	*
Transportes Aeros Portugeses S.A.	4,957	74,909	77,741	75,698	51,563	28,169	6,173	(78.1)
Turkish	75,592	60,355	77,037	81,221	65,205	31,551	6,040	(80.9)
US Airways, Inc.	3,212	-	-	-	-	-	-	*
Virgin Atlantic Airways, Ltd.**	77,463	76,144	80,454	101,721	104,344	60,760	-	*
WestJet Encore**	19,142	78,720	102,683	73,108	38,163	22,655	-	*
Discontinued Service [2]	87,869	135,212	168,405	132,813	-	-	-	*
Non-Signatory/Charter [3]	2,455	5,329	1,009	931	1,379	87	-	*
Total	**3,004,322**	**3,493,005**	**3,609,751**	**4,011,290**	**2,820,055**	**1,549,622**	**145,968**	**(90.6)%**

(1) Includes Jazz Air and Sky Regional, which are feeder operations for Air Canada.
(2) Includes: (i) AirBerlin, which commenced seasonal service in May 2016 and ceased operations on September 30, 2017, then declared bankruptcy; (ii) Air Europa, which discontinued after summer 2017; (iii) Primera, which ceased operations on September 30, 2018; (iv) Aeromexico, which terminated service in January 2019; (v) WOW Air, which ceased operations in March 2019; (vi) Avianca, which terminated service at Logan in April 2019; (vii) TACA, which terminated service in May 2019; and (viii) Thomas Cook, which terminated service in September 2018.
(3) Includes Eurowings, which commenced service in June 2016 and stopped service by September 2016.
** Denotes suspended, cancelled or cargo only service due to the COVID-19 pandemic.
* Not meaningful.

Passenger Markets. As of October 2020, non-stop service from the Airport was offered to 60 domestic and 36 international destinations (including seasonal activity). This represents 11 fewer domestic destinations and 16 fewer international destinations as compared to October 2019. As of June 2020, of the total domestic markets served by the Airport, 25 are served by two or more carriers.

The destinations chosen by passengers using the Airport have changed over the years, reflecting the impacts of domestic and international economic cycles, security screening and convenience and the relative cost of air travel. The New York market, which includes traffic to LaGuardia, JFK and Newark, is currently the Airport's largest market.

The following table shows the percentage of origin and destination passengers traveling on U.S. air carriers between the Airport and other final domestic destinations for the twelve months ended December 31, 2019 (the most recent 12 month period for which data is available), as reported by USDOT. The percentage of origin and destination passengers does not include passengers only connecting at an airport such as JFK (e.g., JetBlue). Passengers traveling on international flights are also not included. It also shows the comparative rankings of the top 20 domestic destinations for calendar year 2009.

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BOSTON-LOGAN INTERNATIONAL AIRPORT
TOP TWENTY DOMESTIC ORIGIN & DESTINATION PASSENGER MARKETS
DOMESTIC CARRIERS
(12 Months Ended December 31, 2009 and December 31, 2019)

Market	12 Months Ended 12/31/19 (%)	12 Months Ended 12/31/19 Rank	12 Months Ended 12/31/09 Rank	# of Carriers	Major U.S. Carriers Serving Market (2019)*
NY Area (JFK, LGA, EWR) (1)	5.5%	1	1	4	AA, D, JB, U
Chicago, IL (ORD, MDW) (2)	5.4	2	5	6	AA, D, JB, SW, SP, U
Washington DC (IAD, DCA) (3)	5.1	3	2	4	AA, D, JB, U
SFO Area (SFO & SJC)	4.9	4	6	7	AK, D, F, JB, SW, SC, U
LAX Area (LAX & LGB)	4.8	5	3	9	AA, AK, D, F, JB, SW, SP, SC, U
MCO : Orlando, FL, US	4.4	6	7	7	AA, D, F, JB, SW, SP, U
ATL : Atlanta, GA, US	3.9	7	4	6	AA, D, JB, SW, SP, U
PHL : Philadelphia, PA, US	2.9	8	9	3	AA, D, JB
FLL : Fort Lauderdale, FL, US	2.9	9	8	6	AA, D, JB, SW, SP, U
DEN : Denver, CO, US	2.7	10	23	9	AA, AK, D, F, JB, SW, SP, SC, U
BWI : Baltimore, MD, US	2.7	11	13	5	AA, D, JB, SW, SP
Dallas/Fort Worth, TX (DFW & DAL) (4)	2.7	12	12	6	AA, D, JB, SW, SP, U
TPA : Tampa, FL, US	2.5	13	10	6	AA, D, JB, SW, SP, U
RDU : Raleigh/Durham, NC, US	2.2	14	16	7	AA, D, F, JB, SW, SP, U
RSW : Fort Myers, FL, US	2.1	15	11	6	AA, D, JB, SW, SP, U
MSP: Minneapolis/St. Paul	2.0	16	17	7	AA, D, JB, SW, SP, SC, U
SEA : Seattle, WA, US	2.0	17	22	9	AA, AK, D, F, JB, SW, SP, SC, U
LAS : Las Vegas, NV, US	1.9	18	14	9	AA, AK, D, F, JB, SW, SP, SC, U
PBI: West Palm Beach	1.8	19	20	6	AA, D, JB, SW, SP, U
DTW: Detroit. MI	1.8	20	15	6	AA, D, JB, SW, SP, U
Total for Cities Listed	64.3%				

(1) Includes JFK, La Guardia and Newark Liberty International Airports.
(2) Includes Chicago O’Hare Airport and Midway Airport.
(3) Includes Dulles Airport & National Airport.
(4) Includes Dallas/Fort Worth Airport and Dallas Love Field Airport.
Source: Airline Data Inc.: USDOT, O&D Survey.

* Reflects all carriers providing service to the listed market; includes those that do not provide direct point-to-point service to/from Logan.
Key: American/USAir (AA); Alaska (AK); Delta (D); Frontier (F); JetBlue (JB); Southwest (SW); Spirit Airlines (SP); Sun Country (SC); United (U). Does not include Hawaiian Airlines.

In fiscal year 2020, the top five international markets served (by scheduled seats) were London, Toronto, Dublin, Paris and Amsterdam. The following table reflects new international service that commenced from the Airport since 2012 and remained in place prior to the COVID-19 pandemic. As a result of international travel restrictions due to the COVID-19 pandemic, however, service on many of these routes has been suspended, as noted in the table below.

Destination	Service Commencement Date	Carrier
Tokyo*	April 2012	Japan Airlines
Panama City	July 2013	Copa Airlines
Dubai	March 2014	Emirates
Istanbul	May 2014	Turkish Airlines
Beijing*	June 2014	Hainan Airlines
Hong Kong*	May 2015	Cathay Pacific
Shanghai*	June 2015	Hainan Airlines
Doha	March 2016	Qatar Airlines
Copenhagen*	March 2016	Scandinavian (SAS)
London Gatwick*	March 2016	Norwegian Air
Toronto*	March 2016	WestJet
Halifax*	April 2016	WestJet
Manchester, England*	March 2017	Virgin Atlantic
Lisbon	June 2016	TAP-Portugal
Vancouver*	June 2017	Air Canada
Praia*	January 2018	TACV Cabo Verde
Barcelona*	March 2018	Level
Paris*	May 2018	Norwegian AS
Aruba*	June 2018	Delta
Sao Paulo	July 2018	LATAM
Havana*	November 2018	JetBlue
Amsterdam	March 2019	KLM Royal Dutch Airlines
Rome*	March 2019	Norwegian UK
Seoul	April 2019	Korean Air
Edinburgh*	May 2019	Delta
Lisbon*	May 2019	Delta
Madrid*	May 2019	Norwegian UK
Casablanca*	June 2019	Royal Air Maroc
Sal Island*	December 2019	TACV Cabo Verde

Note: Includes existing routes served by new carriers, new routes served by existing carriers and new routes served by new carriers.
* Suspended service due to COVID-19 pandemic. As of December 31, 2020, service has not yet been reinstated.

See "IMPACT OF COVID-19 PANDEMIC ON THE AUTHORITY – Impact of COVID-19 on Airline Service" above for information on the impact of COVID-19 on airline service at the Airport.

There are two regional airports in New England—T.F. Green Airport in Providence, Rhode Island ("*T.F. Green*") and Manchester-Boston Regional Airport in Manchester, New Hampshire ("*Manchester*")—that compete with Logan Airport. Logan Airport is by far the largest airport in the region with the broadest range of direct service to Europe, the Caribbean, the Middle East, Central America, Asia, Canada and South America. In the late 1990s and early 2000s, these regional airports gained market share primarily as a result of increased service levels and competitive airfares (largely due to initiation of service by Southwest). In recent years, growth of low cost service at Logan, airline retrenchment from smaller, secondary markets (such as these regional airports) and expansion of direct international service from Logan has resulted in a shift in the market dynamics between the three airports, with Logan's passenger traffic growing, T.F. Green experiencing moderate growth (but not at the expense of Logan Airport) and Manchester experiencing decreased passenger traffic. The following table shows passenger activity at T.F. Green, Manchester and Logan Airport for the five most recent calendar years. In the first half of calendar year 2020, consistent with the experience at Logan, the number of enplaned passengers at T.F. Green and Manchester decreased sharply as passenger demand plummeted due to the COVID-19 pandemic.

Airport Passengers
(Calendar Year)
(in millions)

Airport	2015	*% of Total*	2016	*% of Total*	2017	*% of Total*	2018	*% of Total*	2019	*% of Total*	(2018-19) % Change
Logan Airport	33.5	*85.5%*	36.3	*86.5%*	38.4	*86.9%*	40.9	*87.0%*	42.5	*88.2%*	3.9%
T.F. Green	3.6	*9.2*	3.7	*8.7*	3.9	*8.8*	4.3	*9.1*	4.0	*8.3*	(7.2)
Manchester	2.1	*5.3*	2.0	*4.8*	1.9	*4.3*	1.8	*3.9*	1.7	*3.6*	(5.8)
Total	**39.2**		**42.0**		**44.2**		**47.0**		**48.2**		

Source: Authority, Manchester and T.F. Green reports

Cargo Airline Services. The Airport plays an important role as a center for processing domestic and international air cargo. According to ACI, in reporting year 2019 (the most recent year for which data is available), the Airport ranked 23rd in North America in total air cargo volume. As of June 30, 2020, the Airport was served by four all-cargo and small package/express carriers. All-cargo carriers carry only cargo and these companies include Atlas, Federal Express, United Parcel Service and Wiggins Airways. For fiscal year 2020, the companies with the largest shares of enplaned and deplaned cargo at the Airport, based upon cargo tonnage, were Federal Express, United Parcel Service, Atlas Air, British Airways, Delta and Lufthansa German Airlines. Together, these six carriers accounted for 74.6% of total cargo and mail handled at the Airport in fiscal year 2020.

Cargo and Mail Traffic. In fiscal year 2020, total combined cargo and mail volume was approximately 657.8 million pounds. Total volume consisted of 61.2% small package/express, 35.0% freight and 3.8% mail. The total volume of air cargo and mail handled at the Airport decreased in fiscal year 2020 by 10.3% compared to fiscal year 2019, after increasing by 0.9% in fiscal year 2019 relative to fiscal year 2018. Fiscal year 2020 cargo and mail volume was 8.5% above that of fiscal year 2016. A large percentage of the total volume of air cargo for the period was attributable to integrated all-cargo companies and small package/express carriers, including Federal Express (with Wiggins), United Parcel Service, DHL (with Atlas Air). Integrated carriers, accounted for 61.7% and 54.3% of total domestic and international cargo (including mail) volume in fiscal years 2020 and 2019, respectively.

See "IMPACT OF COVID-19 PANDEMIC ON THE AUTHORITY – Impact of COVID-19 on Airport Properties" above for information on the impact of COVID-19 on cargo airline service and volume at the Airport.

Airport Facilities

Airside Facilities. As reflected in the table below, the Airport has four major runways, all of which can accept Group V types of aircraft. The Airport's two longest runways—Runway 4R/22L and Runway 15R/33L—can also accommodate Group VI aircraft (the B747-800 and the A380). In addition, Logan has a 5,000 foot uni-directional runway (Runway 14/32), and a 2,557-foot runway (Runway 15L/33R) used primarily by general aviation aircraft and small commuter aircraft. The Authority has undertaken a number of projects to enhance safety at the Airport. These include the construction of inclined safety over-run areas at the end of three of the Airport's runways and a fire and rescue access road at the approach end of two runways that provides emergency access in the event of a water rescue operation. In addition, the Airport has an Engineered Material Arresting System ("*EMAS*") installed at the end of two of its runways (Runway 15R/33L and Runway 4L/22R). EMAS is an engineered bed of ultra-light, crushable concrete blocks, designed to slow and stop an aircraft that has overrun the end of a runway. Further, the Airport has a Foreign Object Debris detection system on one runway (Runway 9-27) and has installed runway status lights at various locations on the airfield where runway incursions (areas where an aircraft, vehicle or person has entered the runway environment without authorization) have the potential to occur. Status lights provide the pilots with additional safety cues beyond verbal guidance from air traffic control and work in concert with Airport Surface Detection Equipment ("*ASDE*"). Takeoff Hold Lights ("*THLs*") and Runway Intersection Lights ("*RILs*") were installed on Runways 15R, 33L, 9 and 27; and Runway Entrance Lights ("*RELs*") were installed at various taxiways intersecting runways at critical locations. The table below provides an overview of the Airport's runways and certain of the above-described related safety features.

Runway	Length (ft)	EMAS	Status Lights	Inclined Safety Area	Foreign Object Debris Detection System
15R/33L	10,083	Yes – at 33L	Yes (THL, RIL, REL)	--	--
4R/22L	10,006	--	Yes (REL)	Yes – at 22L	--
4L/22R	7,864	Yes – at 22R	Yes (REL)	Yes – at 22R	--
9/27	7,001	--	Yes (THL, RIL, REL)	Yes – at 27	Yes
14/32	5,000	--	--	--	--
15L/33R	2,557	--	--	--	--

The Airport has approximately 93 acres of concrete apron, 144 acres of asphalt apron and 16.3 miles of taxiway. The airfield is equipped with a 250-foot high control tower staffed by the FAA; high intensity runway edge and centerline lights; four approach light systems; threshold lights and touchdown zone lights; airport surveillance radar; aircraft radio communication facilities; radio navigation installations; Category III Instrument Landing Systems ("*ILS*") operational at two runway approaches; and Category I ILS systems at two other runway approaches. Navigational equipment is operated and maintained by the FAA. The Airport has a fire and rescue facility and a satellite fire and rescue facility on the airfield.

The Authority is planning and executing significant airside facility renovations and enhancements to the Airport as part of the Capital Program. See "CAPITAL PROGRAM" herein.

Terminal Facilities. As of October 31, 2020, the Airport has four commercial passenger terminals (the "*Terminals*") that provide 100 contact gates, including three under construction in Terminal C. The Airport also has general aviation facilities located in the North Cargo Area currently occupied by Signature Flight Support. As of October 31, 2020, the Terminals in operation included:

Terminal A. Terminal A, which has 21 gates, opened in March 2005, with 670,000 square feet of lobby and gate space, divided between an 11-gate main terminal building and a ten-gate satellite terminal. Terminal A is used by WestJet and Delta (including Delta Shuttle and Delta Connection).

Terminal B. Terminal B is the largest terminal at Logan with 39 contact gates, or 39% of total Airport gates. Terminal B is used by Air Canada, Alaska, American/American Shuttle, Boutique Air, Southwest, Spirit Airlines and United/United Express.

Terminal C. Terminal C is the second largest terminal at Logan with 28 contact gates, including three under construction. Terminal C is used by Aer Lingus, Cape Air, JetBlue and TAP.

Terminal E. Terminal E, which has 12 gates, including three gates providing two-level jet bridges that can accommodate Group VI aircraft, is used for all arriving international flights requiring federal inspection services and most departures by foreign flag carriers. The majority of charter flights utilize Terminal E, although charter flights also operate from other Terminals. As of September 1, 2020, JetBlue is leasing Gate E1 on a preferential basis in accordance with the JetBlue lease. As of October 31, 2020, all of the gates in Terminal E aside from Gate E1 are common use facilities; however, there are six domestic carriers (Allegiant, Frontier, Hawaiian, JetBlue, Silver Airlines and Sun Country) that serve U.S. destinations that currently lease gates on a preferential hourly basis during off peak hours.

See the inside back cover of this Official Statement for a map of the Airport's terminal facilities. For information regarding recently completed, ongoing and planned improvements to terminal facilities, see "CAPITAL PROGRAM" herein.

Lease Arrangements for Terminal Facilities. The Authority exercises significant control over Terminal facilities at Logan Airport through the leasing arrangements it has entered into with the carriers operating at the Airport. The Authority uses a combination of short-term leases, preferential use provisions, recapture provisions and forced subletting provisions to allow it to allocate its gate resources effectively and accommodate new entrant carriers.

In general, the Authority prefers to lease space on a short term basis—either on a month-to-month or year-to-year basis. This provides the Authority the flexibility to allocate gates so that carriers will maximize usage of these facilities. The Authority also has adopted a preferential gate use policy applicable to all gates at Logan Airport. Under the conditions specified in the policy, the Authority may schedule arrivals and departures at a gate by carriers other than the tenant for any period that the tenant is not using the gate. The tenant carrier must permit the carrier being accommodated under the policy to use the facilities required for the functional use of the gate, and may assess reasonable fees for such use. If a tenant carrier fails to accommodate a carrier under the terms of the preferential use policy, then the Authority may convert the gate to a common use gate.

The table below reflects the Authority's lease arrangements as of October 31, 2020 for contact gates at the Airport. In addition to those listed below, as of October 31, 2020, three gates are closed for renovations in Terminal C. As of October 31, 2020, all of the gates in Terminal E aside from Gate E1 are common use facilities that are not leased to any carrier; however, there are six domestic carriers (Allegiant, Frontier, Hawaiian, JetBlue, Silver and Sun Country) that serve U.S. destinations that currently lease gates on a preferential hourly basis during off-peak hours.

Terminal	**Carrier**	**# of Gates**	**Lease Term**	**Expiration Date**
Terminal A	Delta	21	5 years	*
Terminal B	Air Canada	3	Monthly	n/a
	Alaska	2	Monthly	n/a
	American	18	Varied*****	September 30, 2023
	Southwest	5	1 year	**
	Spirit	2	Monthly	n/a
	United	9	1 year	***
Terminal C	JetBlue	25†	1 year	****
Terminal E	JetBlue	1	1 year	****
	Total:	**86**		

* The Delta lease was entered into on July 1, 2006, with an original term of ten years. Effective as of July 1, 2016, the lease was amended to extend the term with automatic one-year extensions, until terminated by either party. Delta subleases one gate to WestJet. Effective September 1, 2019, the term was amended to extend the Term of the Lease for five years beginning September 1, 2019 through August 31, 2024, and Delta will have the option to extend the term an additional five years.

** The Southwest lease was entered into on August 29, 2019, with an original term of one year and automatic one-year extensions thereafter, until terminated by either party. Lease is effective, but not yet fully executed.

*** The United lease was entered into on May 1, 2014, with an original term of one year and automatic one-year extensions thereafter, until terminated by either party.

**** The JetBlue lease was entered into on March 18, 2005, with an effective date of May 1, 2005 and an original term of five years with 20 automatic one-year extensions thereafter, until terminated by either party.

***** American has 18 contact gates. Ten gates are subject to a 25-year lease expiring September 30, 2023. Eight gates were subject to an original 20-year lease, expiring June 13, 2021; this term was extended to September 30, 2023.

† JetBlue subleases one gate to Cape Air. It also allows Aer Lingus to operate out of three of its gates pursuant to a Facility Use Agreement and allows TAP to operate out of one of its gates pursuant to a Facility Use Agreement.

The leases with Delta, American, Southwest, United and JetBlue provide for the "recapture" of gates by the Authority if the tenant carrier's average usage (measured in the number of daily operations per gate) falls below a certain Airport-wide average for such usage. These leases also generally require that, at the request of the Authority, the tenant carrier sublease a certain number of gates, as specified in the lease. The monthly leases with Spirit, Alaska and Air Canada do not contain "recapture" language, but rather provide the Authority with the right to terminate portions of the premises on 30-days' notice.

The Authority's preference is to lease space on a short-term basis. The only long-term lease arrangements currently in place are with Delta and American (previously US Airways). Delta's lease agreement was amended on September 1, 2019 to extend the term for five years through August 31, 2024, and Delta will have the option to extend the term for an additional five years. American's lease arrangement was entered into in connection with the significant capital investments the carrier made in the Authority's Terminal B facilities. Such terminal improvements were largely financed with special facilities revenue bonds issued by the Authority for the benefit of US Airways (now American) on a non-recourse basis. American has fully repaid its special facilities revenue bonds.

Parking Facilities. Private automobiles are one of the primary means of ground transportation to and from the Airport. Based upon a 2019 air passenger survey, the Authority estimates that approximately 32.0% of all air passengers arrive at Logan Airport in private automobiles, and of those, approximately 9.3% of total passengers use the Airport's parking facilities for long-term duration parking. Prior to the start of the COVID-19 pandemic, overall demand for on-airport parking continued to increase, although more recently at a slower pace, and there had been growth in the use of high occupancy vehicles ("*HOV*") and Ride Apps and declines in Logan air passenger private vehicle use. A majority of the decline in air passenger private vehicle use prior to the pandemic was from the use of Ride Apps, limousines and HOVs, including private buses and Framingham and Braintree Logan Express park-and-ride services. For a further discussion on the impact of Ride Apps on the Airport, see "AVIATION INDUSTRY CONSIDERATIONS – Technological Innovations in Ground Transportation."

The number of on-Airport commercial and employee parking spaces is currently limited to 26,088, of which 23,640 spaces are currently designated for commercial use and 2,448 spaces for employee parking. These limitations (the "*SIP Parking Limitation*") are pursuant to the State Implementation Plan ("*SIP*") filed by the Commonwealth in 1975 (and amended in 1990) with the United States Environmental Protection Agency ("*EPA*") under the federal Clean Air Act, as amended in 2017 pursuant to approvals by the Massachusetts Department of Environmental Protection (the "*DEP*") and the EPA to increase the permitted number of spaces by 5,000. Under the Airport SIP Parking Limitation, the Authority may shift the location of on-Airport parking spaces or convert the use of spaces from employee use to commercial use. Once parking spaces have been converted from employee to commercial use, however, they cannot be converted back to employee use. There is no regulatory limit on the number of parking spaces that are available to the rental car industry at the Airport.

Now that the Airport SIP Parking Limitation has been increased, when parking demand returns, the Authority expects to move forward with its Logan Airport parking program, which includes the design and construction of up to 5,000 new parking spaces, which are expected to be distributed between the existing Terminal E surface parking lot and the existing Economy Parking Garage. The FY19-FY23 Capital Program included $120 million to fund development of the first 2,000 parking spaces, which construction was expected to commence upon receipt by the Authority of all necessary environmental approvals. This project has been deferred due to the COVID-19 pandemic. See "CAPITAL PROGRAM – COVID-19 Impact and Capital Program Prioritization" herein.

The Board has approved an increase in the parking rates by $3.00 per day effective July 1, 2021 to support the operational and capital construction needs of the Airport. This increase impacts all on-Airport commercial parking, including the Economy Parking Garage. The table below reflects the current maximum daily parking rates, and the new rates to be effective July 1, 2021.

Logan Airport
Maximum Daily Parking Rates

	# of Spaces as of 10/31/2020	Current Rate	Effective July 1, 2021
Central Parking Garage	11,038	$38.00	$41.00
Terminal B Garage	2,212	38.00	41.00
Terminal E Lots*	565	38.00	41.00
Economy Parking	2,864	29.00	32.00

* Terminal E Lot 3, consisting of 93 spaces, charges the Economy Parking rate.

The Authority temporarily closed the Economy Parking Garage commencing in March 2020, as a COVID-19 cost containment measure; this parking garage remains closed as of the date of this offering document. The Authority continues to evaluate the demand for parking and plans to restore facilities commensurate with the recovery of air travel and service demand.

Cargo Facilities. As of June 30, 2020, Logan Airport's cargo facilities include six buildings containing approximately 273,556 square feet of warehouse space. Tenants of cargo facilities at the Airport include Federal Express (occupying 99,564 square feet of warehouse space), American, United, Delta, Choice Aviation Services, United Parcel Service ("*UPS*"), Southwest, Swissport and Worldwide Flight Services. The majority of the remaining cargo and passenger airlines contract services with the above listed cargo processing tenants in various areas of the Airport. In addition to the above, a new cargo facility was substantially completed in November 2020; UPS is handling the fit out of the new facility and expects to take occupancy in February 2021. Including this new facility, Logan Airport's cargo facilities now include seven buildings containing approximately 281,682 square feet of warehouse.

Aircraft Fuel Systems. Aircraft fuel is currently stored in and distributed through an integrated fuel storage and distribution system, which provides for a redundant underground distribution system for aircraft fuel to all gates at the Terminals. The fuel system, financed with special facilities revenue bonds of the Authority, is leased to BOSFUEL Corporation ("*BOSFUEL*"), a membership corporation whose members consist of the principal air carriers serving the Airport, and the system is operated by Swissport, Inc. See "OTHER OBLIGATIONS – Special Facilities Revenue Bonds." The lease between the Authority and BOSFUEL requires BOSFUEL to pay ground rent and other fees for the use of the fuel system, including amounts sufficient to pay the debt service on the BOSFUEL Bonds (defined herein), and BOSFUEL is responsible for the operation and maintenance of the fuel system.

Service and Support Facilities. Airport service and support facilities currently include two facilities for preparation of in-flight meals, a Hilton hotel, a Hyatt conference center and hotel and five aircraft maintenance hangars. In addition, the Rental Car Center ("*RCC*"), which opened in September 2013, provides integrated airport-related rental car operations and facilities by consolidating at the RCC all 11 rental car brands serving the Airport as of October 31, 2020. The RCC is a consolidated rental car facility, consisting of a four-level garage with ready/return spaces, a customer service center, seven acres of quick-turn-around ("*QTA*") fueling and cleaning facilities and nine acres of on-site rental car storage. The RCC is served by a common bus fleet of clean fuel vehicles that also serves the MBTA Blue Line (Airport Station) riders. See "Ground Access to the Airport" below.

In addition, the Authority operates field maintenance facilities, a water pumping station, electrical sub-stations and distribution system, and a plant that supplies steam, hot water and chilled water. The Authority currently has a long-term agreement with Eversource Energy, pursuant to which Eversource Energy provides local network distribution services to the Authority. With respect to electric supply, the Authority currently has Master Power Agreements in place with seven suppliers, and currently has transaction agreements for base load supply in place with two of these suppliers through December 31, 2024. Additionally, the Authority purchases ancillary services and a portion of its electricity needs from the Independent Systems Operator of New England (ISO-NE) managed energy markets.

The Authority has installed in excess of 900kw of renewable energy generation systems on its properties. In the 12-month period ending October 31, 2020, these generation sites produced approximately 600 MWh of electricity, offsetting 421 metric tons of Carbon Dioxide (CO_2) equivalent. The Authority's renewable energy generation portfolio includes both wind and solar generation systems. These projects are funded internally as well as through a long-term power purchase agreement generated through a public/private partnership.

Ground Access to the Airport. Access between the Airport and the central business district of Boston and the western and southern suburbs requires transportation under Boston Harbor. The Ted Williams Tunnel ("*Ted Williams Tunnel*"), which is owned and operated by the Massachusetts Department of Transportation ("*MassDOT*"), provides direct highway access between the Airport, the Massachusetts Turnpike/Interstate Route 90 (the "*Massachusetts Turnpike*" or "*I-90*"), the Southeast Expressway/Interstate Route 93 ("*I-93*") and Boston's South Station passenger rail and intercity bus terminal. The Sumner Tunnel (the "*Sumner Tunnel*") and Lieutenant William F. Callahan Tunnel (the "*Callahan Tunnel*") lie side-by-side and function as a single tunnel, with the Callahan Tunnel leading from downtown Boston to East Boston and the Airport, and the Sumner Tunnel leading from East Boston and the Airport to I-93 northbound, Storrow Drive and other points in downtown Boston. Route 1A/McClellan Highway, a major arterial roadway, provides access between the Airport and points northeast. Both the Ted Williams Tunnel and the Sumner and Callahan Tunnels are tolled facilities owned and maintained by MassDOT.

In an effort to reduce congestion, the Authority encourages the use of HOV modes to reduce congestion on the roadways at and around the Airport. Prior to the COVID-19 pandemic, available HOV options to access the

Airport included private regional bus companies, the Massachusetts Bay Transportation Authority's ("*MBTA*") Blue Line subway, the MBTA Silver Line (a bus rapid transit service that is free for passengers leaving the Airport with connections to the MBTA Red Line subway and the MBTA commuter rail at South Station), MBTA scheduled water shuttle service, and the Authority's Logan Express ("*Logan Express*" or "*LEX*") service, which offers scheduled motor coach service between the Airport and four suburban park-and-ride locations: Framingham, Braintree, Woburn and Peabody and an urban express bus service to and from Boston's Back Bay area (which is free leaving Logan Airport) with stops at Back Bay Station (MBTA Orange Line Subway and Commuter Rail) and the Hynes Convention Center (MBTA Green Line).

In addition to Logan Express, the Authority has contracted for the operation of free shuttle bus service from the Terminals to the MBTA Airport Blue Line station and the RCC, and also to the Authority's on-Airport Economy Garage and remote employee parking lots. Similarly, the Authority provides free shuttle service between the Terminals and the Airport's Water Transportation Dock—an on-demand water taxi service to downtown Boston, weather permitting, from this location. The MBTA operates additional scheduled water shuttle service from the Commonwealth's South Shore communities to the Airport.

In May 2017, the Authority announced additional commitments to increase ground access to Logan Airport over the next ten years, including purchasing and maintaining additional Silver Line buses, increasing the capacity of the Logan Express service (as described above) and increasing the HOV goal from 30.5% to 40%. As part of this commitment, the Authority is also taking steps to reduce emissions, including increasing the electrification of the ground service equipment (GSE), increasing the number of electric vehicle charging stations in Logan Airport garages and promoting the use of electric vehicles among the Ride Apps, taxi and livery pools.

The Authority encourages the use of alternatives to private automobile transportation through public information and advertising campaigns and the development of reliable and innovative alternative transportation services. To further encourage the use of its Logan Express service, prior to the COVID-19 pandemic, the Authority increased frequencies of Logan Express Braintree service and revitalized the Logan Express Back Bay service. In addition to service improvements, the Authority made significant investments in Logan Express facilities, most notably the acquisition of the Braintree Logan Express site ($47.1 million) in 2014 as well as the construction of a new 1,100 space garage ($39.5 million) at its Framingham site in 2015.

Prior to the COVID-19 pandemic, the Authority had begun implementing a comprehensive Ground Transportation Plan. Among numerous initiatives, the plan aims to double LEX ridership from 1.9 million to 4.0 million passengers and to reduce the number of Ride App trips to and from Logan by encouraging ride share and by reducing the number of vehicles traveling to and from Logan with no customer on board ("deadhead" trips). The Authority began implementing Ground Transportation Plan initiatives for LEX and Ride Apps in fiscal year 2019 and in fiscal year 2020, including:

- Revitalizing Back Bay Logan Express service by moving the stop located at Copley to the MBTA's Back Bay Station, discounting the existing fare from $7.50 each way to free from Logan Airport and $3.00 to Logan Airport, and piloting priority access to the security checkpoint lines for riders (May 2019).
- Increasing service frequencies at Logan Express Braintree from every 30 minutes service to every 20 minutes service (May 2019).
- Centralizing Ride App pickups and drop-offs in the Central Parking Garage to reduce the number of deadhead trips by matching of passenger parties requesting a pickup to drivers recently dropping off departing air passenger parties (December 2019).
- Initiating a Ride App drop-off fee equivalent to the pickup fee of $3.25 to pay for facilities improvements and to further support HOV initiatives (December 2019).
- Offering reductions on Ride App pickup and drop-off fees for shared-ride trips.

The Ground Transportation Plan includes several additional long-term initiatives for Logan Express. While the COVID-19 pandemic has slowed progress on these initiatives, the Authority expects to continue to explore these investments in LEX facilities and service in conjunction with the recovery of air travel and service demand:

- Initiating a new urban LEX service from North Station, with the same fare structure as the revitalized Back Bay Logan Express service (free from Logan Airport and $3.00 to Logan Airport) with the service running every 20 minutes during operating hours.
- Improving service and amenities at existing suburban LEX sites, such as increasing service frequencies.
- Evaluating the construction of additional commercial parking capacity at existing sites, including continuing design for the addition of three new levels at the Logan Express Framingham garage.
- Identifying and commencing service from a new suburban LEX location.

As a result of the significant decrease in ridership due to the COVID-19 pandemic, the Authority has temporarily suspended Logan Express Back Bay, Peabody and Woburn services, and reduced Logan Express Braintree and Framingham frequencies to one trip per hour. The Authority continues to evaluate the demand for LEX and plans to restore services commensurate with the recovery of air travel and service demand. As part of the operating expense reductions undertaken as a result of the COVID-19 pandemic, the Authority has also reduced free airport shuttle bus services, including suspending shuttle services to the Economy Garage and employee parking lots; and the Economy Parking Garage has been temporarily closed for commercial parking, while employee parking at remote lots has been temporarily relocated to the Airport premises. In addition, the MBTA has suspended water ferry service, including the stop at the Logan Water Taxi Dock.

Hanscom Field

Hanscom Field is located principally in the Town of Bedford, Massachusetts, approximately 15 miles northwest of Boston. It encompasses approximately 1,300 acres, of which about 21 acres are occupied by the United States Air Force. Hanscom Field has two principal runways of 5,107 and 7,011 feet, respectively, hangars, a terminal building, taxiways and ramps. The Air Force owns approximately 872 acres adjacent to Hanscom Field. In July 1974, the Authority assumed full responsibility for operating and maintaining the airfield by agreement with the United States Air Force.

Hanscom Field is a corporate jet reliever for Logan Airport. It is anticipated that Hanscom Field will continue to develop as an alternative to the Airport for general aviation and may accommodate niche commercial passenger service. General aviation operations, including business-related activity, charters and light cargo, as well as flight training and recreational flying, currently represent 99% of the activity at Hanscom Field; military aircraft conduct less than 1% of the operations. For fiscal year 2020, Hanscom Field reported 107,769 total operations, of which 61,031 were single engine piston operations and 33,377 were jet and turboprop operations. For fiscal year 2021, through October 31, 2020, Hanscom Field reported 41,833 total operations, of which 27,333 were single engine piston operations and 9,660 were jet and turboprop operations. By comparison, for the same period of fiscal year 2020 (through October 31, 2019), Hanscom Field reported 49,460 total operations, of which 30,986 were single engine operations and 13,454 were jet and turboprop operations. The airfield is currently served by three full service fixed base operators, as well as several limited service fixed base operators. As of October 31, 2020, Hanscom Field had 310 aircraft based on site.

Worcester Regional Airport

Worcester Regional Airport is located approximately 53 miles west of Logan Airport. As of June 30, 2020, Worcester Regional Airport had 64 aircraft based on site and a total of 21,237 operations were recorded for fiscal year 2020, ranging from small single-engine aircraft to large corporate business jets to commercial airlines. For fiscal year 2021, through October 31, 2020, Worcester Regional Airport had 64 aircraft based on site and reported a total of 5,955 operations. By comparison, as of October 31, 2019, Worcester Regional Airport had 62 aircraft based on site and a total of 9,371 operations for the same four months of fiscal year 2020. In November 2012, Rectrix Commercial Aviation Services, Inc. ("*Rectrix*") began operating as a full service fixed based operator at Worcester Regional Airport. Rectrix operates out of a 27,000 square foot facility that was newly constructed and completed in November 2015, providing full service fixed base operations as well as the base for the maintenance operation for its growing corporate fleet. Ross Aviation acquired Rectrix in February 2019. Rectrix has remained branded as such, and there are no changes in daily operations.

On November 7, 2013, JetBlue began commercial service from Worcester Regional Airport with two daily flights to Orlando and Ft. Lauderdale. Annual passenger counts exceeded 100,000 as of calendar year 2014 with the first full year of commercial air service. JetBlue expanded operations on May 3, 2018, with a daily flight to New York's JFK Airport. American Airlines introduced service from Worcester to their Philadelphia hub with two daily flights on October 4, 2018, providing over 140 connecting opportunities to dozens of domestic, Caribbean/Latin American and European markets. In the spring of 2019, American reduced its Philadelphia service to once daily. On August 2, 2019, Delta began serving Worcester with a daily flight to their Detroit hub. This service enhanced connecting opportunities that JetBlue and American were offering by adding markets to the west and Far East. Annual passenger counts consistently grew, particularly in the recent years with the addition of American and Delta. Worcester passenger totals were 145,063 in calendar year 2018 and 194,625 in calendar year 2019, reflecting a 34% year-over-year growth, with a total of over 800,000 passengers using Worcester Regional Airport since the commencement of commercial air service in 2013 through the end of calendar year 2019.

Due to the effects of the COVID-19 pandemic on air travel, American Airlines and JetBlue suspended operations at Worcester Regional Airport in June 2020. Delta also suspended operations in October 2020. The three carriers have expressed their desire to return to Worcester Regional Airport, but it would be dependent on demand for air travel in the post-pandemic environment. **See "IMPACT OF COVID-19 PANDEMIC ON THE AUTHORITY – Impact of COVID-19 on Airline Service" above**.

PORT PROPERTIES

The information provided by the Authority in this section of APPENDIX A includes historical information regarding the operations of the Port Properties that occurred before the COVID-19 pandemic and before realizing the economic impact of measures instituted to slow the spread of COVID-19. Accordingly, the information in this section of APPENDIX A may not be indicative of future results or performance due to these and other factors.

The Authority owns, develops, operates and maintains Port Properties comprising certain waterfront properties and related backlands transferred to it from the Commonwealth in 1959, as well as additional properties subsequently acquired. The Authority's Maritime Department manages (i) a cargo terminal containing 1,850 feet of berthing space with a water depth ranging from 35 to 45 feet, which terminal is equipped with six low profile ship-to-shore cranes and (ii) a cruise ship passenger terminal. The Authority's Real Estate and Asset Management Department plans, develops and manages related maritime properties in the Port, including real estate for maritime, industrial and commercial uses. The Authority believes that in the long-term, this diversified land use strategy will provide a non-maritime revenue stream to finance the continuing capital development of the Port's cargo and passenger terminals, reducing the burden on the Authority's other revenue sources. The Authority views the Port Properties as an important component of its goal to facilitate the participation of the Massachusetts economy in international trade and tourism.

In fiscal year 2020, the Port Properties accounted for approximately 16.7% of the Authority's Revenues and approximately 10.0% of the Authority's Net Revenues (as defined in the 1978 Trust Agreement).

Maritime Properties

The Authority owns, manages, develops, operates and markets the public cargo and passenger terminals and related maritime properties of the Port. Boston is New England's major port and the only port in the region providing a full range of container handling, cruise ship, bulk, breakbulk, automobile processing, petroleum, and ship repair services. The Authority's maritime business activities include cargo handling (including containers, bulk materials and automobiles), serving as a home port and port of call for cruise ships, and leasing property for maritime industrial uses.

A map of the Authority's maritime properties is set forth on the following page.

Massachusetts Port Authority
Real Estate & Asset Management
October 2020

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LEGEND

Massport Property

Maritime Properties

Harbowide

Cargo activity during fiscal years 2016 through 2020 and for the four-month periods ending October 31, 2019 and October 31, 2020 is summarized in the table below.

PORT OF BOSTON CARGO ACTIVITY
(Fiscal Years Ended June 30, except as noted)

Port Activity	2016	2017	2018	2019	2020	Four Months Ended 10/31/2019	Four Months Ended 10/31/2020
Containers [(1)]	140,967	145,540	161,130	174,849	161,171	60,657	52,816
Automobiles [(2)]	59,740	48,983	52,736	49,613	50,499	19,354	16,398
Bulk Tonnage	110,673	110,480	82,868	83,844	111,875	50,124	33,108

(1) Does not include over-the-road volumes.
(2) Does not include vehicles entered by over-the-road means.
Source: Authority reports.

All container operations are consolidated at Conley Terminal in South Boston with related chassis rental and repair services at Fargo Street Terminal North. The former Moran Terminal, Medford Street Terminal and Mystic Piers in Charlestown are collectively leased to Boston Autoport LLC ("*Boston Autoport*") and function as an automobile import, export, preparation, processing and distribution facility as well as a bulk cargo facility.

According to the most recent economic impact study of the Port of Boston, which was released in June 2019, the Port generated an estimated $8.2 billion in economic activity in calendar year 2018, up from $4.6 billion in calendar year 2012. The study further states that Port activities generated approximately 66,000 total jobs in calendar year 2018 (an increase of 32% from calendar year 2012), including approximately 9,000 direct jobs (up approximately 30% from calendar year 2012).

See "IMPACT OF COVID-19 PANDEMIC ON THE AUTHORITY – Impact of COVID-19 on Port Properties" above for information on the impact of COVID-19 on cargo activity and container operations at the Port.

Conley Terminal. Conley Terminal, a 101-acre facility in South Boston, is served via direct call by five of the world's top ocean carriers: China Ocean Shipping Corporation Limited ("*COSCO Shipping*"), Compagnie Maritime d'Affretement and Compagnie Generale Maritime (CMA CGM), Evergreen Line, Mediterranean Shipping Company and Orient Overseas Container Line (OOCL). Container volume is closely tied to overall economic conditions in Massachusetts, New England and international markets. As of June 30, 2020, the Port of Boston was ranked as the 12th largest container port on the Atlantic Coast of the U.S. by container volume. The Authority estimates that 40% of New England bound cargo moves through Conley Terminal. Its efficient connectivity to the state's interstate highway system allows for almost no congestion at the terminal, resulting in truck turn times of approximately 32 minutes. Businesses relying on Conley Terminal for import and export of their goods are located throughout New England, including the following Massachusetts businesses:

Shipper	Commodity
Autopart International	Auto Parts
BJ's Wholesale Club	General Merchandise
Bob's Discount Furniture	Furniture
Boston Hides and Furs	Hides
Eastern Fisheries	Seafood
Horizon Beverage	Wines/ Spirits
International Forest Products (Kraft Group)	Recoverable Paper
Jordan's Furniture	Furniture
King City Forwarding USA	Logs/ Lumber
Nantucket Distributing	General Merchandise
Ocean State Job Lot	General Merchandise
Rolf C. Hagen	Pet Supplies

Shipper	**Commodity**
Ruby Wines	Wines/ Spirits
Schnitzer Steel	Scrap Metal
Staples	General Merchandise
The Town Dock	Seafood
Trader Joe's	General Merchandise
United Liquors	Wines/ Spirits

Prior to the COVID-19 pandemic, Conley Terminal had seen steady growth in the number of containers handled annually, as reflected in the table entitled "Port of Boston Container Activity" above. In addition, prior to the pandemic, the volume of cargo handled was increasing. In fiscal year 2019, Conley Terminal marked its fourth straight record year with a total of 307,331 TEUs[1] handled, up 8.3% over fiscal year 2018. For fiscal year 2020, however, as a result of the COVID-19 pandemic, the number of containers handled decreased 7.8%. TEU growth at Conley Terminal for fiscal years 2014 through 2020 is summarized in the table below.

CONLEY TERMINAL
TEUs PROCESSED
(Fiscal Year Ended June 30)
(in thousands)

Fiscal Year	TEUs
2014	204.0
2015	221.0
2016	247.3
2017	257.0
2018	283.7
2019	307.3
2020	282.6

The Authority is in the midst of modernizing Conley Terminal to better service the larger container vessels that are currently operating on the trade lanes that Conley Terminal serves. The modernization project includes both waterside and landside infrastructure improvements. On the waterside, the Authority is partnering with the Army Corps of Engineers ("*USACE*") and the Commonwealth to deepen Boston Harbor to accommodate the larger container vessels. The Boston Harbor Deep Draft Navigation Improvement Project (the "*Deep Draft Project*") involves the deepening of the major entrance channel, the Main Ship Channel and the Reserved Channel of Boston Harbor, which will allow deep draft container vessels to efficiently call at Conley Terminal.

The Deep Draft Project is expected to cost approximately $336.0 million. The federal government is responsible for approximately $230.0 million of the total cost, which will be facilitated through appropriations by the United States Congress to the USACE's budget; the remaining $106.0 million will be funded by the Commonwealth's MassDOT ($75.0 million) and the Authority ($31.0 million). Of the $31.0 million expected to be financed with Authority funds, $30 million is included in the current Capital Program. See "CAPITAL PROGRAM – Authority Funded Capital Projects – Maritime Improvements." Of the $75.0 million of Commonwealth MassDOT funding described above, the Authority received $5.0 million in fiscal year 2016 for maintenance dredging and CAD cell construction, $30.0 million and $35.0 million for improvement dredging in fiscal years 2018 and 2019, respectively, and the remaining $5.0 million in fiscal year 2020. The Deep Draft Project was allocated a new construction start and appropriated $18.2 million in federal funding in the USACE's FY17 work plan, $58.0 million in the USACE's FY18 work plan, and $37.2 million in the USACE's FY19 work plan. Upon receipt of the designation and funding in the USACE's FY17 work plan, the Authority, MassDOT, and the USACE entered into a Project Partnership Agreement ("*Deep Draft PPA*") in September 2017. The Deep Draft PPA describes the project and the responsibilities of (i) the

[1] A twenty-foot equivalent unit (TEU) is an inexact unit of cargo capacity often used to describe the capacity of container ships and container terminals. It is based on the volume of a 20-foot-long (6.1 m) intermodal container, a standard-sized metal box which can be easily transferred between different modes of transportation, such as ships, trains and trucks.

Federal government acting by and through the USACE, and (ii) the Authority and MassDOT, as the non-Federal sponsors, in the cost sharing and execution of work for the Deep Draft Project.

In addition to the Deep Draft Project, the Authority is undertaking several Conley Terminal modernization projects on the landside. Completed projects to date include (i) construction of a dedicated freight corridor (the Thomas Butler Bypass Road) to service Conley Terminal, which opened in September 2017; (ii) Berth 12 maintenance dredging; (iii) installation of a new fender system at Berth 12; (iv) procurement of yard tractor replacements; (v) installation of rubber tire gantry (RTG) replacement drives; (vi) expansion of refrigerated container storage; (vii) installation of wi-fi and LED lighting technologies; (viii) Berth 11 rehabilitation; and (ix) the build-out of container storage behind Berth 10. Additional improvements to be undertaken or currently underway at Conley Terminal include Berths 11 and 12 backland repairs, procurement of yard tractor replacements, Berths 14-17 bulkhead rehabilitation, and new gate processing facilities. Finally, the Authority is expanding Conley Terminal onto the adjacent property acquired by the Authority in December 2008 by building a new, deepwater Berth 10 with larger cranes and deepening the existing Berth 11. The Deep Draft PPA requires the Authority, at its sole cost, to dredge two (2) berths at the Conley Terminal to a depth of 50 feet each, and the Capital Program includes funding for the construction of Berth 10 and the dredging of Berths 10 and 11 to such depth.

The Conley Terminal landside improvements discussed in the preceding paragraph are currently expected to cost a total of approximately $392.9 million, consisting of (i) $75.0 million for the construction of the dedicated freight corridor and enabling projects, (ii) $102.9 million for the Conley Terminal infrastructure repairs and equipment upgrades as well as the dredging of Berth 11, and (iii) $215.0 million relating to the construction of Berth 10 and the purchase and installation of three new cranes large enough to serve the ships calling on Conley Terminal, currently and in the future. The dedicated freight corridor has been completed and was funded by the Authority's internally generated funds. With respect to the Conley Terminal infrastructure repairs, equipment upgrades and Berth 11 dredging, the Authority was awarded a $42.0 million FASTLANE grant by the USDOT in fiscal year 2016 to pay for a portion of the $102.9 million total project costs. The Authority is financing the remaining $60.9 million of these project costs with a combination of Authority funds ($60.3 million) and EPA grant funds ($0.6 million). See "CAPITAL PROGRAM – Authority Funded Capital Projects – Maritime Improvements." The Berth 10 construction and the procurement of the three new cranes is expected to be funded with a combination of (i) Commonwealth funds in the amount of $107.5 million (the "*Commonwealth Contribution*"), which funding amount was authorized by the Commonwealth in its 2016 Economic Development Bond Bill, (ii) proceeds of the Authority's 2019-C Bonds ($73.3 million), and (iii) Authority funds ($34.2 million). See "CAPITAL PROGRAM – Authority Funded Capital Projects – Maritime Improvements." In May 2018, the Authority executed a Memorandum of Understanding (the "*Conley Terminal MOU*") with the Commonwealth to receive the Commonwealth Contribution over a three-year period from fiscal year 2020 to fiscal year 2022. Pursuant to the Conley Terminal MOU, the Commonwealth has acknowledged and agreed to pay the Commonwealth Contribution in accordance with the schedule set forth therein, provided that if (a) the scope of the project materially changes, (b) the budget for the project materially changes or (c) the project is subject to significant delays for reasons beyond the control of the Authority, the Commonwealth reserves the right to postpone any of its scheduled payments while the parties work collaboratively to analyze the effect of such impacts on the project and if and how the project shall proceed. To accelerate construction for the project, in November 2018, the Authority issued a series of subordinated obligations to provide bridge financing for the project, pending receipt of the Commonwealth Contribution. See "CAPITAL PROGRAM – Funding Sources," and "OTHER OBLIGATIONS – Subordinated Indebtedness" herein. It is currently expected that the construction of Berth 10 and the procurement and installation of the three new cranes will be completed by the end of calendar year 2021.

In addition to the Conley Terminal landside improvements discussed above, the Authority was also awarded a $20.0 million BUILD Transportation Grant by USDOT in November 2019 for a Conley Terminal Container Storage and Freight Corridor project to construct a new container yard holding approximately 100,000 additional containers, deploy an innovative gate and logistics system, and build an adjacent Cypher and E streets freight corridor.

The Authority expects to leverage the revenues derived from its real estate assets in South Boston to fund its share of the capital improvement projects at Conley Terminal discussed above, which revenues are included in the Revenues pledged under the 1978 Trust Agreement that secure the Bonds. In particular, the Authority is working with the private sector to develop six of the Authority's South Boston parcels, and the Authority expects to apply the additional long-term ground lease and parking revenues from these commercial developments to finance Conley Terminal improvements, including Berth 10 construction and the supporting backlands repairs and equipment. These commercial projects are in various stages of the development process: (1) the South Boston Waterfront Transportation Center, a 1,550 space parking garage owned by the Authority, was completed and opened to the public in May 2018; (2) Gables Seaport (Parcel C-1), a private mixed use residential/retail development, was completed and opened in September 2020; (3) the Omni Boston Hotel at the Seaport (Parcel D-2), an approximately 1,050-room luxury hotel, is expected to be completed and open by fall of 2021; (4) the Authority designated a developer for the Parcel A-2 development in November 2018, with construction expected to start in fall of 2021; (5) the Authority designated a developer for the Parcel H development in January 2021, with construction expected to start in fall of 2022; and (6) an RFP for the remaining parcel, Parcel D-3, is expected to be released in 2021. See "PORT PROPERTIES – Commercial and Maritime Real Estate Properties," "CAPITAL PROGRAM – Authority Funded Projects – Real Estate Improvements" and "CAPITAL PROGRAM – Third Party Funded Capital Projects" for a further description of the Authority's ongoing real estate developments.

Boston Autoport. This 80-acre facility in Charlestown is leased to Boston Autoport LLC ("*Boston Autoport*") through June 30, 2026, with five five-year options through 2051. Boston Autoport is the only automobile processing entity using the Port. Boston Autoport imports and stores Subarus and other automobiles and also exports used automobiles. Vehicle imports into the Boston Autoport have trended up in recent years. It also pursues other complementary marine industrial subtenants, which generate additional revenue on the property. Currently Boston Autoport is home to a diverse mix of companies that employ hundreds of workers. One of its larger subtenants is the Massachusetts Clean Energy Technology Center, which operates a 46,000 square foot Wind Technology Testing Center ("*WTTC*") to test wind blades to meet certification and investor requirements and support wind industry research and development activities. The WTTC is one of the largest such facilities in North America and has been in operation since 2011. Other maritime industrial uses at Boston Autoport include import, storage, mixing and distribution of road salt; and marine and vehicle fueling.

Flynn Cruiseport Boston. Formerly called the Black Falcon Cruise Terminal, this 387,000 square foot terminal at the former Boston Army Base in South Boston originally served as a supplies warehouse before being converted to a cruise terminal in 1986. Cruise activity from the Port of Boston, prior to the No Sail Order described below, included sailings to Bermuda, multiple locations in Canada and repositioning cruises to the Caribbean, Mexico and Scandinavia. Due to the COVID-19 pandemic, the CDC issued a No Sail Order in March 2020, effectively cancelling the 2020 cruise season for Flynn Cruiseport Boston and cruise ports throughout the United States. On October 30, 2020, the CDC lifted the No Sail Order and replaced it with a Conditional Sail Order, issuing detailed protocols and requirements that cruise lines must meet before the CDC can approve their ships to sail in the United States. The table below reflects total passenger volume at Flynn Cruiseport Boston for each of fiscal years 2016 through 2020. Passenger growth has been driven by the expansion of the cruise season, the introduction of new cruise itineraries and the introduction of new ships into the Boston market.

FLYNN CRUISEPORT BOSTON VESSEL AND PASSENGER VOLUME
(Fiscal Year Ended June 30)

	# of Calls	Total Passengers
2016	107	289,076
2017	124	351,914
2018	159	406,369
2019	144	395,971
2020	111	298,029

Prior to the COVID-19 pandemic, the Authority was expecting to make additional improvements to upgrade and expand Flynn Cruiseport Boston to better position the facility to capture future growth opportunities. Due to the pandemic's impact to cruise activity, however, the Authority is now planning only minimal, maintenance oriented capital investments at Flynn Cruiseport Boston in the current Capital Program. See "CAPITAL PROGRAM – COVID-19 Impact and Capital Program Prioritization" herein.

Commercial and Maritime Real Estate Properties

In addition to the above-mentioned maritime properties, the Authority also plans, develops and manages various real estate properties in the Port for maritime, industrial and commercial uses. A map of the Authority's commercial and maritime real estate properties located in South Boston is set forth on the following page.

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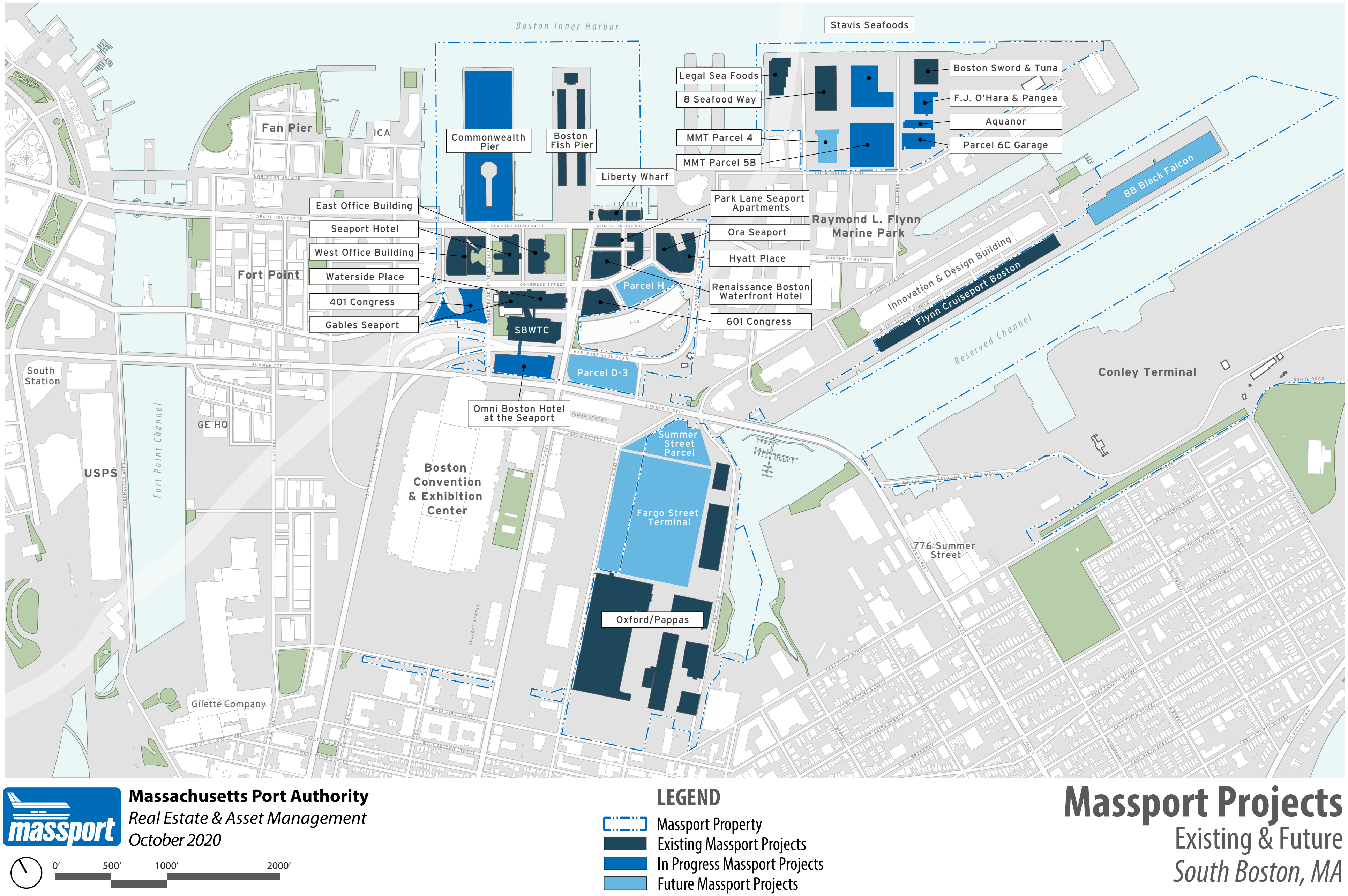

Massachusetts Port Authority
Real Estate & Asset Management
October 2020

LEGEND
Massport Property
Existing Massport Projects
In Progress Massport Projects
Future Massport Projects

Massport Projects
Existing & Future
South Boston, MA

South Boston Commercial and Residential Development. The Authority owns approximately 65 acres of land in the South Boston Waterfront (the "*Waterfront*"), also known as Boston's Seaport District, on which as of the date hereof approximately 5.6 million square feet of commercial development has been built, including office, hotel, retail/restaurant, and meeting space. Development in the Waterfront has been experiencing rapid growth of commercial construction, building openings, major tenant relocations and land transactions. The Authority has actively redeveloped a significant portion of its land in the Waterfront as part of a larger mixed-used plan ultimately expected to result in approximately nine million square feet of office, hotel, restaurant/retail and residential development on the Authority's property.

Since the mid-1980s, completed projects on Authority land that is ground leased to developers include the World Trade Center/Commonwealth Pier (250,000 square feet of exhibition and conference space and 600,000 square feet of office space), the Seaport Hotel (427 rooms), the East and West Office Buildings (490,000 square feet and 560,000 square feet, respectively), the former headquarters of John Hancock Insurance at 601 Congress Street (471,000 square feet), the Boston Harbor Industrial Development leasehold (784,000 square feet), the Park Lane Seaport Apartments (465 apartment units), the Renaissance Boston Waterfront Hotel (471 rooms), and the construction of new roadways, utilities and the South Boston Maritime Park on D Street. Liberty Wharf, which opened in 2011, is a multi-use development containing five restaurants, boutique office space, a public harbor walk and water slips for transient vessels. Waterside Place Phase I, a residential development with 236 apartment units, opened in January 2014; construction of Phase II of the project, the Gables Seaport, which contains 307 apartment units and ancillary parking and retail uses, was completed in September 2020. Parcel K, a mixed use development containing an apartment building, hotel and underground parking structure, opened in September 2020. Pembroke Real Estate, the real estate arm of Fidelity Investments, has undertaken a substantial adaptive reuse and rehabilitation of the World Trade Center/Commonwealth Pier, with construction commencing in September 2020 and expected to be completed in 2024. This project, which will be financed with third party funding, is not part of the Capital Program. The project will enhance its current uses by replacing the existing exhibition hall with new public realm spaces and improvements, including enhanced water transportation infrastructure and expanded retail space, as well as creating new flexible and innovative office space and first-class event spaces.

The Waterfront is home to the Boston Convention & Exhibition Center ("*BCEC*"), as well as major businesses, including but not limited to: AEW, Cabot Corporation, Fidelity Investments, General Electric, PricewaterhouseCoopers, Reebok and Vertex Pharmaceuticals. In addition, the MBTA's Silver Line provides bus rapid transit service from South Station to the Waterfront (and on to Logan Airport), with two stations located on Authority-owned property in the Commonwealth Flats district.

In May 2018, the Authority completed and opened the South Boston Waterfront Transportation Center, which provides approximately 1,550 parking spaces for the Waterfront. See "CAPITAL PROGRAM – Authority Funded Capital Projects – Real Estate Improvements" herein. In addition, construction continues on an approximately 1,050-room luxury hotel located on Parcel D-2, which parcel is owned by the Authority and is located on Summer Street opposite the BCEC. The Authority has executed a long term ground lease with the selected developer, a joint venture of New Boston Hospitality (The Davis Companies) and Omni Hotels and Resorts. This project is being developed using approximately $558.0 million of private investment. Construction commenced in 2018, with project completion expected in 2021. See "CAPITAL PROGRAM – Third Party Funded Capital Projects" herein.

In November 2018, the Authority designated a developer for a key parcel in the district known as Parcel A-2. Boston Global Investors (*"BGI"*) was selected to develop an approximately 581,000 square foot, 18-story office/laboratory hybrid tower on the 1.1 acre parcel and the adjacent 0.5-acre Triangle Parcel next to Congress Street, the MBTA's World Trade Center Silver Line transit station, and the ramps to and from Interstate 90. In addition, BGI's project will include $25 million in investment and approximately 100,000 square feet set aside for indoor and outdoor public realm initiatives and activation elements, a first for a development in the Seaport. Construction is expected to commence in fall 2021.

In January 2021, the Authority designated a developer for another parcel in the district known as Parcel H. A development team comprised of Lincoln Property Company, Phoenix Property Company, Boston Innovation Land LLC and Boston Collaborative Advisors was selected to develop an approximately 730,000 square foot, mixed-use project, which will include approximately 360,000 square feet of lab space, 268,000 square feet of office space, a life science career center, retail space, parking and upgrades to the MBTA's Silver Line Way transit station. Construction is expected to commence in fall 2022.

In connection with the Parcel D-2, Parcel A-2 and Parcel H projects described above, the Authority included diversity and inclusion as one of four equally weighted scoring criteria when evaluating developer proposals. Both developers have committed to an extensive diversity and inclusion program for the development, including investor/equity participation, real estate expertise and construction contractors and vendors. See "CAPITAL PROGRAM – Third Party Funded Capital Projects."

Fargo Street Terminal South. In March 2010, the Authority and Boston Harbor Industrial Development LLC ("*BHID*") entered into a 75-year ground lease for approximately 38 acres of land that abuts the Reserved Channel. The property contains approximately 761,000 square feet of building area in seven existing buildings that house a variety of industrial/warehousing tenants and other similar uses. In addition to substantially increased ground rent to the Authority, the lease required BHID to make substantial investments in roadway and seawall infrastructure improvements, which were completed in 2014. In October 2019, BHID assigned the ground lease to OPG MP Parcel Owner (DE) LLC, a joint venture between BHID and Oxford Properties Group, which resulted in a $17.9 million transaction rent payment to the Authority. BHID/OPG has also made additional investments and improvements to its 645 Summer Street building and has proposed re-developing a portion of the site.

Boston Fish Pier and South Boston Seafood Cluster. South Boston is one of the largest seafood industry clusters in the United States, with a mix of both new and established firms. The Authority currently has more than 292,000 square feet of seafood processing space under lease within a 15-minute drive of Conley Terminal and Logan Airport, focused at the Boston Fish Pier and the Massport Marine Terminal ("*MMT*"). The Fish Pier provides seafood processing space on the first and second floors of the East and West Buildings and 60,000 square feet of third floor office space, and also is home to Trio Café and the Exchange Conference Center. The roughly 100,000 square feet of seafood processing space is fully leased. Massport Maritime Department administrative and public safety functions, as well as several maritime industrial and other tenants, occupy roughly 80% of the available office space. The Fish Pier is home to Boston's commercial fishing fleet, and all 22 berths are leased with a waiting list. In 1996, the Authority designated a minimum of eight acres at the MMT in South Boston for state-of-the-art seafood-processing facilities. The MMT site is home to three facilities: (i) the Legal Sea Foods Quality Control Center (opened in 2004), which also serves as the corporate headquarters; (ii) the Harbor Seafood Center, a 68,000 square foot multi-tenant seafood processing facility that opened in 2001 as the first phase of the new district; and (iii) Boston Sword & Tuna's new facility, a 49,300 square foot, $25 million state-of-the-art seafood processing, cold storage, and distribution facility developed by Pilot Seafood Properties ("*Pilot Seafood*") with Boston Sword & Tuna as sub-tenant, which was completed in April 2020.

Massport Maritime Terminal (MMT). The Authority has a long-term lease with the City of Boston's Economic Development and Industrial Corporation for the MMT, a 40-acre property at the tip of the South Boston Waterfront and incorporated in the city's Raymond L. Flynn Marine Park. Consistent with the Authority's mission, this property is dedicated to maritime industrial use with a particular emphasis on preserving and promoting the vibrant seafood processing industry in Boston. The Authority issued an RFP in February 2016 to develop portions of the MMT for seafood, warehouse, bulk and other maritime industrial uses, awarding parcels within this district to Cape Cod Shellfish & Seafood Co. and Pilot Seafood Properties to construct modern seafood-related facilities. Cape Cod Shellfish & Seafood Co. was designated as the Parcel 4 developer; the Development Agreement was executed in December 2018 and the project is currently in the programming and design stage. Pilot Seafood was designated as the developer of Parcel 6; the Development Agreement was executed in June 2017. Construction on the Boston Sword & Tuna facility began in December 2018 and the facility was completed in April 2020. Developments on Parcels 6B and 6C are in the design and permitting phases. An RFP for Parcel 5 was issued in June 2018, and Pilot Seafood received Board approval as the developer in November 2018. Pilot Seafood is in the planning, design, and permitting phases for a new seafood processing facility on Parcel 5A with Condyne Capital Partners and Stavis Seafoods. On Parcel 5B, Pilot Seafood is working to identify potential maritime industrial uses, including freight and/or seafood processing.

Other Maritime Facilities. The Authority controls several facilities that are used for warehousing, or for importing, processing or distributing bulk and other waterborne commodities such as cement and seafood. These facilities include 88 Black Falcon (an intermodal cargo warehouse and office facility), the MMT (40 acres) and the

Fargo St. Terminal North (13 acres). As mentioned above, the MMT is the location of several existing and planned seafood processing facilities. In addition, the Authority uses portions of the MMT to meet cruise and other operational needs.

Constitution Wharf. Constitution Wharf is a multi-tenant, low-rise office property located in the Gateway area of Charlestown. The property consists of three buildings containing approximately 179,000 aggregate square feet located on approximately 8.4 acres of land. The property also has approximately 470 surface parking spaces. The property is leased from the Authority under two ground leases, both of which run through 2082, including all option terms.

Constitution Marina. Constitution Marina is located adjacent to Constitution Center and its leasehold consists primarily of the water sheet (approximately 4.9 acres in area) and 0.4 acres of land (parking and clubhouse). Constitution Marina is leased to Bosport Docking, LLC ("*Bosport*") and has approximately 265 vessel slips, a clubhouse with ancillary parking and operates 12 months a year. In February 2020, the Board approved a new lease with Bosport for a term of 35 years, through December 2055, to enable the tenant to obtain financing to invest $4 million in capital improvements at the marina.

East Boston Waterfront Properties. The Authority has entered into agreements with affiliates of Roseland Residential Trust, a Mack-Cali company ("*Roseland*") to redevelop East Boston Pier One (the "*Pier*") and two adjacent shore parcels into a multi-phase residential development that includes parking, retail, amenity space and community space. The Phase 1 building opened in December 2014, and two Phase 2 buildings were opened and leased by November 2018. Roseland is progressing through program and design for Phase 3 on the Pier. After testing and analysis, Roseland has developed a structurally and financially feasible approach to repairing the Pier and developing four buildings and significant public open space on it.

The Authority also designed and constructed a park on the Pier known as "East Boston Piers Park." Phase I of this park opened to the public in 1995. The Authority is now considering development of Phase II of this park in partnership with the community on an adjacent parcel. In addition, the Authority is working with The Trustees of Reservations, a highly regarded non-profit land conservation organization with almost 130 years of environmental stewardship in the Commonwealth, on a proposal to construct a waterfront park on the site of a dilapidated pier on the East Boston waterfront called "Piers Park III." The full cost of the Piers Park III project is expected to be paid for by The Trustees of Reservations, and this project will be separate and distinct from the adjacent Piers Park I and the Piers Park II project that the Authority expects to undertake.

In January 2012, the Authority entered into a long-term ground lease with Coastal Marine Management to operate, maintain and improve the Boston Harbor Shipyard and Marina located in East Boston. In May 2018, Coastal Marine Management assigned this ground lease to Boston Harbor Shipyard & Marina LLC. More than $9.0 million in qualified capital expenditures have been spent on the property since 2012. This amount does not include the $5.0 million investment in 2017-2018 by the Institute of Contemporary Art to renovate Building 23, which now houses the "Watershed," a seasonal exhibition space that also features a gallery dedicated to the history of the shipyard and the community.

STRATEGIC PLAN

The Authority's most recent unified Strategic Plan (the "*Plan*") for all of its facilities was completed and adopted by Members of the Authority in November 2014. The goal of the Plan was to support and allow Logan Airport to serve the needs of its rapidly growing passenger base and to enable the Conley Terminal to prepare for the larger ships and consolidated shipping lines that are now serving Conley Terminal after the opening of the expanded locks in the Panama Canal. The Plan also examined how best to position the Authority's real estate holdings in East Boston and South Boston that are not required for aviation or maritime uses. The Plan provided a framework for prioritizing the Authority's strategies and investments moving forward, and helped to shape each capital program since fiscal year 2015 and many of the goals set forth in the Plan have been accomplished.

Given (i) the need to accommodate the passenger growth and airline demand that was being experienced at Logan in the years immediately after the Plan was completed but prior to the COVID-19 pandemic, and (ii) the increased business in the Port of Boston and the need to keep Conley Terminal competitive to support the region's economy, the Authority embarked upon a second phase of the Strategic Plan (the "*Phase 2 Plan*") in 2019. The Phase 2 Plan reflects the implementation of certain strategic initiatives on an expedited basis. In particular, the Phase 2 Plan focuses the Authority's resources towards accommodating the anticipated return of increased passenger growth and airline demand at the Airport following the COVID-19 pandemic, with the following goals in mind: (i) providing post security connectivity among all of Logan's terminals, (ii) ensuring roadways and curbsides can accommodate passenger activity, and (iii) expanding Terminal E. The Phase 2 Plan also includes continued strategic investments at Conley Terminal in order to modernize the landside and accommodate the larger vessels calling on the Port. Several of these initiatives are included in the current capital program, although the pandemic has led to a re-evaluation of the scope and timing of implementation of these projects.

The Authority's staff will continue to work to develop specific business plans designed to address and implement the strategic initiatives across all of its properties. As detailed business plans for each strategic initiative are developed, refined and approved in the context of the then-current operating environment and activity levels, those projects are expected to become part of future five-year rolling capital programs to be approved by the Authority's Board.

CAPITAL PROGRAM

Capital Budget Process

The Authority traditionally utilizes a rolling, five-year capital program as its comprehensive and coordinated capital improvement and financial master plan for all Authority facilities. The capital program, which is amended and approved by the Board annually, sets forth the planned capital projects and expected sources of funding therefor for the next succeeding five-year period. While the Board annually approves a five-year capital program as a whole, each individual project within the capital plan is its own "module," the scope of and budget for which must be approved separately by the Board before work on such module is commenced.

Many of the commitments within the Authority's capital plan have already been authorized by the Authority and extend over several years. The Authority approves projects individually along with a separate project budget. This permits the Authority to undertake the construction and financing of each project independently of other capital projects, while retaining overall program coordination and integration. The Authority uses a consistent set of project and financial evaluation criteria to determine whether a project will be included in the capital program and then also whether and when to move forward with individual project components at any given time, generally summarized below:

Project Evaluation Criteria

- Safety and Security
- Asset Maintenance
- Operational Efficiencies
- System Enhancement/ Customer Service
- HOV/Ground Access Improvements
- Commitment to Surrounding Communities

Financial Evaluation Criteria

- Grants and Outside Funding
- PFC Eligibility
- Cost Recovery
- Rates and Charges Impact
- Credit Rating Impact

In addition, the entire program must meet the board approved Debt Issuance and Debt Management Policy (see "DEBT ISSUANCE AND DEBT MANAGEMENT POLICY" herein) and complement and support the Strategic Plan (see "STRATEGIC PLAN").

The Authority believes that the modular design of the capital program significantly increases its ability to make needed adjustments in capital spending levels. If significant changes in funding sources were to occur, or if the costs of certain projects were to increase significantly, the Authority would be able to adjust the timing or reduce the scope of individual proposed projects or the overall program, or both, to accommodate such changed circumstances. The modular design of the capital plan also allows the Authority to react quickly to external factors that affect Authority operations. For example, in October 2001, as part of its financial recovery plan in response to the financial and operational implications of the events of September 11, 2001, the Authority successfully postponed projects and reduced the capital program for fiscal years 2001 through 2006 from a six-year plan to a two-year plan. More recently, in response to the COVID-19 pandemic and its resulting impact on Airport operations, the Authority reduced the Authority's portion of the current Capital Program by either suspending or deferring certain projects totaling approximately $1.4 billion.

COVID-19 Impact and Capital Program Prioritization

The most recent five-year capital program approved by the Authority was the Fiscal Year 2019-2023 Capital Program (the "*FY19-FY23 Capital Program*"), approved on February 14, 2019. The FY19-FY23 Capital Program included forecasted total expenditures of approximately $2.6 billion by the Authority and approximately $1.8 billion by third-party or non-recourse funding sources for ongoing projects and for projects to be commenced during the five-year program period, for a total of approximately $4.4 billion.

Prior to the Authority adopting its next five-year capital program in 2020, which was expected to include forecasted total expenditures of approximately $3.0 billion by the Authority, the outbreak of the COVID-19 pandemic occurred. As a result, a new five-year capital program has not yet been adopted. Rather, in response to the COVID-19 pandemic and its resulting adverse impact on Airport operations, the Authority has instead reduced the Authority's portion of the Capital Program by either suspending or deferring certain projects totaling approximately $1.4 billion. Key deferred projects include, but are not limited to: (i) the Logan Airport parking program, which would add up to 5,000 new parking spaces; (ii) Phase II of the Terminal E modernization project, which would add three new gates to Terminal E; (iii) enhancements and renovations to Flynn Cruiseport Boston; (iv) ground transportation initiatives, such as the Framingham Logan Express expansion, new suburban Logan Express locations and new Silver Line buses; (v) Terminal A improvements; and (vi) Logan airside projects, such as the equipment storage maintenance facility project.

The resulting current capital program (the "*Capital Program*"), which covers a period from fiscal year 2021 through fiscal year 2025, has not been formally approved by the Authority, but includes capital improvements to Logan Airport's airfield and security enhancements at the Airport, terminal modernization at the Airport, enhancements to the Maritime Properties, Hanscom Field, and the Worcester Airport and the maintenance and renewal of its existing facilities. Authority expenditures in the Capital Program are allocated 79% to Logan Airport, 2% to Hanscom Field, 2% to Worcester Airport, 14% to the Maritime facilities, and 3% for Authority-wide projects. The Capital Program continues to meet the Authority's primary goals of safety, security, sustainability, economic development, customer service, and commitment to surrounding communities, and complements and supports strategic initiatives while achieving the financial parameters contained within the approved Debt Policy (see "DEBT ISSUANCE AND DEBT MANAGEMENT POLICY"). Specifically, the Capital Program funds major initiatives that support the Authority's strategic goals such as:

<u>Supporting Logan's Ability to Improve the Passenger Experience:</u>

- Optimizing Terminal B to facilitate airline consolidation and undertaking renovations to improve passenger flow;
- Aiding the expansion of low cost carriers at Logan by expanding and relocating airlines to achieve consolidation;
- Improving traffic conditions for vehicles entering Terminal C and exiting Terminal B by improving the Terminal C Roadways;
- Serving future international market needs following the return of passenger demand by adding four new gates at Terminal E;
- Improving ground transportation options and passenger experience by implementing Logan Express electronic ticketing and rebuilding Logan shuttle buses; and
- Completing programmed airfield improvements and HVAC equipment upgrades.

<u>Safety and Security:</u>

- Implementing airfield safety enhancements throughout all of the Authority's Airport Properties, including runway rehabilitation and lighting projects at Logan, Worcester and Hanscom, airside paving improvements at Logan and replacement of security gates and barriers at Logan.

Fostering the Development of the Working Port:

- Boston Harbor Deep Draft dredging project;
- Construction of Berth 10 and procurement of three new ship-to-shore cranes at Conley Terminal;
- Construction of Conley Terminal In & Out gate facilities; and
- Conley backland reconstruction.

As of December 31, 2020, the Capital Program includes forecasted total expenditures of $1.6 billion by the Authority and approximately $1.5 billion by third-party or non-recourse funding sources for ongoing projects and for projects to be commenced during the five-year program period, for a total of $3.1 billion. The Authority-funded portion of the Capital Program is funded from a variety of sources, including bond proceeds, grants, passenger facility charges ("*PFCs*"), Customer Facility Charges ("*CFCs*") and pay-as-you-go capital (from the Maintenance Reserve Fund and the Improvement and Extension Fund). The program was developed to be consistent with the Authority's goals of funding security initiatives and airfield operation enhancements, maximizing FAA and Transportation Security Administration ("*TSA*") grant receipts, utilizing a $4.50 PFC and a $6.00 CFC and avoiding increasing Airport rates and charges to levels that could lead to significant service reductions.

Set forth in the following table is a summary of the Authority-funded portion of the Capital Program, including estimated funding sources and a summary of uses for the period from fiscal year 2021 through fiscal year 2025, showing capital projects by funding category. **The funding sources and uses set forth below reflect expectations as of December 31, 2020 and are subject to change over the course of the current five-year planning period and in light of the continued impacts of the COVID-19 pandemic.** In particular, the Authority's Board is currently approving the projects reflected in the following table on a project-by-project basis given the current challenges from the COVID-19 pandemic, and it is possible the Board may elect to further reduce or suspend one or more of such projects, in particular those expected to be funded with internally generated funds of the Authority, in its sole discretion.

The table below <u>does not reflect</u> projects that have been or may be funded through other third-party or non-recourse funding sources. For information about the portion of the Capital Program (consisting of approximately $1.5 billion in projects) anticipated to be funded through third-party or non-recourse funding sources, see "Third Party Funded Capital Projects" below.

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CAPITAL PROGRAM (FY21-FY25)
SUMMARY OF ESTIMATED FUNDING SOURCES AND CAPITAL PROJECTS
(Authority Funded Portion)[1]
($ in thousands)

Funding Sources	
Maintenance Reserve Fund	$296,116
Improvement and Extension Fund	429,380
PFC - Pay Go	43,939
FAA, TSA, U.S. DOT FASTLANE grant, Other Grants & Commonwealth Funds [2]	133,909
Prior Bond proceeds [3]	100,420
Future Bonds Payable from Revenues [3]	276,466
Future PFC Backed Debt [3]	262,932
Other [4]	15,119
Total Sources (Authority Funded)	**$1,558,280**
Project Costs Funded with Revenue Bonds	
Terminal E Modernization [5,7]	$416,406
Terminal C Optimization and B to C Connector [5,7]	87,861
Terminal C Canopy and Upper Deck [7]	33,518
Logan Airport Parking Program [6]	(1,335)
Terminal B to C Roadway Improvements [7]	103,368
New Berth 10 and Cranes at Conley Terminal (Massport Portion) [7]	1
	$639,819
Project Costs Funded with PFCs and Grants	
Runway 9-27 Rehab	$27,001
Installation of Landside/Airside Electric Vehicle Charging Stations [7]	3,717
Runway 14-32 Rehab & Taxiway J, J1	6,100
Worcester Runway 11-29 Rehab	5,351
Conley Terminal Grant and Commonwealth Funded Projects [7]	
U.S. DOT FASTLANE Grant Projects	20,252
BUILD Grant	14,253
New Berth 10 and Cranes at Conley Terminal (Commonwealth Portion)	42,725
Other Projects	58,448
	$177,847
Other Project Costs Funded with Massport Internally Generated Funds	
Harbor Deepening (Massport Portion)	$30,000
Midlife Rebuilds – Buses	14,779
Terminal C Optimization and B to C Connector [7]	69,992
Terminal B Optimization [7]	5,970
Terminal B to C Roadway Improvements [7]	51,828
Central Heating Plant Upgrade [7]	23,781
Terminal E Modernization [7]	45,596
Elevator & Escalator Upgrades	11,805
New Cargo Facility – North Airfield	10,639
Strategic Projects Electrical Demand	15,718
Conley Terminal Grant and Commonwealth Funded Projects [7]	
U.S. DOT FASTLANE Grant Projects	33,289
BUILD Grant	27,867
New Berth 10 and Cranes at Conley Terminal (Massport Portion)	13,769
Other Projects [8]	370,461
	$725,496
Other Project Costs [4]	15,119
Total Capital Projects (Authority Funded)	**$1,558,280**

1 Reflects only that portion of the Capital Program expected to be financed by the Authority. Does not include approximately $1.5 billion of projects expected to be funded through third-party or non-recourse funding sources. See "CAPITAL PROGRAM – Third Party Funded Capital Projects" herein for more information on third party projects included in the Capital Program. In addition, this table reflects expected projects and cash flows from FY21-FY25 as of December 31, 2020; the Board may elect to further reduce or suspend one or more of the projects reflected herein in its sole discretion.

2 Includes Commonwealth funds expected to be received by the Authority for Berth 10 construction and cranes acquisition ($107.5 million), of which $42.7 million expenditures are expected in FY21-FY25, and the Authority's award of a $42.0 million FASTLANE grant, of which $20.3 million of expenditures are expected in FY21-FY25.

3 Proceeds amount shown here does not include debt service reserves, costs of issuance or capitalized interest beyond the FY21-FY25 time period.

4 Includes project costs funded with Terminal A Maintenance Reserve Fund ($0.2 million) and Customer Facility Charges ($14.9 million).

5 A portion of this project expected to be financed with proceeds of PFC Backed Debt (see "Funding Sources – Future Bond Proceeds" below) ($222.6 million of Terminal E Modernization and $40.3 million of Terminal C Optimization and Terminal B to C Connector).

6 Reflects portion of Logan Airport Parking Program project previously, but no longer expected to be funded with Future Bonds.

7 Projects with multiple financing sources.

8 This category includes over 259 Authority-wide airport, maritime and real estate projects with total cash flows from FY21-FY25 funded by Massport Internally Generated Funds ranging from under $1.0 million to $21.4 million.

Authority Funded Capital Projects

Logan Airport Improvements. The Capital Program includes funding for all or a portion of the following improvements at Logan Airport:[2]

Improvements to Accommodate Airline Consolidation and Domestic Travel Growth at Logan. To enhance the operational efficiency and flexibility of Terminal B Pier B, the Authority is rebuilding the space inside Terminal B at a total expected cost of $156.0 million, expected to be funded with a combination of (i) Bond proceeds of $102.5 million (previously financed with $77.5 million of proceeds of the 2017-A Bonds and $25.0 million of proceeds of the 2016-B Bonds), (ii) PFCs or PFC Backed Debt (see "Funding Sources" below) of $42.0 million (previously financed with proceeds of the 2019-C Bonds), and (iii) Authority funds of $11.5 million. This project is an important component of the Airport's long term planning goal to have all terminal gates connected post security. The primary focus of the project is to expand Terminal B's existing footprint by approximately 9,000 square feet to achieve consolidated security checkpoints that include six automated screening lanes to increase throughput and enhance security, consolidate ticketing into one central location to ensure that sufficient ticketing counters are available, make apron improvements to accommodate a wider range of aircraft at most gates, add a connecting corridor from Gates 1 – 3 to the main Terminal B so all Terminal B Pier B gates will be connected post security, and right-size the holdrooms, adding approximately 12,000 square feet to holdroom space, to accommodate the increased number of actual and projected airport passengers. This project enabled the consolidation of American's operations in Terminal B, thereby freeing up five gates in Terminal B, Pier A that were relinquished by American for expanded operations by other carriers or to accommodate new carriers at the Airport. As a result of this optimization project, Southwest moved into the vacated Terminal B, Pier A gates and Delta took on Southwest's five gates in Terminal A to expand its operations. As of June 30, 2020, $150.3 million has been spent on this project and the project has reached substantial completion.

The Capital Program also includes the Terminal C Optimization and Terminal B to C Connector, a project designed to improve post-security passenger connectivity by efficiently moving passengers between terminals, providing additional post security passenger amenities, and constructing three new gates. The project will accomplish these goals through renovating building structures and building a new approximately 77,575 square foot addition located along the southeast face of Terminal C, which will provide a post-security connection between Terminal B and Terminal C, as well as demolishing existing structures and upgrading the passenger experience. The total budget of the Terminal C Optimization and Terminal B to C Connector project is expected to be $216.0 million, and the project is expected to be funded with a combination of (i) Bond proceeds of $104.7 million (previously financed with proceeds of the 2019-C Bonds), (ii) PFCs or PFC Backed Debt (see "Funding Sources – Future Bond Proceeds" below) of $40.3 million, and (iii) Authority funds of $71.0 million. As of June 30, 2020, $58.1 million has been spent on this project and the current expected substantial completion date is July 2022. These two projects will complete the post security passenger connectivity of all gates in Terminal B to Terminal C.

Improvements to Facilitate the Growth of International Traffic at Logan. The Authority has undertaken a number of projects to support the increase in international traffic. The first of these projects, which are complete, consisted of renovations and enhancements to the airfield ($10.0 million) and Terminal E ($167.0 million) to accommodate Group VI aircraft (A380 and 747-800), including the addition of two-level aircraft boarding jet bridges. The renovations and enhancements to Terminal E were funded primarily with proceeds of the 2016-B Bonds, and the project was completed in October 2017.

The second, and larger, project is a major Terminal E modernization project. The Terminal E modernization project is designed to include the addition of four new gates and holdrooms. The project also includes renovations to existing facilities, rehabilitation of existing elevators, a new security checkpoint, reconfiguration of the customs and border protection hall, additional baggage carousels and other passenger amenities. The total cost of the Terminal E Modernization project is currently expected to be $577.0 million and is expected to be funded with a combination of (i) Bond proceeds ($310.5 million), (ii) PFCs or PFC Backed Debt (see "Funding Sources – Future Bond Proceeds"

[2] Total project costs reflected in this section may differ slightly from the summary table on the prior page to the extent such projects have multiple funding sources and/or involve spending that has occurred either prior to fiscal year 2019 or that will occur after fiscal year 2023 (and thus falls outside the current capital planning period).

below) ($222.6 million) and (iii) Authority funds ($43.9 million). As of June 30, 2020, $115.0 million has been spent on this project and the current expected substantial completion date is July 2023.

Improvements to Roadways and Ground Transportation at Logan. The Capital Program includes two major projects designed to address roadway congestion that resulted from increased passenger traffic prior to the COVID-19 pandemic (which passenger traffic is expected to return)—the Terminal B to C Roadway Improvements project and the Terminal C Canopy and Upper Deck Project. The Authority will continue its investment in ground transportation at Logan by improving the Terminal B to C Roadways at a total expected cost of $205.0 million, expected to be funded with a combination of (i) Bond proceeds of $153.0 million and (ii) Authority funds of $52.0 million. The goal of the Terminal B to C Roadway Improvements project is to replace the aging section of viaduct, improve traffic flow and alleviate congestion at Terminal C. Prior to the pandemic, during peak operation hours, there were frequent challenges with respect to the traffic flow between Terminals B and C, which negatively impacted the ability of passengers to reach the Terminal C curbside. The construction of the project is progressing, including building a new section of departures roadway viaduct, along with new surface roadways at the arrivals level. The new roadway system with improved alignment is intended to meet the Authority's objectives of significantly reducing traffic congestion once the project is complete as well as reducing costly and disruptive roadway repair contracts. As of June 30, 2020, $49.8 million has been spent on this project and the current expected substantial completion date is the end of fiscal year 2023.

In addition, the Terminal C Canopy and Upper Deck project, with a total expected cost of $100.0 million that is expected to be funded with a combination of (i) Bond proceeds ($64.8 million) and (ii) Authority funds ($35.2 million), will replace the existing departures level canopy and provide more curbside space for passengers. As of June 30, 2020, $51.4 million has been spent on this project and the current expected substantial completion date is October 2021.

Further, the Authority is planning for the mid-life rebuild of on-airport shuttle buses. These buses, which include 18 42-foot buses and 32 60-foot buses, are part of the Authority's on-airport shuttle bus system. The rebuild will extend the useful life of these buses and is expected to cost $30.0 million, which is expected to be funded with a combination of (i) CFCs ($15.0 million) and (ii) Authority funds ($15.0 million). As of June 30, 2020, $0.3 million has been spent on this project and the Authority expects to complete this project by January 2023.

Other Airport Projects. The remainder of the Capital Program relating to the Airport includes a variety of airside and landside projects including the following projects and their estimated costs for fiscal years 2021 through 2025: (i) HVAC equipment replacement program ($5.9 million) and (ii) central heating plant upgrade ($23.8 million). Approximately $84.0 million of Logan airfield projects are expected to be funded with grants and PFCs including but not limited to Runway 9-27 rehabilitation ($27.0 million) and various taxiway and runway rehabilitations ($57.0 million).

Worcester Airport and Hanscom Field Improvements. As part of the Authority's commitment to developing air service for the citizens of central Massachusetts, from fiscal year 2021 through fiscal year 2025, the Authority expects to spend $35.1 million on improvements at Worcester Regional Airport, primarily funding airfield work and equipment needs. In addition, the Capital Program includes Authority expenditures of $31.3 million at Hanscom Field, primarily funding airfield work and equipment needs.

Maritime Improvements. The Capital Program includes funding for all or a portion of the following improvements at the Port Properties:

Conley Terminal Projects. As part of its strategic planning efforts, the Authority continues to improve Conley Terminal to accommodate the newly consolidated shipping lines and the arrival at the Port of larger post-panamax vessels. The Capital Program includes the following projects and their estimated costs from fiscal year 2021 through fiscal year 2025: (i) $30.0 million for Boston Harbor dredging, the Authority's share of the Deep Draft Project; (ii) $56.5 million relating to the construction of Berth 10 and the purchase and installation of three new ship-to-shore cranes; and (iii) $53.5 million for the Conley Terminal infrastructure improvements, equipment upgrades and Berth 11 dredging. See "PORT PROPERTIES – Maritime Properties – Conley Terminal" for a further discussion of the total cost and expected funding sources for the various improvements at Conley Terminal.

Real Estate Improvements. In May 2018, the Authority completed and opened the 1,550-space South Boston Waterfront Transportation Center on a parcel located in South Boston near the BCEC. This facility provides parking for other Authority developments in South Boston, including the Omni Boston Hotel at the Seaport (see "PORT PROPERTIES – South Boston Commercial and Residential Development" herein), as well as parking for the general public. The multi-level, multi-modal transportation center is built over, and supported by, the I-90 tunnel structure built as part of the Central Artery & Tunnel (CA/T) Project. The $90.0 million facility was funded with Authority funds.

The Capital Program also includes the construction of a Department of the Army ("*DOA*") equipment maintenance facility and performing certain site work at the DOA Fort Devens site ($10.8 million total project costs). In exchange for this work, the DOA has agreed to transfer to the Authority a 4.3 acre parcel on E Street, which parcel is strategically located adjacent to the Authority's Fargo Street terminal. This land is expected support the future development of a new United States Postal Service general mail facility, to be relocated from South Station.

Third Party Funded Capital Projects

As described above, the Authority expects that approximately $1.5 billion of the total Capital Program will be financed by third party funds (*i.e.* funds that are not on the Authority's balance sheet). Projects include (i) a mixed-use development on Parcel K ($110.0 million), which opened in September 2020, (ii) the Omni Boston Hotel at the Seaport ($500.0 million), which is expected to be completed in 2021, (iii) the Gables Seaport apartment development ($43.0 million), which was completed in September 2020, and (iv) an office/lab hybrid building development on Parcel A-2 ($427.0 million).

Funding Sources

The Authority utilizes a variety of fund sources to fund the projects in is capital programs including (i) Bonds, including Bonds payable from PFC revenues that have been designated as Available Funds under the 1978 Trust Agreement ("*PFC Backed Debt*")[3], and commercial paper, (ii) PFCs, federal grants, CFCs and private capital, (iii) Commonwealth funds, and (iv) cash flow from the Authority's operations. The Authority's commercial paper program provides interim funding for certain projects. See "MANAGEMENT'S DISCUSSION OF FINANCIAL PROJECTION ASSUMPTIONS – Debt Service and Coverage." As of November 30, 2020, the Authority had the following approximate amounts available for projects included in the Capital Program: $710.2 million of cash from operations, $188.5 million of Bond and commercial paper proceeds, $49.7 million of pay-as-you-go PFCs, $26.9 million of CFCs and $35.8 million of Commonwealth funds for harbor dredging.

The funding sources expected to be available to finance projects in the Capital Program include the following:

Future Bond Proceeds. The Capital Program is based on the assumption that the Authority will issue two series of Bonds by the summer of calendar year 2021 (the "*2021D New Money Bonds*" and the "*2021E New Money Bonds*," and collectively, the "*2021 New Money Bonds*") to finance $539.4 million of project expenditures as set forth in the table below. Of this amount, the Authority expects that $262.9 million of project expenditures will be financed with PFC Backed Debt, as permitted by certain amendments to the 1978 Trust Agreement that became effective July 10, 2019. See "SECURITY FOR THE 2021 REFUNDING BONDS – Use of Available Funds to Pay Debt Service" in the Official Statement. It is expected that all of the proceeds of the 2021 New Money Bonds will be spent by the end of fiscal year 2024.

[3] Pursuant to the 1978 Trust Agreement, commencing in fiscal year 2020, the Authority is authorized to approve a resolution or resolutions that designate specified PFC revenues as Available Funds, and, to the extent approved by the FAA, such amounts would then be used to pay debt service on specific Series of Bonds. See "SECURITY FOR THE 2021 REFUNDING BONDS – Use of Available Funds to Pay Debt Service" in the Official Statement.

	Total Expected Project Expenditures from Bond Proceeds	Portion Expected to be Financed with PFC Backed Debt
2021D New Money Bonds	$329.7 million	$186.5 million
2021E New Money Bonds	209.7 million	76.4 million
TOTAL:	$539.4 million	$262.9 million

Proceeds from the portion of the 2021 New Money Bonds expected to constitute PFC Backed Debt are expected to be used to finance (i) a portion of the Terminal E Modernization project ($222.6 million) and (ii) a portion of the Terminal C Optimization and Terminal B to C Connector project ($40.3 million). The use of PFCs to pay debt service on the portion of the 2021 New Money Bonds allocable to these projects is subject to the receipt of FAA approval for PFC funding for these projects. If these projects are not approved for PFC funding, or if the approved amount is less than the Authority's PFC funding request, the Authority would be required to pay such debt service from Net Revenues.

Passenger Facility Charges. Beginning in 1993, the Authority has received multiple FAA approvals to impose and use PFCs, which have been collected at the $4.50 level since October 1, 2005. As of June 30, 2020, the Authority's PFC impose and use authority was a total of $1.81 billion. The Authority submitted its 12th PFC application to the FAA in March 2020 to impose and use an additional approximately $647.4 million in PFCs (including financing and interest costs). When the new 2020 PFC Application is approved by the FAA in its entirety, the Authority's impose and use authority would increase from $1.81 billion to $2.46 billion. All PFCs collected by the Authority are presently deposited with The Bank of New York Mellon, as custodian (the "*PFC Custodian*"), pursuant to a PFC Depositary Agreement dated July 3, 2017 (the "*PFC Depositary Agreement*"), between the Authority and the PFC Custodian. In accordance with the 1978 Trust Agreement, the proceeds of PFCs have been excluded from the Revenues securing the Bonds. A portion of the principal of, premium, if any, and interest on the 2019-A Bonds, the 2019-C Bonds and the 2021-C Bonds is expected to be paid with PFCs. "See SECURITY FOR THE 2021 REFUNDING BONDS – Use of Available Funds to Pay Debt Service. In the event that PFC revenues and other funding sources are inadequate to meet anticipated project costs, the Authority would look for other funding sources or defer or cancel projects. **See "IMPACT OF COVID-19 PANDEMIC ON THE AUTHORITY – Impact of COVID-19 on Passenger Facility Charges (PFCs)" above for more information on the impact of COVID-19 on PFCs.**

Customer Facility Charges. In December 2008, the Authority imposed a $4.00 CFC for each transaction day that a car is rented at Logan. Effective December 2009, the CFC was increased to $6.00 per transaction day. The CFC provides security for a special facility financing under the CFC Trust Agreement (as defined herein). Effective upon the adoption of the CFC Trust Agreement, the CFCs were excluded from Revenues securing the Bonds and pledged as security under the CFC Trust Agreement. See "OTHER OBLIGATIONS – CFC Revenue Bonds."

Federal Grants. The Authority receives grants annually from the FAA pursuant to the Airport Improvement Program ("*AIP*"). These grants generally fall into two categories: (i) entitlement grants, which are awarded based upon the number of passengers enplaned, and (ii) discretionary grants, which are awarded at the discretion of the FAA based upon specified criteria, including a cost-benefit analysis. Similar to many federal grant-in-aid programs, AIP grants are reimbursement grants. Accordingly, the Authority must expend its own cash to fund an authorized project and then submit invoices to the FAA for reimbursement of such costs pursuant to the terms of the grant. Thus, while grants may be awarded in one fiscal year, grant funds may be received over a period of several subsequent fiscal years. For a description of the AIP program, see "AVIATION INDUSTRY CONSIDERATIONS – Considerations Regarding Other Sources of Revenue – Federal Grants-in-Aid." In addition to the FAA AIP grants, the Authority also receives grants from the U.S. Department of Homeland Security and the U.S. EPA from time to time.

The Authority will continue its practice of fully utilizing the AIP entitlement grants that are awarded to it to maintain and improve Logan Airport, Hanscom Field and Worcester Regional Airport, and of aggressively seeking FAA discretionary grants for AIP eligible projects. Based on communications with the FAA, the Authority currently expects $6.1 million in annual AIP entitlement grants for Logan, as well as $1.0 million in annual AIP entitlement grants for Hanscom Field and $1.0 million for Worcester Regional Airport.

In March 2020, nearly $10 billion of CARES Act funds were made available to eligible U.S. airports to prevent, prepare for, and respond to COVID-19 pandemic impacts, including support for continuing airport operations. While these funds are not AIP grants, a portion of the funds (Group 1) were earmarked towards increasing the federal share to 100% for fiscal year 2020 AIP and fiscal year 2020 Supplemental Discretionary grants. This portion of funding is further discussed below. Another portion of the funds (Group 2) were earmarked for commercial service airports to help offset the financial impact of the COVID-19 pandemic (and are not available for use to fund capital projects) and is further discussed under the heading "IMPACT OF COVID-19 PANDEMIC ON THE AUTHORITY – Authority's Plan for Financial Sustainability."

In fiscal year 2020, Logan Airport was awarded $24.9 million in AIP grant funding by a combination of entitlements, discretionary and CARES Act (Group 1) grants for the rehabilitation of Runway 9-27, and $1.4 million in VALE grant funding for ten airside electric ground service equipment charging stations. Hanscom Field was awarded a $1.1 million grant funded by the entitlement and CARES Act (Group 1) grants for the rehabilitation of a portion of the east apron/ramp and for the replacement of Taxiway J lighting. Worcester Regional Airport was awarded a $5.3 million grant funded by a combination of entitlements, cargo funds, discretionary and CARES Act (Group 1) grants for the rehabilitation of Runway 11-29 and other airfield improvements. Of the $32.7 million total airport grants awarded in fiscal year 2020, $8.6 million consisted of additional AIP grant funding as a result of the CARES Act (Group 1) funding determined by the FAA. Also in fiscal year 2020, the Authority collected AIP grants in the amount of $6.9 million for Logan Airport, $2.0 million for Hanscom Field and $3.0 million for Worcester Regional Airport.

The Authority was awarded a $42.0 million FASTLANE grant by the federal government to pay for a portion of the $102.9 million project costs associated with improving Conley's ability to accommodate increased activity. In addition, the Authority was awarded a $20.0 million BUILD Transportation Grant by USDOT in November 2019 for Conley Terminal Container Storage and Freight Corridor project to construct a new container yard holding approximately 100,000 additional containers, deploy an innovative gate and logistics system, and build an adjacent Cypher and E streets freight corridor. See "PORT PROPERTIES – Maritime Properties – Conley Terminal."

There can be no assurance that additional grants from the FAA or other federal agencies will be available in the future. See "AVIATION INDUSTRY CONSIDERATIONS – Considerations Regarding Other Sources of Revenue – FAA Reauthorization and Level of Federal Airport Grant Funding."

Commonwealth Funds. The Capital Program assumes that the Commonwealth will provide $107.5 million, pursuant to the Conley Terminal MOU, to fund its portion of the costs of the Berth 10 and crane project over a three-year period from fiscal year 2020 to fiscal year 2022. See "PORT PROPERTIES – Maritime Properties – Conley Terminal." In order to accelerate commencement of the design and construction of Berth 10 and the procurement of three new cranes for Conley Terminal, the Authority issued a series of subordinated obligations in November 2018 to provide bridge financing pending receipt of the Commonwealth's portion of the total costs of such project. See "OTHER OBLIGATIONS – Subordinated Indebtedness" herein.

Other Funding Sources. The Capital Program has been developed to be achievable within the resources anticipated to be available to the Authority at relevant times, including the capacity of users of the facilities of the Authority to bear additional charges. Moreover, the Authority is expending considerable efforts to assure that program costs are predictable and controlled. Should there occur any significant increases in the costs of projects included in the Capital Program, whether due to cost overruns or other financial obligations not now contemplated, or should anticipated resources (e.g., federal grant receipts, PFC collections and/or Commonwealth grants) fail to materialize on schedule, resources available to the Authority may be inadequate to accomplish all objectives of the Capital Program. If so, the Authority would be required to utilize alternative funding sources such as the issuance of additional Bonds, or it may reduce or delay components of the Capital Program. In that event, the selection of projects to be reduced or delayed will depend on circumstances in existence at the time, including relative stages of development, relative economic importance to the activities of the Authority and degrees of transferability of project funding sources.

AUTHORITY REVENUES

The Authority operates on a consolidated basis; all Revenues generated by each of the Authority's Projects are pooled to pay the Authority's Operating Expenses and are pledged to support all of the Bonds on a parity basis. Under federal law, the Authority is one of the few "grandfathered" consolidated port authorities permitted to apply revenues generated at an airport owned by the Authority to support other operations of the Authority. See "AVIATION INDUSTRY CONSIDERATIONS – Federal Grants-in-Aid." The Authority generates Revenues from each of its Projects, as described below, and each of the Airport and the Port Properties has several lines of business that generate revenue streams.

See "IMPACT OF COVID-19 PANDEMIC ON THE AUTHORITY – Impact of COVID-19 on Airport Properties" and "– Impact of COVID-19 on Port Properties" above for more information on the impact of COVID-19 on Revenues.

Airport Properties Revenues

Revenues to the Authority from Airport operations consist of landing fees, terminal building rents and fees, cargo building rents, payments made by automobile rental companies, parking fees, concessions and other payments, including Revenues generated by operations at Hanscom Field and Worcester Regional Airport.

Consistent with federal law, aeronautical fees for use of Logan Airport, including landing fees and terminal building charges, are established on a "compensatory basis," that is, set at levels calculated to compensate the Authority for the actual direct and indirect costs of providing those services and facilities to aeronautical users, principally the airlines. (However, terminal concession leases generally provide that rentals are established based upon a percentage of revenues generated, with a minimum annual guarantee, rather than pursuant to a compensatory method.) Such costs include the direct cost of such facilities, including terminals, runways and aprons, and the allocable portion of indirect costs of capital improvements serving the entire Airport, such as Airport roadways. The Authority has no agreements that require it to obtain "majority-in-interest" approvals from airlines for its operating or capital expenditures. Pursuant to federal law, landing fees and other aeronautical charges must be reasonable. The Authority believes that its rate-setting methodology is reasonable and consistent with federal law. However, there can be no assurance that such methodology will not be challenged and, if a judgment is rendered against the Authority, there can be no assurance that rates and charges paid by aeronautical users of the Airport will not be reduced. For a discussion of the federal laws and regulations affecting the Authority's Airport rates and charges, see "AVIATION INDUSTRY CONSIDERATIONS – Federal Law Affecting Airport Rates and Charges."

The Authority establishes landing fee rates for use of Logan's airfield at levels calculated to recover the direct and indirect costs of providing common use landing field facilities and related services, based on projected aircraft landed weights for each year. Any variance from these projections is calculated after the fiscal year ends, and the adjustment is either paid to or invoiced to the air carriers and other users, although the Authority may adjust the landing fee during the fiscal year in order to reduce any variance that would be due. **See "IMPACT OF COVID-19 PANDEMIC ON THE AUTHORITY – Other Authority Actions – Tenant Sustainability and Recovery Plan" herein for more information regarding changes to collection of landing fees in fiscal year 2020 and fiscal year 2021 due to the COVID-19 pandemic.**

Each fiscal year, the Authority also establishes terminal building rental rates and fees for aeronautical tenants of all of the Terminals, also on a compensatory basis. See "AIRPORT PROPERTIES – Airport Facilities – Lease Arrangements for Terminal Facilities." Similar to the manner in which the landing fee is handled (as described above), any variance from projected costs is calculated after the fiscal year ends, and the adjustment is either paid to or invoiced to the air carriers, although the Authority may adjust the terminal rental rates during the fiscal year in order to reduce any variance that would be due.

Other Authority Revenues generated at the Airport include parking fees, which are generated according to parking rates set by the Authority, rents and other amounts paid by concessionaires, rental car companies and cargo facility operations, and other tenants, which are set by negotiation or bid.

The FAA has approved Authority applications to impose and use a $4.50 PFC as authorized by federal legislation through December 1, 2027. The revenues from PFCs are dedicated to certain FAA-authorized capital projects and are excluded from the Revenues pledged under the 1978 Trust Agreement that secure the Bonds. See "CAPITAL PROGRAM – Funding Sources – Passenger Facility Charges." The Authority also requires CFCs to be paid by rental car customers at Logan. The current CFC of $6.00 per day is collected by the rental car companies and remitted to the trustee for the CFC Revenue Bonds as security therefor. CFC revenues are excluded from Revenues pledged under the 1978 Trust Agreement securing the Bonds. See "OTHER OBLIGATIONS – CFC Revenue Bonds."

Commencing February 13, 2019, all Terminal A Rental Revenues are included in Revenues and Net Revenues of the Authority, reflecting the impact of the refunding and defeasance of the Terminal A Bonds with proceeds of the 2019-A Bonds, which is set forth in the historical and projected Operating Results tables set forth under "SELECTED FINANCIAL DATA" herein.

Port Properties Revenues

Revenues from the Port Properties are derived from several different sources, reflecting the diverse business activities at the Authority's maritime terminals. At Moran Terminal, Medford Street Terminal and Mystic Pier No. 1, which are leased to Boston Autoport, the tenant pays a fixed rent, plus a percentage of sublease revenues. At Conley Terminal, which is operated by the Authority, the Authority collects fees from shipping lines for loading and unloading containers and for related services. The Authority also collects dockage and wharfage fees from the vessels. At Flynn Cruiseport Boston, the Authority charges per passenger use fees, as well as dockage, water and other charges such as equipment rental.

The Authority also collects dockage and tonnage fees for bulk cargo (most particularly, cement products), ground lease rentals, and building rentals at the various associated office and warehouse buildings included in the Port Properties. Finally, the Authority realizes revenues from the building or facility rental or ground rental of the various properties it owns in East Boston, South Boston and Charlestown.

Investment Income

The Authority also derives income from the investment of the balances in the Operating Fund, the Maintenance Reserve Fund, the Improvement and Extension Fund, the Capital Budget Fund or Account, and the Reserve and Bond Service Accounts in the Interest and Sinking Fund. See "GENERAL OPERATIONAL FACTORS – Investment Policy."

SELECTED FINANCIAL DATA

The table on page A-64 reflects historical Operating Results and Debt Service Coverage for the five most recent fiscal years and the three-month periods ended September 30, 2019 and September 30, 2020, and has been prepared in accordance with accounting principles required by the 1978 Trust Agreement, which differ in some respects from generally accepted accounting principles ("*GAAP*"). Information for each of the five fiscal years is derived from the Authority's financial statements for the respective fiscal years. Financial statements of the Authority for fiscal year 2020 and comparative data for fiscal year 2019, together with the report thereon of Ernst & Young LLP, independent accountants, are included in APPENDIX B to the Official Statement. Information for the three-month periods ended September 30, 2019 and September 30, 2020 in the table on page A-64 is derived from the unaudited records of the Authority. **See "IMPACT OF COVID-19 PANDEMIC ON THE AUTHORITY – Impact of COVID-19 on Airport Properties" and "– Impact of COVID-19 on Port Properties" above for more information on the impact of COVID-19 on Revenues.**

The table on page A-65 reflects projected Operating Results and Debt Service Coverage for fiscal year 2021 through fiscal year 2025, and was prepared in accordance with accounting principles required by the 1978 Trust Agreement. Given the unprecedented nature of, and continuing uncertainty regarding, the COVID-19 pandemic and its impact on the aviation industry and worldwide economies, the table on page A-65 does not reflect a forecast of operating results and debt service coverage, but rather reflects a projection based on a hypothetical scenario that aviation and port activity recovers to fiscal year 2019 levels over a six year horizon ending in fiscal year 2026. The

Authority's assumptions for projected airline passenger growth were developed in coordination with LeighFisher and were based upon partial year actual results, discussions with individual airlines and advance airline schedules, and assumptions regarding future air travel demand. The Authority and LeighFisher believe the passenger projection provide a reasonable basis for financial planning under a six year recovery scenario; however, any projection is subject to risk, volatility and uncertainty, as further described herein.

The prospective financial information included in this APPENDIX A has been prepared by and is the responsibility of the Authority's management. The Authority and its management believe that the prospective financial information included in this APPENDIX A and appearing on page A-65 has been prepared on a reasonable basis, reflecting its best estimates and judgments, and represents, to the best of management's knowledge and opinion, the Authority's expected course of action during the projection period in the context of a six-year activity recovery scenario from the impact of the COVID-19 pandemic; however, there can be no assurance that such projected results will be realized. In particular, given the very high level of uncertainty related to future activity levels at the Airport Properties and the Port Properties due to the pandemic, future financial results are likely to materially differ from the projections. The prospective financial information was prepared by the Authority in accordance with accounting principles required by the 1978 Trust Agreement in order to show projected debt service coverage; such information was not prepared with a view toward compliance with the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information.

Neither Ernst & Young LLP nor any other independent accountant has examined, compiled, reviewed, audited or performed any procedures with respect to the "Projected Operating Results and Debt Service Coverage" appearing on page A-65 or the Review of Airport Properties Net Revenues Projection included in APPENDIX C to the Official Statement, and, accordingly, Ernst & Young LLP does not express an opinion or any other form of assurance on such information or its achievability. Neither Ernst & Young LLP, nor any other independent accountant, assumes any responsibility for or has any association with the prospective financial information and any other information derived therefrom included elsewhere in this offering document.

The Ernst & Young LLP report included in APPENDIX B to the Official Statement relates to the Authority's historical financial information. The Ernst & Young LLP report does not cover any other information in this offering document and should not be read to do so.

The following tables show the calculation of Annual Debt Service Coverage of the Authority, as provided under the 1978 Trust Agreement, which equals the ratio of the Net Revenues of the Authority to the Annual Debt Service for such year. "*Net Revenues*" is defined in the 1978 Trust Agreement as the excess of Revenues over Operating Expenses. For the purpose of the calculations, proceeds of PFCs and CFCs have been excluded from Revenues because such proceeds have been excluded from Revenues under the 1978 Trust Agreement. In addition, for purposes of the historical Operating Results and Debt Service Coverage table on page A-64, all Terminal A Rental Revenues received on or after February 13, 2019 are included as Revenues, reflecting the impact of the refunding and defeasance of the Terminal A Bonds with proceeds of the 2019-A Bonds. As used in the tables on page A-64 and A-65, "*Net Debt Service*" is equal to the "Principal and Interest Requirements" on Bonds outstanding for the applicable fiscal year, less the capitalized interest paid from the applicable Project Fund, less expected debt service on PFC Backed Debt. See "SECURITY FOR THE 2021 REFUNDING BONDS – Use of Available Funds to Pay Debt Service" in the Official Statement and APPENDIX D to the Official Statement – Summary of Certain Provisions of the 1978 Trust Agreement – "Certain Definitions."

The calculation of Revenues, Operating Expenses, Annual Debt Service, Net Debt Service and Annual Debt Service Coverage under the table captioned "Projected Operating Results and Debt Service Coverage" is based upon certain assumptions described below under the heading "MANAGEMENT'S DISCUSSION OF FINANCIAL PROJECTION ASSUMPTIONS." While the Authority believes that the assumptions made are reasonable, it makes no representation that the conditions assumed will in fact occur. To the extent that actual future conditions differ from those assumed or from the information on which the assumptions are based, the actual operating results will vary from those projected, and such variations may be material. **See "IMPACT OF COVID-19 PANDEMIC ON THE AUTHORITY" above. These projections reflect (i) the additional revenues and operating expense savings identified to date as part of the FY 2021-2023 Financial Sustainability Plan, and (ii) the additional funding the Authority expects to receive pursuant to the COVID Relief Act (see "IMPACT OF COVID-19 PANDEMIC ON THE AUTHORITY – Authority's Plan for Financial Sustainability")**.

Note 2 to the Financial Statements in APPENDIX B to the Official Statement includes a reconciliation between the increase in Net Assets as calculated under GAAP and Net Revenues as calculated under accounting practices prescribed by the 1978 Trust Agreement. The significant differences between the two methods of accounting are as follows: investment income is included as operating revenue under the 1978 Trust Agreement, but not under GAAP; and depreciation expense, interest expense, payments in lieu of taxes, PFCs, CFCs and capital grants are all recorded under GAAP, but not under the 1978 Trust Agreement. See APPENDIX B to the Official Statement.

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HISTORICAL OPERATING RESULTS AND DEBT SERVICE COVERAGE UNDER THE 1978 TRUST AGREEMENT

(Fiscal Year Ended June 30, except as noted)

($ in thousands)

1978 Trust Agreement	2016	2017	2018	2019	2020	Three Months Ended 9/30/2019	Three Months Ended 9/30/2020
Revenues:							
Airport Properties - Logan							
Landing Fees	$ 104,489	$ 113,162	$ 119,190	$ 119,847	$ 110,490	$ 32,226	$ 31,310
Parking Fees	154,068	168,919	180,349	181,478	136,436	45,050	8,389
Utility Fees	17,960	15,284	15,349	13,541	11,126	3,045	2,238
Terminal Rentals (1)	142,176	161,816	180,331	203,861	211,136	59,945	47,197
Non-Terminal Building and Ground Rents	49,317	49,641	52,856	54,788	55,725	13,069	13,037
Concessions	86,645	98,093	113,588	129,356	110,669	37,284	11,969
Other (2)	32,061	31,303	33,321	34,596	29,001	9,248	1,817
	586,716	638,218	694,984	737,467	664,583	199,867	115,957
Airport Properties - Hanscom	12,195	12,839	14,262	14,924	14,587	3,708	3,083
Airport Properties - Worcester	1,572	1,634	1,800	3,007	1,959	306	519
Total Airport Properties	600,483	652,691	711,046	755,398	681,129	203,881	119,559
Port Properties							
Maritime Operations (3)	74,259	81,738	93,831	102,883	92,619	26,854	21,328
Maritime Business Development/Real Estate	24,619	30,021	30,446	46,218	49,112	9,829	7,420
	98,878	111,759	124,277	149,101	141,731	36,683	28,748
Total Operating Revenue	699,361	764,450	835,323	904,499	822,860	240,564	148,307
Investment Income (4)	5,689	7,902	12,265	21,659	23,394	6,160	3,434
Total Revenues	705,050	772,352	847,588	926,158	846,254	246,724	151,741
Operating Expenses (5):							
Airport Properties							
Logan	307,394	328,869	342,973	361,177	352,390	87,493	72,088
Hanscom	12,152	12,530	14,498	14,866	15,132	3,683	3,053
Worcester	9,408	9,672	10,680	13,949	16,723	4,000	3,053
	328,954	351,071	368,151	389,992	384,245	95,176	78,194
Port Properties							
Maritime Operations (3)	66,307	70,088	75,695	78,432	76,704	16,953	14,897
Maritime Business Development/Real Estate	16,725	19,082	21,384	24,004	23,026	7,763	7,439
	83,032	89,170	97,079	102,436	99,730	24,716	22,336
Total Operating Expenses	411,986	440,241	465,230	492,428	483,975	119,892	100,530
Net Revenue before Other Available Funds	$ 293,064	$ 332,111	$ 382,358	433,730	362,279	126,832	51,211
Other Available Funds (6)	-	-	-	-	57,080	-	31,794
Net Revenues	$ 293,064	$ 332,111	$ 382,358	$ 433,730	$ 419,359	$ 126,832	$ 83,005
Total Debt Service including PFC Backed Debt (7)	$ 98,220	$ 101,456	$ 111,323	$ 118,550	$ 130,875	NA	NA
PFC Revenues to be applied to Debt (8)	$ -	$ -	$ -	$ -	$ (11,571)	NA	NA
Net Debt Service	$ 98,220	$ 101,456	$ 111,323	$ 118,550	$ 119,304	NA	NA
Annual Debt Service Coverage	2.98	3.27	3.43	3.66	3.52	NA	NA

(1) Prior to February 13, 2019, excludes the portion of Terminal A rental revenue that was pledged to pay debt service on the Terminal A Bonds. On February 13, 2019, the Terminal A Bonds were retitred, and accordingly, after such date, all Terminal A rental revenue is included in Logan rental revenues.

(2) Logan Airport uncollectible accounts have been included in Logan Other Revenue.

(3) Maritime Operations include Auto, Container, Cruise and Seafood Business lines.

(4) Excludes investment income earned by and deposited into Construction, PFC and CFC Funds and other funds not held under the 1978 Trust Agreement.

(5) Includes allocation of all operating expenses related to Authority General Administration.

(6) In FY2020, the Authority recognized $57.1 million of CARES Act grant funding as being used for operating expenses; and such amount was designated as Available Funds under the 1978 Trust Agreement and is thus reflected as an adjustment to Net Revenues. During the first three months of FY2021, the Authority recognized $31.8 million of CARES Act grant funding as being used for operating expenses as being used for operating expenses; and such amount was designated as Available Funds under the 1978 Trust Agreement and is thus reflected as an adjustment to Net Revenues.

(7) Equal to the "Principal and Interest Requirements" on Bonds outstanding for the applicable fiscal year, less the capitalized interest paid from the applicable Project Fund.

(8) Represents PFC revenues designated as Available Funds under the 1978 Trust Agreement.

Source: Authority's accounting reports.

PROJECTED OPERATING RESULTS AND DEBT SERVICE COVERAGE UNDER THE 1978 TRUST AGREEMENT

(Fiscal Year Ended June 30, except as noted)
($ in thousands)

1978 Trust Agreement	2021 (1)	2022	2023	2024	2025
Revenues:					
Airport Properties - Logan					
Landing Fees	$ 113,059	$ 104,306	$ 115,041	$ 132,913	$ 155,083
Parking Fees	53,578	53,888	82,549	104,216	130,224
Utility Fees	9,990	11,158	12,937	13,112	13,839
Terminal Rentals	206,070	206,946	226,544	268,553	283,284
Non-Terminal Building and Ground Rents	54,303	56,278	59,661	61,017	62,407
Concessions	57,819	52,161	63,377	81,123	101,404
Other (2)	14,898	14,981	15,067	15,156	15,250
	509,717	499,718	575,175	676,090	761,489
Airport Properties - Hanscom	12,700	14,643	16,088	17,134	17,519
Airport Properties - Worcester	1,430	795	814	905	931
Total Airport Properties	523,846	515,156	592,077	694,129	779,939
Port Properties					
Maritime Operations (3)	83,079	87,287	94,279	98,907	102,690
Maritime Business Development/Real Estate	39,768	32,045	34,198	36,351	38,295
	122,847	119,332	128,476	135,258	140,985
Total Operating Revenue	646,694	634,488	720,553	829,387	920,924
Investment Income (4)	11,220	7,705	7,384	7,229	7,501
Total Revenues	657,914	642,193	727,938	836,617	928,425
Operating Expenses (5):					
Airport Properties					
Logan	321,445	295,639	326,197	343,037	357,517
Hanscom	13,761	13,573	14,755	15,396	15,935
Worcester	13,296	12,744	13,652	14,222	14,688
	348,502	321,956	354,604	372,655	388,140
Port Properties					
Maritime Operations (3)	66,645	68,777	77,553	80,455	83,097
Maritime Business Development/Real Estate	20,754	20,005	21,679	22,491	23,242
	87,399	88,782	99,232	102,946	106,340
Total Operating Expenses	435,900	410,737	453,837	475,601	494,479
Net Revenue before Other Available Funds	$ 222,014	$ 231,455	$ 274,101	361,016	433,946
Other Available Funds (6)	115,920	-	-	-	-
Net Revenues	$ 337,934	$ 231,455	$ 274,101	$ 361,016	$ 433,946
Total Debt Service including Debt Backed by PFCs (7)	124,287	109,356	178,809	187,268	196,090
PFC Revenues to be applied to Debt (8)	(19,373)	(25,838)	(30,815)	(30,974)	(30,814)
Net Debt Service	$ 104,914	$ 83,518	$ 147,994	$ 156,294	$ 165,277
Annual Debt Service Coverage	3.22	2.77	1.85	2.31	2.63

NOTE: The financial projections presented in this table were prepared by the Authority on the basis of assumptions believed by it to be reasonable. See "MANAGEMENT'S DISCUSSION OF FINANCIAL PROJECTION ASSUMPTIONS" in this APPENDIX A. The projections reflect the Authority's expected course of action during the projection period in the context of a six-year activity recovery scenario from the impact of the COVID-19 pandemic; however, there can be no assurance that such projected results will be realized. In particular, given the very high level of uncertainty related to future activity levels at the Airport Properties and the Port Properties due to the pandemic, future financial results are likely to materially differ from the projections.

(1) Reflects actual data for the three months ended September 30, 2020, and budgeted data for the remaining nine months.
(2) Logan Airport uncollectible accounts have been included in Logan Other Revenue.
(3) Maritime Operations include Auto, Container, Cruise and Seafood Business lines.
(4) Excludes investment income earned by and deposited into Construction, PFC and CFC Funds and other funds not held under the 1978 Trust Agreement.
(5) Includes allocation of all operating expenses related to Authority General Administration.
(6) The Authority expects to recognize (i) $85.9 million of CARES Act grant funding and (ii) $30.0 million of COVID Relief Act grant funding as being used for operating expenses in fiscal year 2021 and to designate such grant funds as Available Funds.
(7) Includes the 2021 Refunding Bonds and excludes debt service on the Bonds expected to be refunded with proceeds of the 2021 Refunding Bonds. Assumes the Authority will issue $610.7 million aggregate par amount of additional 2021 New Money Bonds to fund capital projects. Includes the portion of the 2019-A Bonds, 2019-C Bonds and 2021 New Money Bonds debt service expected to be paid from PFCs (see "CAPITAL PROGRAM – Funding Sources – Future Bond Proceeds").
(8) Represents PFC revenues expected to be used to offset a portion of the debt service on the 2019-A Bonds, 2019-C Bonds, 2021-C Bonds and 2021 New Money Bonds (see "CAPITAL PROGRAM – Funding Sources – Future Bond Proceeds" and "MANAGEMENT'S DISCUSSION OF FINANCIAL PROJECTION ASSUMPTIONS").

MANAGEMENT'S DISCUSSION OF HISTORICAL OPERATING RESULTS

The information provided by the Authority in this section of APPENDIX A includes fiscal year 2020 results, which reflects approximately four months of impact from the COVID-19 pandemic. Accordingly, the information in this section of APPENDIX A may not be indicative of future results or performance due to the continued and evolving nature of the COVID-19 pandemic. See "IMPACT OF COVID-19 PANDEMIC ON THE AUTHORITY."

The Authority derives revenues from a wide variety of sources, including landing fees and terminal building rental rates and fees, commercial parking fees, concession and rental car revenues, cargo tariffs and land rentals. Certain of these revenues are regulated by state or federal law, such as aeronautical revenues derived from landing fees and terminal rentals, PFCs and port tariffs. See "AUTHORITY REVENUES – Airport Properties Revenues" and "AVIATION INDUSTRY CONSIDERATIONS – Federal Law Affecting Rates and Charges" and "– Considerations Regarding Other Sources of Revenue." The Authority is not restricted by law with respect to establishing rates for certain other activities, such as commercial parking rates and rental rates for development properties, but the Authority is subject to general market conditions. Similarly, the Authority's operating expenses are governed, in part, by applicable law, which mandates certain standards applicable to large commercial service airports, such as Logan Airport, including safety and security staffing and capital requirements. For example, following September 11, 2001, the FAA and TSA instituted numerous security measures for all U.S. airports and seaports, including Logan Airport, Hanscom Field, Worcester Regional Airport and the Port of Boston, which increased the Authority's Operating Expenses. These measures include, but are not limited to, increasing the number of security and law enforcement personnel, restricting the parking of vehicles near terminals, prohibiting all unticketed persons beyond security checkpoints and enhancing the search and screening of all passengers and baggage.

For purposes of the fiscal year 2020 audited financial statements, in accordance with GAAP, the Authority recognized $57.1 million of CARES Act grant funds as being used for operating expenses. Such amount was designated as Available Funds under the 1978 Trust Agreement and was reflected as an adjustment to Net Revenues. Any discussion in this section related to year-over-year performance of operating expenses or Net Revenues <u>excludes</u> CARES Act grant funds designated as Available Funds to ensure a meaningful comparison.

Total Operating Revenues in fiscal year 2020 were $822.9 million compared to $904.5 million in fiscal year 2019, while Operating Expenses were $484.0 million in fiscal year 2020 compared to $492.4 million in fiscal year 2019, resulting in Net Revenues, prior to the application of other Available Funds, of $362.3 million and $433.7 million in fiscal year 2020 and fiscal year 2019, respectively. Taking into account the $57.1 million of CARES Act grant funds that were designated as Available Funds under the 1978 Trust Agreement, fiscal year 2020 Net Revenues were $419.4 million. Logan Airport is the primary source of the Authority's Revenues, Net Revenue and Operating Expenses. For a discussion of the differences between the accounting principles required by the 1978 Trust Agreement and GAAP, see Note 2 to the Financial Statements in APPENDIX B to the Official Statement. Revenues and Net Revenues do not include PFC revenues, which are required under federal law to be applied to certain FAA-authorized capital projects at the Airport and are not pledged for the benefit of holders of the Bonds, or CFC revenues, which are pledged as security for the CFC Revenue Bonds. See "OTHER OBLIGATIONS – CFC Revenue Bonds." Operating revenue and expense figures for the Airport Properties and Port Properties do not include certain items, particularly expense items such as payments in lieu of taxes, interest and depreciation and amortization, properly allocable to such properties under GAAP.

The Authority actively manages both its revenues and expenses in order to balance several important goals, including the following: maintaining overall expenses at levels designed to maintain the Authority's standards for safety and security and customer service while maintaining reasonable rates for the users of its facilities, recovering a greater share of the actual costs of each of the Authority's Properties from the users of such Properties, maintaining the Authority's financial flexibility and ability to react to unforeseen events and balancing the mix of revenue sources to reduce reliance on any single source of revenues. Consistent with the profit and loss focus of the Authority's senior management, both of the operating departments, Aviation and Maritime, seek to recover an increasingly greater percentage of the actual operating costs and amortization allocable to each facility. Thus, for example, the Aviation Department has raised rents at and instituted a rates and charges policy for the use of Hanscom Field. The Maritime Department has increased tariffs for services provided to commercial shippers at the Port of Boston, while pursuing new revenue development through increasing uses of Port Properties and marketing programs to increase the volume of containers handled and the number of cruise passengers embarking and disembarking in Boston.

The Authority benchmarks certain key indices against its peers and establishes financial targets based upon such indices in order to evaluate its rates and maintain a competitive position in the various markets served by the Authority. The Authority strives to balance the need to maintain competitive rates with the need to provide a high level of service to its customers. Because the aeronautical rates and charges at Logan Airport are driven by actual costs, the Authority continually reviews and analyzes, and ultimately controls, its operating expenses. Thus, the Authority develops its five-year rolling capital program taking into account the annual capital and operating costs that will result from each project within the program. In an iterative process, the Authority develops a five-year rolling projected operating budget based upon the projected five-year capital program and benchmarks the projected operating expenses resulting from the proposed projects in order to constrain the capital program in a manner that allows the Authority to meet its financial targets.

Airport Properties

Airport Properties Net Revenues (Airport Properties Revenues less Airport Properties Operating Expenses), prior to the application of other Available Funds, decreased from fiscal year 2019 to fiscal year 2020 by $68.5 million or 18.8%. The number of passengers using Logan Airport (excluding general aviation) in fiscal year 2020 was 27.5% lower than in the prior fiscal year. Landed weights were 19.2% lower than the prior fiscal year. Logan Airport parking revenues were 24.8% lower than such revenues in fiscal year 2019. Logan Airport generated approximately $664.6 million of Operating Revenues and incurred $352.4 million of Operating Expenses in fiscal year 2020, compared to $737.5 million of Operating Revenues and $361.2 million of Operating Expenses in fiscal year 2019. Operating revenue and expense figures for Logan Airport stated in this paragraph do not include certain items, particularly CARES Act grant funds and expense items, such as interest, depreciation and amortization, properly allocable to Logan Airport under GAAP. **See "IMPACT OF COVID-19 PANDEMIC ON THE AUTHORITY – Impact of COVID-19 on Airport Properties" above for more information on the impact of COVID-19 on Airport Properties Revenues.**

Unlike many airport operators, the Authority is not constrained by contractual arrangements with the air carriers serving the Airport governing the incurrence of aeronautical costs and the recovery of such costs in the landing fee and terminal rentals. Instead, landing fees and terminal building rental rates and fees are set annually by the Authority on a compensatory basis to cover direct and allocated capital, administrative, maintenance and operating costs. The Authority can also make adjustments during the year to the landing fee and to terminal building rental rates and fees, if necessary. Accordingly, each October, the Authority establishes the landing fee for the Airport per thousand pounds of landed weight and the rental rates and fees for the terminal buildings, based upon historic capital costs, projected landed weights and the budgeted direct and allocable indirect operating costs of providing these facilities for that fiscal year. The Authority consults with Logan Airport's airline users prior to rate-setting, but the Authority historically has not entered into use agreements or terminal leases which constrain the exercise of the Authority's rate-setting prerogatives. The Authority has no agreements that require it to obtain "majority-in-interest" approvals from airlines for its operating or capital expenditures.

Landing Fees. Logan Airport generated $110.5 million in landing fee revenue in fiscal year 2020. This was a $9.4 million or 7.8% decrease from the $119.8 million generated in fiscal year 2019. Logan Airport's fiscal year 2020 landing fee adjusted rate of $5.46 per thousand pounds was higher than the $4.37 per thousand pounds approved in fiscal year 2019. Total landed weight in fiscal year 2020 was 21,462,516 pounds, a decrease of 5,082,452 pounds compared to fiscal year 2019. Under current policy, any variance between the landing fees collected and the actual costs of operating the airfield during a fiscal year is calculated after the fiscal year ends, and the adjustment is either invoiced to (in the case of a shortfall) or paid to (in the case of a surplus) the air carriers and other aeronautical users. **See "IMPACT OF COVID-19 PANDEMIC ON THE AUTHORITY – Other Authority Actions – Tenant Sustainability and Recovery Plan."**

Pursuant to the Authority's Peak Period Surcharge Regulation, the Authority monitors projected aviation activity at Logan Airport. If as a result of such monitoring, the Authority projects that the total number of aircraft operations scheduled for the Airport will exceed the total number of operations that can be accommodated without incurring unacceptable levels of delay under visual flight rule conditions, then the Authority will provide advance notice of such over-scheduling to the aircraft operators at the Airport. In the event that the aircraft operators at the Airport do not adjust their flight schedules, then the Authority may declare a "*Peak Period*" during the period of over-scheduling and impose a surcharge, currently set at $150 for each operation during such Peak Period, subject to certain exemptions. Any surcharge amounts collected are credited to the airfield cost center. However, in accordance with applicable federal law, the Peak Period Surcharge Regulation is intended to be revenue neutral. Accordingly, the Peak Period Surcharge Regulation is not expected to have any material financial effect on the Authority's Revenues or Net Revenues. The Peak Period Surcharge Regulation was adopted in accordance with requirements of the Massachusetts Environmental Protection Act certificate and the FAA's Record of Decision regarding Runway 14/32, and the final decision in *Massport v. City of Boston, et al*. Based upon the current level of operations at the Airport, there is no Peak Period currently in effect. The Authority expects to continue to seek opportunities to maximize the utilization of existing capacity.

Terminal Rentals. Each fiscal year, the Authority establishes terminal building rental rates and fees for all of the Terminals on a compensatory basis. Terminal building rentals also include baggage fees calculated to recover the Authority's cost of operating baggage screening in unleased space and per passenger fees that recover Terminal E costs related to international passengers and unleased, common-use space. All leases with air carriers for terminal space at the Airport currently provide that the Authority may revise rental rates periodically, at the discretion of the Authority, to recover the actual direct and indirect capital and operating costs for such leased space. The Authority resets these rates each fiscal year to recover its actual capital and budgeted operating costs. Similar to its policy regarding landing fees (described above), the Authority calculates the variance from the projections after the fiscal year ends, and the adjustment is invoiced to (in the case of a shortfall) or paid to (in the case of a surplus) the air carriers. The Authority's practice, however, is that the Authority does not recover through its terminal rental rates the costs allocable to unrented but rentable space. The Authority can also make adjustments during the year to the rates charged to air carriers for terminal usage.

As described under "AIRPORT PROPERTIES – Airport Facilities – Lease Arrangements for Terminal Facilities," as of October 31, 2020, the Authority leases 86 of its 100 contact gates to various carriers serving the Airport. See the inside back cover of this Official Statement for a map of the Airport's terminal facilities. Rental revenue from Terminals totaled $203.9 million in fiscal year 2019 and $211.1 million in fiscal year 2020, and rental income from non-terminal buildings and ground rents other than Terminals totaled $54.8 million in fiscal year 2019 and $55.7 million in fiscal year 2020.

Parking Fees. Airport parking revenues (including Logan Express) decreased from $181.5 million in fiscal year 2019 to $136.4 million in fiscal year 2020, primarily due to decreased business activity as a result of the COVID-19 pandemic. A parking rate increase of $3.00 per day commencing July 1, 2021 has been approved by the Board for all on-Airport parking lots, including the Economy Parking Garage. Parking fees are generated according to parking rates set by the Authority. The Authority does not share parking fees with the carriers as an offset to either landing fees or terminal rents; rather, the Authority retains the business risk and the return of this cost center. The number of commercial parking spaces at the Airport is subject to the SIP Parking Limitation. See "AIRPORT PROPERTIES – Airport Facilities – Parking Facilities." **See "IMPACT OF COVID-19 PANDEMIC ON THE AUTHORITY – Impact of COVID-19 on Airport Properties" above for more information on the impact of COVID-19 on parking revenues at the Airport.**

Concessions. Revenues from concessions decreased from $129.4 million in fiscal year 2019 to $110.7 million in fiscal year 2020, primarily due to decreased passenger volume as a result of the COVID-19 pandemic. MarketPlace Logan provides restaurant and retail offerings for Logan Airport customers while also allowing the Authority to participate in a larger share of the revenue versus prior management agreements. Concession revenues include payments made by rental car companies that operate at the Airport and commissions from the following concessions: food and beverage, news and gifts, duty free shops, other specialty shops, ground transportation and other concessions. Revenues from ground transportation services decreased from $17.3 million in fiscal year 2019 to $12.5 million in fiscal year 2020 (includes Ride App pick-up fees of $3.25 per pick up, but excludes the Ride App drop-off fee of $3.25 per drop off, which was implemented in fiscal year 2020). In fiscal year 2020, the newly implemented $3.25 per drop off Ride App drop-off fee generated $3.8 million of additional ground transportation services revenue. The Authority has granted minimum annual guarantee (MAG) relief to concessionaires that have experienced a significant loss of income for any month or months between April 2020 and July 2021. **See "IMPACT OF COVID-19 PANDEMIC ON THE AUTHORITY – Other Authority Actions – Tenant Sustainability and Recovery Plan. See also "IMPACT OF COVID-19 PANDEMIC ON THE AUTHORITY – Impact of COVID-19 on Airport Properties" above for more information on the impact of COVID-19 on concession revenues at the Airport.**

Hanscom Field. During fiscal year 2020, Revenues from operations at Hanscom Field represented approximately 1.7% of the total Revenues of the Authority, and Hanscom Field's Operating Expenses constituted approximately 3.1% of the Authority's Operating Expenses. In fiscal year 2020, Hanscom Field contributed $14.6 million of Revenue, with Operating Expenses of $15.1 million, yielding an operating deficit before debt service or other capital expenses of approximately $545,000. See "AIRPORT PROPERTIES – Hanscom Field."

Worcester Regional Airport. In fiscal year 2020, Revenues from operations at Worcester Regional Airport represented less than 1% of the total Revenues of the Authority, and Worcester's Operating Expenses constituted approximately 3.5% of the Authority's Operating Expenses and represented an operating loss of approximately $14.8 million before debt service and other capital expenses. In fiscal year 2019, Worcester Regional Airport generated an operating loss of approximately $10.9 million before debt service and other capital expenses. Worcester Airport had $2.0 million in operating revenues in fiscal year 2020, a decrease of $1.0 million compared to the prior year.

CARES Act Grants. The CARES Act provides $10 billion of assistance to United States commercial airports, which is apportioned among such airports based on various formulas. The FAA has announced that the Authority is eligible to receive an aggregate $143.6 million in CARES Act funding for all of its three airports for expense reimbursement, which grant funds have been designated by the Authority as Available Funds. The Authority may draw on such funds, on a reimbursement basis, to pay for any purpose for which airport revenues can lawfully be used, including, but not limited to, the payment of maintenance and operation expenses incurred on or after January 20, 2020, and the payment of debt service due on or after March 27, 2020. CARES Act funds must be used within four years from the date on which the agreement between the Authority and the FAA is executed, and the Authority must comply with certain other obligations, including, but not limited to, employing at least 90% of its staff as of March 27, 2020 through December 31, 2020, excluding voluntary retirements and furloughs. In fiscal year 2020, the Authority drew $35 million of CARES Act funds, of which $31 million was used for reimbursement of certain operating expenses incurred in fiscal year 2020 and the balance was deposited in the Improvement and Extension Fund. For purposes of the fiscal year 2020 audited financial statements, in accordance with GAAP, the Authority recognized $57.1 million of CARES Act grant funds as being used for operating expenses, and designated such funds as Available Funds under the 1978 Trust Agreement. The Authority expects to use the balance of the CARES Act funds ($113 million) in fiscal year 2021 to help offset commercial parking, transportation service and concession losses at Logan Airport. **See "IMPACT OF COVID-19 PANDEMIC ON THE AUTHORITY" above**.

Passenger Facility Charges. Pursuant to the 1978 Trust Agreement, commencing in fiscal year 2020, the Authority is authorized to approve a resolution or resolutions that designate specified PFC revenues as Available Funds, and, to the extent approved by the FAA, such amounts would then be used to pay debt service on specific Series of Bonds (PFC Backed Debt). The Authority expects, to the extent approved by the FAA, to designate in each annual budget certain PFCs as Available Funds to pay a portion of the debt service on the Authority's 2019-A Bonds, 2019-C Bonds and 2021-C Bonds. Debt service on PFC Backed Debt will not be included in the calculation of the rate covenant set forth in the 1978 Trust Agreement. In fiscal year 2020, $11.6 million of PFC revenues were designated as Available Funds and used for the payment of eligible debt service on the 2019-A Bonds and 2019-C Bonds, and in the fiscal year 2021 budget, $11.7 million of PFC revenues have been designated as Available Funds and are expected to be used to pay eligible debt service on the 2019-A Bonds and 2019-C Bonds. See "SECURITY FOR THE 2021 REFUNDING BONDS – Use of Available Funds to Pay Debt Service" in the Official Statement. **See also "IMPACT OF THE COVID-19 PANDEMIC ON THE AUTHORITY – Impact of COVID-19 on PFC Collections" above for information on the impact of COVID-19 on PFCs**.

Port Properties

Maritime Operations includes container activity, cruise passenger activity and automobile import/export activity. Maritime Real Estate includes commercial real estate development, maritime real estate development and asset management. Project types and assets include office, hotel, residential, retail, seafood processing, warehouse and parking. With the exception of the Boston Fish Pier, these projects are developed and operated by private third-party entities that have entered into ground leases with the Authority. The department also negotiates numerous license agreements for shorter term and temporary uses of Authority property. Since fiscal year 2006, the Authority has experienced annual Port Properties operating surpluses.

In fiscal year 2020, the Revenue attributable to the Port Properties totaled approximately $141.7 million, or approximately 16.7% of the Revenues of the Authority, prior to the application of other Available Funds, and the Port Properties accounted for approximately $99.7 million of Operating Expenses according to the 1978 Trust Agreement, or approximately 20.6% of the Authority's Operating Expenses. The Port Properties realized a surplus of approximately $42.0 million and $46.7 million in Net Revenues in fiscal years 2020 and 2019, respectively.

The Net Revenue from Maritime Operations, which includes the auto, container, cruise and seafood business lines, was a surplus of $15.9 million for fiscal year 2020, while the Net Revenue from Maritime Operations was a surplus of $24.5 million in fiscal year 2019. The Net Revenue from Maritime Real Estate was a surplus of $26.1 million for fiscal year 2020, while the Net Revenue from Maritime Real Estate was a surplus of $22.2 million in fiscal year 2019. Over the period shown, the Authority has pursued a policy of seeking compensatory pricing, aggressively negotiating new lease terms when possible, revenue development through more intense use of the Port Properties and a marketing program designed to increase the volume of containers handled and the number of cruise passengers who embark or disembark in Boston. In fiscal year 2020, Conley Terminal processed 161,171 containers, a 7.8% decrease from the record set in fiscal year 2019 of 174,849 containers.

See "IMPACT OF COVID-19 PANDEMIC ON THE AUTHORITY – Impact of COVID-19 on Port Properties" above for more information on the impact of COVID-19 on Port Properties Revenues.

Investment Income

Investment income (excluding the Construction Fund, CFCs, PFCs and other funds not held under the 1978 Trust Agreement) during fiscal year 2020 was $23.4 million, an increase of $1.7 million from fiscal year 2019, as the Authority had more cash available to invest, as a result of increased net revenue deposits for the first nine months in fiscal year 2020, and was able to take advantage of a higher interest rate environment for a portion of the fiscal year.

MANAGEMENT'S DISCUSSION OF FINANCIAL PROJECTION ASSUMPTIONS

The following discussion elaborates on the information contained in the above table entitled "Projected Operating Results and Debt Service Coverage Under the 1978 Trust Agreement" and reflects the Authority's current planning and expectations. The table and ensuing discussion contain pro-forma projections for the period covering fiscal year 2021 through fiscal year 2025 and were prepared by the Authority in accordance with accounting principles required by the 1978 Trust Agreement in order to show projected debt service coverage; such information was not prepared with a view toward compliance with the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. The projections were prepared by the Authority's staff.

Given the unprecedented nature of, and continuing uncertainty regarding, the COVID-19 pandemic and its impact on the aviation industry and worldwide economies, the tables on pages A-64 and A-65 and the ensuing discussion do not reflect a forecast of operating results and debt service coverage, but rather a projection based on a hypothetical scenario that aviation and port activity recover to fiscal year 2019 levels over a six year horizon ending in fiscal year 2026. The Authority and its management believe that these projections have been prepared on a reasonable basis, reflecting its best estimates and judgments, and represents, to the best of management's knowledge and opinion, the Authority's expected course of action during the projection period in the context of a six-year activity recovery scenario from the impact of the COVID-19 pandemic; however, there can be no assurance that such projected results will be realized. **In particular, given the very high level of uncertainty related to future activity levels at the Airport Properties and the Port Properties due to the pandemic, future financial results are likely to materially differ from the projections.**

The Authority's assumptions for projected airline passenger growth were developed in coordination with LeighFisher and were based upon partial year actual results, discussions with individual airlines and advance airline schedules, and assumptions regarding future air travel demand. The Authority and LeighFisher believe the passenger projection provide a reasonable basis for financial planning under a six year recovery scenario; however, any projection is subject to risk, volatility and uncertainty, as further described herein.

For fiscal year 2021, projections are based on the Authority's unaudited actual results through September 30, 2020 and the projected budget for the remaining nine months of fiscal year 2021. Total Revenues, inclusive of other Available Funds, are projected to be $773.8 million for fiscal year 2021, and the projected Operating Expenses total $435.9 million. Through September 30, 2020, operating revenues of $148.3 million were 4.9% above budget and $92.3 million below the same time period in fiscal year 2020. Total Revenues of $151.7 million were $7.9 million, or 5.5% above budget for the same period. For the same period, Operating Expenses of $100.5 million were $12.9 million or 11.4% below budget for the first three months of fiscal year 2021. Net Revenues, prior to the application of other Available Funds, of $51.2 million for the first three months of the fiscal year were $30.5 million or 68.2% greater than budgeted.

The projections reflected in the table assume: (a) a decrease of operating costs in fiscal year 2021, compared to fiscal year 2020 actual results, of (i) 8.8% at Logan Airport, (ii) 12.4% at the Port Properties, (iii) 20.5% at Worcester Regional Airport and (iv) 9.1% at Hanscom Field; (b) growth of baseline operating costs at 3.4% on average annually in fiscal years 2022 and thereafter; (c) inflation of capital costs (to the mid-point of construction) at 4.0% annually; (d) investment income (other than for investment agreements currently in effect) at a rate ranging from 0.5% to 1.0% in fiscal year 2022 and thereafter; (e) interest rates of 3.0% on the currently planned future Bond issues in calendar year 2021; (f) completion dates for capital projects as currently contained in the Capital Program; (g) the application of PFCs to pay a portion of the principal of and interest on the 2019-A Bonds, the 2019-C Bonds, the 2021-C Bonds and the 2021 New Money Bonds.[4] In addition, these projections reflect (i) the additional revenues and operating expense savings identified to date as part of the FY 2021-2023 Financial Sustainability Plan, and (ii) the additional funding the Authority expects to receive pursuant to the COVID Relief Act (see "IMPACT OF COVID-19 PANDEMIC ON THE AUTHORITY – Authority's Plan for Financial Sustainability").

The 1978 Trust Agreement provides that if Available Funds are pledged or irrevocably committed or are held by a fiduciary and are to be set aside exclusively for the payment of principal of, interest or premium, if any, on specified Bonds pursuant to a resolution of the Authority (and are not otherwise required for payment of another Series of Bonds), then the principal, interest and/or premium to be paid from such Available Funds or from earnings thereon shall be disregarded and not included in calculating debt service coverage requirements under the 1978 Trust Agreement. See the section entitled "SECURITY FOR THE 2021 REFUNDING BONDS – Covenants as to Fees and Charges" in the Official Statement. Although it is the expectation of the Authority's management that the Authority will annually designate PFCs as Available Funds to pay a portion of the principal of and interest on the 2019-A Bonds, the 2019-C Bonds, the 2021-C Bonds and the 2021 New Money Bonds for each next succeeding fiscal year, there can be no assurance that the Authority will in fact irrevocably commit or receive PFCs in the assumed amounts in each fiscal year to the payment of such debt service. If PFCs are not irrevocably committed to pay such debt service, any debt service that would have been paid with PFCs will instead be paid from Net Revenues. The projection table, therefore, presents the debt service coverage calculation both including and excluding the Available Funds expected to be used to pay debt service on Bonds outstanding during the projection period.

The financial projections assume that enplaned passengers in fiscal year 2021 will be 74.1% lower than in fiscal year 2020. Passenger levels are then projected to increase 59.6% in fiscal year 2022, 69.8% in fiscal year 2023, 28.0% in fiscal year 2024 and 25.0% in fiscal year 2025. This projection assumes that by fiscal year 2025, Logan passengers will have nearly returned to fiscal year 2016 levels. These projections do not assume any significant future disruptions to air travel or cessation of service by any air carrier now serving the Airport. If the projected Revenues are not realized in a material way, then the Authority expects that, in addition to other mitigation efforts, it will not execute all of the projects currently included in the Capital Program. The Authority's willingness and ability to reduce capital spending when events so require was demonstrated in its response to the events of September 11, 2001 and in the subsequent adherence to the financial recovery plan put in place thereafter, as well as in its response to the business activity impact from COVID-19, as discussed in "CAPITAL PROGRAM – COVID-19 Impact and Capital Program Prioritization." In addition, projected Revenues do not include PFCs or CFCs collected by the Authority. See "CAPITAL PROGRAM – Funding Sources – Passenger Facility Charges" and "– Customer Facility Charges."

[4] The use of PFCs to pay debt service on a portion of the 2021 New Money Bonds is subject to the receipt of FAA approval for PFC funding for the projects to be financed with proceeds thereof. If these projects are not approved for PFC funding, or if the approved amount is less than the Authority's PFC funding request, the Authority would be required to pay debt service on such Bonds from Net Revenues.

Airport Properties

Projected Revenues from landing fees and terminal rentals at the Airport reflect the periodic revision of such charges at rates designed to recover the net annual cost of providing these Airport facilities. Net annual costs include all operating expenses and amortization of capital costs, less any PFC revenues applied to these projects and any federal grant funds received for these projects. After increasing 2.3% in fiscal year 2021, landing fee revenues at the Airport are projected to increase at an average annual rate of 8.7% from fiscal year 2022 through fiscal year 2025. The increases over the projection period are attributable to the inclusion in the rate base of airfield capital costs, including allocable capital costs from other Airport capital projects and increased operating costs.

Terminal building rental revenues at the Airport are projected to decrease 2.4% in fiscal year 2021, and then from fiscal year 2022 through fiscal year 2025 they are projected to increase at an average annual rate of 8.5%, reflecting the additional build out of terminal facilities coming into service. In fiscal year 2021, terminal building rental revenues at the Airport are projected to be $206.1 million, which is 2.4% lower than fiscal year 2020. See "AIRPORT PROPERTIES – Airport Facilities; Lease Arrangements for Terminal Facilities." Terminal building rentals also include baggage fees calculated to recover the Authority's cost of operating baggage screening in unleased space and per passenger fees that recover Terminal E costs related to international passengers and unleased, common-use space.

In fiscal year 2021, Revenues from non-terminal and ground rents at the Airport are projected to decrease approximately 2.6%. The Board has voted to increase Logan Airport parking rates by $3.00/day in fiscal year 2022. The Authority is projecting that the increase in parking rates will add approximately $3.1 million in parking revenues in fiscal year 2022, which is expected to be used to further fund operating and capital projects. Concession revenues at the Airport, which include payments made by rental car companies that operate at the Airport and commissions from the following concessions—food and beverage, news and gifts, duty free shops, other specialty shops, ground transportation and other concessions—are projected to decline by 9.8% in fiscal year 2022 and then increase at an average annual rate of 24.8% from fiscal year 2023 through fiscal year 2025, reflecting the anticipated return of passenger growth. See APPENDIX C – Review of Airport Properties Net Revenues Projection under the heading "Key Factors Affecting the Net Revenues Projection – Airport Property Revenues – Recovery Planning Scenario – Concessions."

From fiscal year 2022 through fiscal year 2025, Revenues at Hanscom Field are projected to increase at an average annual rate of 8.5%. Expenses are projected to increase at an average annual rate of 3.8% from fiscal year 2022 through fiscal year 2025. Revenues at Worcester Regional Airport are projected to decline by 44.4% in fiscal year 2022 and then increase at an average annual rate of 5.5% from fiscal year 2023 through fiscal year 2025. See "AIRPORT PROPERTIES – Worcester Regional Airport." Worcester Regional Airport operating expenses are projected to decline by 4.2% in fiscal year 2022 and then increase at an average annual rate of 4.9% from fiscal year 2023 through fiscal year 2025. Assuming a combination of low inflation and limited programmatic growth thereafter, Operating Expenses of the Airport Properties are projected to decline by 7.6% in fiscal year 2022 and then increase at an average annual rate of 6.5% from fiscal year 2023 through fiscal year 2025, after a projected decline of 9.3% from fiscal year 2020 to fiscal year 2021.

Projected Revenues and Operating Expenses of the Airport are based in part on assumptions regarding future levels of total passengers. The financial projection assumes that enplaned passengers in fiscal year 2021 will be 74.1% lower than that in fiscal year 2020 (based on actual Airport passenger decline of 82.3% for the first three months of the fiscal year (through September 2020) and passenger estimates for the remainder of the fiscal year), and then estimates of 59.6% growth in fiscal year 2022, 69.8% growth in fiscal year 2023, 28.0% growth in fiscal year 2024 and 25.0% growth in fiscal year 2025). The Authority's assumptions for projected airline passenger growth were developed in coordination with LeighFisher and were based upon partial year actual results, discussions with individual airlines and advance airline schedules, and assumptions regarding future air travel demand. The Authority and LeighFisher believe the passenger projection provides a reasonable basis for financial planning under a six year recovery scenario; however, any projection is subject to risk, volatility and uncertainty, as further described herein. In particular, given the very high level of uncertainty related to future aviation activity levels due to the pandemic, actual passenger growth is likely to materially differ from the projections.

See "IMPACT OF COVID-19 PANDEMIC ON THE AUTHORITY – Impact of COVID-19 on Airport Properties" and "– Impact of COVID-19 on Airport Properties" above for more information on the impact of COVID-19 on passenger traffic.

The following table shows projected total enplaned passengers and total passengers at the Airport from fiscal year 2021 through fiscal year 2025, as well as projected revenue per enplaned passenger (both including and excluding PFCs expected to be available to pay debt service), debt per enplaned passenger (both including and excluding PFC Backed Debt) and airline cost per enplaned passenger, for the same period. **The table below reflects the impact of the issuance of the 2021 Refunding Bonds and the refunding of the Refunded Bonds.**

Logan Airport – Growth Projection
(000s)

	FY 2021	FY 2022	FY 2023	FY2024	FY2025
Enplaned Passengers	3,915	6,248	10,612	13,583	16,979
Total Passengers[1]	7,856	12,536	21,292	27,254	34,067
Percentage Change	--	*59.6%*	*69.8%*	*28.0%*	*25.0%*
Logan Revenue Per Enplaned Passenger[2]					
Without PFCs available to pay Debt Service[3]	$130.18	$79.98	$54.20	$49.77	$44.85
With PFCs available to pay Debt Service[4]	$135.13	$84.11	$57.10	$52.05	$46.66
Debt Per Enplaned Passenger[5]					
Without PFC Principal Amount[6]	$537.87	$360.21	$210.29	$159.04	$122.75
With PFC Principal Amount[7]	$627.58	$428.47	$249.46	$188.50	$145.36
Airline Cost Per Enplaned Passenger (CPE)[2]	$80.06	$48.98	$31.65	$29.07	$25.36

[1] Excludes general aviation.

[2] Reflects actual data for the three months ended September 30, 2020, and budgeted data for the remaining nine months of fiscal year 2021.

[3] Excludes PFC revenues expected to be used to offset debt service on the 2019-A Bonds, 2019-C Bonds and 2021 New Money Bonds (see "CAPITAL PROGRAM – Funding Sources – Future Bond Proceeds").

[4] Includes PFC revenues expected to be used to offset debt service on the 2019-A Bonds, 2019-C Bonds and 2021 New Money Bonds (see "CAPITAL PROGRAM – Funding Sources – Future Bond Proceeds").

[5] Calculation based upon outstanding principal amount of Bonds. Assumes the Authority will issue $610.7 million aggregate par amount of 2021 New Money Bonds to fund capital projects, of which $284.9 million is expected to be payable from PFCs. Includes the 2021 Refunding Bonds and excludes the Refunded Bonds.

[6] Excludes the principal amount of the 2019-A Bonds, 2019-C Bonds and 2021 New Money Bonds expected to be paid from PFCs. (see "CAPITAL PROGRAM – Funding Sources – Future Bond Proceeds")

[7] Includes the principal amount of the 2019-A Bonds, 2019-C Bonds and 2021 New Money Bonds expected to be paid from PFCs. (see "CAPITAL PROGRAM – Funding Sources – Future Bond Proceeds").

The Authority has assumed that it will receive approximately $43.6 million of federal TSA, AIP entitlement, noise and other discretionary grant reimbursements for Logan Airport during the period from fiscal year 2021 through fiscal year 2025. If these funds are not received, projected landing fees and/or baggage fees could increase over the coming years. There can be no assurance that such AIP or TSA grant funds will be available in the amounts or at the times projected. See "AVIATION INDUSTRY CONSIDERATIONS – Considerations Regarding Other Sources of Revenue; Federal Grants-in-Aid" and "– Considerations Regarding Other Sources of Revenue; FAA Reauthorization and Level of Federal Airport Grant Funding."

Review of Airport Properties Net Revenues Projection by Consultants

LeighFisher prepared a review of the Authority's Airport Properties Net Revenues Projection in connection with the issuance of the 2021 Refunding Bonds, which is included as APPENDIX C to the Official Statement. The review should be read in its entirety for a fuller understanding of the projections for the Airport Properties and the key underlying assumptions therein. In the opinion of LeighFisher, the assumptions upon which the Authority's projections for the Airport Properties are based provide a reasonable basis for financial planning under a six year recovery scenario. As stated in the review, any projection is subject to risk, volatility and uncertainty. Inevitably, some assumptions will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the projection and actual results and those differences may be material. In particular, given the very high level of uncertainty related to future aviation activity levels due to the pandemic, actual passenger growth is likely to materially differ from the projections.

Port Properties

Maritime Operations Revenues are projected to decrease 11.0% in fiscal year 2021, and then increase at an average annual rate of 5.5% thereafter through fiscal year 2025, while expenses are projected to decrease 13.1% in fiscal year 2021, and then increase at an average annual rate of 5.7% thereafter through fiscal year 2025. Maritime Operations is expected to have a surplus of $16.4 million in Net Revenues in fiscal year 2021, driven by container volumes exceeding budget. The estimated fiscal year 2021 container volume was originally budgeted to be approximately 104,000 containers and was revised in January 2021 to 140,000 as a result of higher than expected container volumes during the first half of fiscal year 2021. Container revenues are projected to decrease by 5.5% in fiscal year 2021, followed by increases of 3.7% in fiscal year 2022, 7.3% in fiscal year 2023, 4.9% in fiscal year 2024 and 4.5% in fiscal year 2025.

Revenues from Maritime Real Estate are projected to decrease by 17.9% and 19.4% in fiscal year 2021 fiscal year 2022, respectively, and are projected to grow at an average annual rate of 6.1% thereafter through fiscal year 2025, reflecting the development of certain South Boston parcels. Revenue projections are not included for projects currently without signed leases. See “PORT PROPERTIES – Maritime Properties.” Maritime Real Estate Operating Expenses are projected to decrease 9.9% in fiscal year 2021, and then increase at an average annual rate of 3.0% thereafter through fiscal year 2025.

Investment Income

The Authority’s projections of investment income assume that existing investments are held until maturity at their respective stated rates of interest and that available cash will be reinvested at an interest rate of 0.5% to 1.0% in fiscal years 2022 and thereafter.

Debt Service and Coverage

The Authority’s projections include the issuance of additional Bonds by summer 2021 to provide adequate capital for the Bond funded projects identified in the Capital Program. See “CAPITAL PROGRAM – Funding Sources.” The Authority plans to issue future bonds to fund a portion of the Capital Program, including: (i) $329.7 million of project costs in spring 2021 (the 2021D New Money Bonds), of which $186.5 million is expected to be paid from PFCs, and (ii) $209.7 million in summer 2022 (the 2021E New Money Bonds), of which $76.4 million is expected to be paid from PFCs. There can be no assurance, however, that the amount and timing of these Bond issues will be as set forth in the preceding sentence or that PFCs will, in fact, be made available therefor in the amounts noted. The future bond issues are assumed to be secured by the Pooled Reserve Subaccount and therefore include bond proceeds to fully fund the Pooled Reserve Subaccount to an amount equal to the Reserve Requirement. See “SECURITY FOR THE 2021 REFUNDING BONDS – Reserve Account” in the Official Statement. The Authority does not project that this amount of additional debt will have an adverse impact on its ability to comply with the coverage requirements of the 1978 Trust Agreement.

The table on page A-65 sets forth projected annual debt service coverage, inclusive of Available Funds actually or expected to be committed to pay debt service on Bonds, and includes the issuance of the 2021 Refunding Bonds and the refunding of the Refunded Bonds. There can be no assurance that the coverage levels reflected in the table on page A-65 will be achieved. For a discussion of the requirements relating to issuance of additional Bonds, see the sections entitled “SECURITY FOR THE 2021 REFUNDING BONDS – Additional Bonds” in the Official Statement.

The Authority expects that the non-Bond funded projects of the Capital Program will be financed from the expenditure of proceeds from commercial paper, the application of PFCs on a pay-as-you-go basis, the application of CFCs, private sources of capital, federal and other grants and cash flow from operations. The Authority’s capital program is designed to be modular, and the Authority expects to undertake projects only after sufficient funding has been secured.

See "IMPACT OF COVID-19 PANDEMIC ON THE AUTHORITY – Impact of COVID-19 on Airport Properties" and "– Impact of COVID-19 on Port Properties" above for more information on the impact of COVID-19 on Revenues.

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DEBT SERVICE REQUIREMENTS UNDER THE 1978 TRUST AGREEMENT

The following table sets forth debt service on the Authority's outstanding Bonds[(1)] and the 2021 Refunding Bonds for each fiscal year in which such Bonds will be outstanding (rounded to the nearest dollar). Column totals may not add due to rounding. **This table excludes the Refunded Bonds.**

Year Ending July 1	Other Outstanding Bonds Debt Service[(2)(4)]	2021 Refunding Bonds Debt Service[(5)] Principal	Interest	Total Debt Service[(3)]
2021	$68,022,432	-	$2,987,685	$71,010,118
2022	82,177,853	-	8,026,617	90,204,470
2023	151,629,967	-	8,026,617	159,656,584
2024	148,931,092	$1,955,000	8,026,617	158,912,709
2025	149,178,632	1,965,000	8,019,110	159,162,742
2026	149,371,099	1,980,000	8,006,200	159,357,299
2027	149,547,132	1,995,000	7,991,211	159,533,343
2028	138,609,256	11,455,000	7,970,164	158,034,420
2029	142,276,115	8,360,000	7,837,859	158,473,974
2030	135,447,528	7,775,000	7,714,214	150,936,742
2031	135,569,544	7,900,000	7,591,447	151,060,991
2032	135,612,188	8,035,000	7,458,806	151,105,994
2033	102,901,400	29,985,000	7,315,863	140,202,263
2034	101,734,900	19,115,000	6,564,561	127,414,461
2035	101,740,900	19,680,000	5,994,895	127,415,795
2036	90,391,650	20,275,000	5,391,501	116,058,151
2037	90,467,650	20,920,000	4,752,944	116,140,594
2038	87,803,400	21,650,000	4,016,932	113,470,332
2039	86,154,150	22,415,000	3,252,974	111,822,124
2040	83,223,900	23,185,000	2,459,319	108,868,219
2041	85,543,900	15,130,000	1,635,946	102,309,846
2042	85,541,900	15,540,000	1,224,562	102,306,462
2043	85,536,150	2,765,000	802,029	89,103,179
2044	85,544,150	2,845,000	722,701	89,111,851
2045	88,055,600	2,925,000	641,078	91,621,678
2046	76,485,150	3,015,000	557,160	80,057,310
2047	41,954,400	3,100,000	470,659	45,525,059
2048	35,951,950	3,185,000	381,720	39,518,670
2049	36,132,950	3,275,000	290,343	39,698,293
2050	-	3,370,000	196,383	3,566,383
2051	-	3,475,000	99,698	3,574,698
	$2,951,536,938	$287,270,000	$136,427,815	$3,375,234,753

(1) Does not include commercial paper or debt service on obligations of the Authority not secured on a parity with the Bonds under the 1978 Trust Agreement, such as subordinated indebtedness, CFC Revenue Bonds (defined herein) and special facilities revenue bonds. For a description of such other obligations, see "OTHER OBLIGATIONS."

(2) The figures shown in this column combine Bond Debt Service for the outstanding 2014 Bonds, 2015 Bonds, 2016 Bonds, 2017 Bonds, 2019 Bonds, 2020-A Bonds and 2020-B Bonds. Does not include the Refunded Bonds. Includes portion of 2019-A Bonds and 2019-C Bonds expected to be paid from PFCs.

(3) Totals may not add due to rounding.

(4) Amounts shown are net of capitalized interest.

(5) Includes the portion of the 2021-C Bonds expected to be paid from PFCs.

OTHER OBLIGATIONS

The following describes the indebtedness and obligations of the Authority that are not secured under the 1978 Trust Agreement or that are secured on a subordinated basis. See APPENDIX B to the Official Statement – Financial Statements of the Authority for further information.

CFC Revenue Bonds

In June 2011, the Authority issued its Special Facilities Revenue Bonds (ConRAC Project), Series 2011A (Non-AMT) (the "*2011A CFC Revenue Bonds*") and its Special Facilities Revenue Bonds (ConRAC Project), Series 2011B (Taxable) (the "*2011B CFC Revenue Bonds*" and collectively with the 2011A CFC Revenue Bonds, the "*2011 CFC Revenue Bonds*") pursuant to a CFC Trust Agreement dated as of May 18, 2011 (the "*CFC Trust Agreement*"), by and between the Authority and U.S. Bank National Association, as trustee (the "*CFC Trustee*"). The proceeds of the 2011 CFC Revenue Bonds were used to finance the construction of the RCC.

The 2011 CFC Revenue Bonds and any additional bonds that may be issued under the CFC Trust Agreement on a parity with the 2011 CFC Revenue Bonds (collectively, the "*CFC Revenue Bonds*") are secured by the CFC Pledged Receipts (as defined in the CFC Trust Agreement). The CFC Revenue Bonds are not secured by the Revenues that secure the Bonds or PFCs, and CFCs are not included in such Revenues or PFC revenues.

On June 24, 2020, the Authority defeased $62.4 million aggregate principal amount of its 2011 CFC Revenue Bonds, consisting of all of its outstanding 2011A CFC Revenue Bonds and the $4.4 million July 1, 2021 maturity of the 2011B CFC Revenue Bonds. As of July 2, 2020, the 2011B CFC Revenue Bonds in an aggregate principal amount of $120.3 million are the only CFC Revenue Bonds outstanding under the CFC Trust Agreement.

Special Facilities Revenue Bonds

The Authority has issued, and may in the future issue additional, special facilities revenue bonds to finance various capital projects on a non-recourse basis. The principal of and interest on the special facilities revenue bonds issued by the Authority are special obligations of the Authority, payable solely from the sources provided; none of such special facilities bonds are secured by the Revenues of the Authority. Each special facility revenue bond issue is secured differently and under a separate trust agreement.

On September 26, 2019, the Authority issued $143.7 million aggregate principal amount of its Special Facilities Revenue Bonds (BOSFUEL Project), consisting of Series 2019A (AMT) (the "*2019A BOSFUEL Bonds*") and Series 2019B (Taxable) (the "*2019B BOSFUEL Bonds*"). A portion of the proceeds of the 2019A BOSFUEL Bonds was used to refund the entire $81.1 million principal amount outstanding of the Special Facilities Revenue Bonds (BOSFUEL Project), Series 2007, and the remaining proceeds, along with the proceeds of the 2019B BOSFUEL Bonds, will be used to enhance the fuel facilities at the Airport to ensure the ability to meet current and future demands. As of July 2, 2020, the Authority has $142.9 million aggregate principal amount of special facilities revenue bonds outstanding, consisting of the 2019A BOSFUEL Bonds and the 2019B BOSFUEL Bonds.

The Authority is under no obligation to assume the liability for the special facilities revenue bonds listed above or to direct revenue to pay debt service on any special facilities revenue bonds outstanding.

Subordinated Indebtedness

The Authority has issued, and may in the future issue additional, subordinated indebtedness to finance various capital projects, the principal of and interest on which is payable solely from funds on deposit in the Improvement and Extension Fund in a separate account not subject to the pledge of the 1978 Trust Agreement or the CFC Trust Agreement.

As of July 2, 2020, the Authority has $74.0 million aggregate principal amount of subordinated indebtedness outstanding, consisting of its Subordinated Revenue Bonds, Series 2000-A, 2000-B and 2000-C (the "*Series 2000 Subordinated Obligations*"), and its Subordinated Revenue Bonds, Series 2001-A, 2001-B and 2001-C (the "*Series*

2001 Subordinated Obligations"), both of which were issued to finance the acquisition of the ParkEx facility. Funds on deposit in the separate accounts of the Improvement and Extension Fund held for the benefit of the Series 2000 Subordinated Obligations and the Series 2001 Subordinated Obligations are currently invested in two guaranteed investment contracts, which at their respective maturity dates are expected to provide for the $74.0 million aggregate principal payments of the Series 2000 Subordinated Obligations and the Series 2001 Subordinated Obligations at their respective maturities on December 31, 2030 and January 1, 2031.

On November 20, 2018, the Authority issued its Subordinated Obligations, Series 2018-A (AMT) (the "*Series 2018 Subordinated Obligations*," and together with the Series 2000 Subordinated Obligations and the Series 2001 Subordinated Obligations, the "*Subordinated Indebtedness*"), in the aggregate principal amount of up to $107.5 million, to provide bridge financing for the Commonwealth's portion of the costs of the design and construction of Berth 10 at Conley Terminal. All of the available amount of the Series 2018 Subordinated Obligations has been drawn down by the Authority. See "PORT PROPERTIES – Maritime Properties – Conley Terminal," "CAPITAL PROGRAM – Authority Funded Capital Projects – Maritime Improvements" and "CAPITAL PROGRAM – Funding Sources – Commonwealth Funds." The Series 2018 Subordinated Obligations were sold in a private placement transaction to a bank lender, bear a variable rate of interest and mature on July 1, 2028. The Series 2018 Subordinated Obligations are subject to mandatory tender on July 1, 2023 (the "*Tender Date*"). If not repaid in full on the Tender Date, the remaining outstanding principal amount of the Series 2018 Subordinated Obligations must be repaid over a three year term in equal semi-annual principal installments, plus interest. Although the Authority expects to repay the principal of the Series 2018 Subordinated Obligations in full on or before July 1, 2022 from the Commonwealth's payments under the Conley Terminal MOU, the Series 2018 Subordinated Obligations are secured by the moneys on deposit in the Improvement and Extension Fund available for such purpose and by a pledge of the Authority's Revenues, subordinate to the pledge securing the Bonds, including the 2021 Refunding Bonds. In the event that the Commonwealth's payments under the Conley Terminal MOU are delayed or not made, and the Authority reaches agreement with the purchaser on or before the Tender Date, the Series 2018 Subordinated Obligations are also subject to sinking fund payments of the principal thereof on each July 1, commencing July 1, 2023 through July 1, 2028.

As of December 31, 2020, the Authority has received payments totaling $70.0 million from the Commonwealth for the Commonwealth's portion of the costs of the design and construction of Bert 10 at Conley Terminal, which amount has been used to repay a portion of the principal of the Series 2018 Subordinated Obligations. Accordingly, as of December 31, 2020, the Authority's outstanding principal balance of the Series 2018 Subordinated Obligations was $37.5 million.

The Authority has not agreed to any additional covenants for the benefit of the bank lender in connection with the Series 2018 Subordinated Obligations that are not contained in the 1978 Trust Agreement.

The Subordinated Indebtedness is subordinate to the 2021 Refunding Bonds and all other outstanding Bonds issued under the 1978 Trust Agreement.

Commercial Paper

On December 2, 2020 the Authority renewed and increased its commercial paper program in an aggregate principal amount not to exceed $200.0 million and entered into an Amended and Restated Letter of Credit and Reimbursement Agreement with TD Bank, N.A., which expires June 1, 2022, to provide security for the commercial paper program. As of the date of this Official Statement, the Authority has outstanding $22.0 million of its Tax Exempt Commercial Paper Notes, Series 2020-A (Non-AMT). The obligations of the Authority with respect to its commercial paper notes are secured by the Improvement and Extension Fund and the proceeds of Bonds subsequently issued for that purpose. While PFCs are not pledged to secure the Authority's commercial paper, the Authority currently expects to repay a significant portion of the notes from the PFC Capital Fund.

DEBT ISSUANCE AND DEBT MANAGEMENT POLICY

In February 2010, the Authority initially adopted a Debt Issuance and Debt Management Policy ("*Debt Policy*"). The Debt Policy covers the types of debt that the Authority may issue; the legal, policy and financial limits that govern the issuance of debt; the use of derivatives; debt structuring practices; debt issuance practices; and debt management practices including compliance with tax law requirements, arbitrage regulations, investment of bond proceeds, disclosure and records retention. The policy requires the Members of the Authority to review and consider revisions to the policy every five years. Pursuant to the Debt Policy, projects that are funded with Bond proceeds should be central to the Authority's core mission; debt issuance practices should support the maintenance of the Authority's long term credit ratings; and Bond-funded projects must be included in the Authority's five-year capital program. Specific financial metrics, including those listed below, were established for the five-year capital program in support of these objectives.

	Debt Policy Goal
Annual Debt Service Coverage[1]	2.00x
Contribution Margin[2]	> or = 30%
Contribution Margin (Logan Airport)	> or = 30%
Operating Ratio[3]	< or = 70%
Days Cash on Hand[4]	> or = 250 days

[1] *Debt Service Coverage for the least robust year in the five-year period projections should not be below 1.75x.*
[2] *Contribution Margin: (operating revenues minus operating expenses and PILOT payments[5])/total operating revenues.*
[3] *Operating Ratio: (operating expense plus PILOT payments)/operating revenues.*
[4] *Days Cash on Hand: (cash plus unutilized commercial paper). Days Cash on Hand as of June 30, 2020 was 678 days.*
[5] *Annual PILOT payments for fiscal years 2021 through 2025 are projected to be $21.1 million, $23.7 million, $29.4 million, $30.3 million and $31.2 million, respectively.*

The Members of the Authority most recently reviewed and re-adopted the Debt Policy in June 2018. Currently, the Authority has no outstanding Financial Hedges (as defined under "GENERAL OPERATIONAL FACTORS – Financial Hedge Policy").

AVIATION INDUSTRY CONSIDERATIONS

The 2021 Refunding Bonds may not be suitable for all investors. Prospective purchasers of the 2021 Refunding Bonds should give careful consideration to the information set forth in this APPENDIX A, including, in particular, the matters referred to in the following summary and under the headings "GENERAL OPERATIONAL FACTORS" and "IMPACT OF COVID-19 PANDEMIC ON THE AUTHORITY." However, the following summary does not purport to be a comprehensive or exhaustive discussion of risks or other considerations which may be relevant to investing in the 2021 Refunding Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such considerations. There can be no assurance that other considerations not discussed herein will not become material in the future. The risks to the Authority related to COVID-19, although not purported to be a comprehensive or exhaustive discussion, can be found above under the heading "IMPACT OF COVID-19 PANDEMIC ON THE AUTHORITY." The risks below present a summary of additional risks to the Authority's Revenues, not related to COVID-19, that prospective purchasers of the 2021 Refunding Bonds should give careful consideration to prior to purchasing the 2021 Refunding Bonds.

COVID-19

See "IMPACT OF COVID-19 PANDEMIC ON THE AUTHORITY" above for risks associated with the 2021 Refunding Bonds and the Authority resulting from the COVID-19 pandemic.

General Economic Conditions

Historically, the financial performance of the air transportation industry has correlated with the state of the national and global economy and levels of real disposable income. The globalization of business and the increased importance of international trade and tourism, international economics, trade balances, currency exchange rates, government policies and geopolitical relationships all influence passenger traffic at major U.S. airports. Over time, these influences are expected to return; however, the impact of the current COVID-19 pandemic is the key driver of current and near-term passenger traffic. It is not possible to predict the overall long-term impact of COVID-19 on the national or international economy or the related impact on the air transportation industry at this time.

Financial Condition of the Airline Industry

The number of passengers using the Airport will depend partly on the profitability of the U.S. airline industry and the associated ability of the industry and individual airlines to make the necessary investments to continue providing service. The airline industry is highly cyclical and is characterized by intense competition, high operating and capital costs, and varying demand. Passenger and cargo volumes are highly sensitive to general and localized economic trends, and passenger traffic varies substantially with seasonal travel patterns. Further, because of the discretionary nature of business and personal travel spending, airline passenger traffic and revenues are heavily influenced by a variety of factors, including: (i) the strength of the U.S. economy and other regional and world economies, (ii) the cost and availability of labor, fuel, aircraft and insurance, (iii) international trade, (iv) currency values, (v) competitive or partnership considerations, including the effects of airline ticket pricing, (vi) traffic and airport capacity constraints, (vii) governmental regulation, including security regulations and taxes imposed on airlines and passengers, evolving federal restrictions on travel to the United States from certain countries, and maintenance and environmental requirements, (viii) passenger demand for air travel, including the availability of business travel substitutes such as teleconferencing, videoconferencing and web-casting, (ix) strikes and other union activities, (x) disruptions caused by airline accidents, criminal incidents, acts of war or terrorism, outbreaks of disease, such as the COVID-19 pandemic, and weather and natural disasters and (xi) disruptions caused by government policies or actions, such as a federal government shutdown. The profitability of the airline industry can fluctuate dramatically from quarter to quarter and from year to year, even in the absence of catastrophic events such as COVID-19, the terrorist attacks of September 11, 2001 and the economic recession of 2008 and 2009.

The Review of Airport Properties Net Revenues Projection included in APPENDIX C reflects that, historically, airline travel demand has recovered from temporary decreases stemming from recessions, carrier liquidations, terrorist attacks and international hostilities. See APPENDIX C – Review of Airport Properties Net Revenues Projection under the heading "Key Factors Affecting the Net Revenues Projection – Aviation Activity Projection Risk Factors – Aviation Safety and Security Concerns" and "– The Financial Health of the Airline Industry." Given the strong origin-destination character of the Airport's market, the travel intensity of the Boston area's key industries and the high per capita income of the region, the Authority's airport consultants expect that future long-term demand for airline travel at the Airport (subsequent to recovery from the COVID-19 pandemic) will depend primarily on economic factors, rather than the financial health of any given air carrier. See APPENDIX C – Review of Airport Properties Net Revenues Projection under the heading "Key Factors Affecting the Net Revenues Projection" for a further discussion of certain factors affecting future airline traffic.

While the Authority believes that it is less vulnerable to the economic condition of individual airlines because of Logan Airport's high percentage of origin-destination passengers and because no single airline accounts for a majority of enplaned passengers, no assurance can be given as to the financial stability or profitability of the airline industry or of any airline in particular. The COVID-19 pandemic is severely and negatively affecting domestic and international air travel across all passenger types and across all airlines. The Authority makes no representation with respect to the continued viability of any of the carriers serving the Airport, airline service patterns, or the impact of any Airport revenues. No assurance can be given that airlines serving the Airport will not eliminate or reduce service.

Airline Consolidation

In 2005, ten major airlines were flying inside the United States (AirTran, Alaska, American, America West, Continental, Delta, Northwest, Southwest, United and US Airways) and accounted for 87.0% of all available seats. Faced with declining profitability due to the increased cost of aviation fuel, lower fares brought on by the proliferation of low cost carriers (as described below), reduced growth potential in the domestic markets and declining passenger activity based on security concerns, the airlines pursued consolidation. As a result of these consolidations, today there are five major airlines flying inside the United States (American, Delta, Southwest, United and Alaska) that account for approximately 80% of domestic capacity (available seats). Such consolidation, combined with a focus on driving profitability via capacity discipline and unbundling of services and resulting increased fee income, had increased airline profitability prior to the onset of the COVID-19 pandemic.

Further airline consolidation remains possible. Depending on which airlines serving the Airport, if any, merge or join alliances, the result may be fewer flights or decreases in gate utilization by one or more airlines. Such decreases could result in reduced Airport revenues, reduced PFC collections and increased costs for the airlines serving the Airport. The Authority believes that the Airport is at a relatively low risk of losing passenger traffic due to further mergers, consolidations or liquidations, beyond some short-term disruption, because of the underlying strengths of the Boston market.

Growth of Low Cost Carriers

Low cost carriers ("*LCCs*") are carriers that take advantage of an operating cost structure that is typically significantly lower than the cost structure of the network carriers and an increased reliance on fee revenues. These advantages can include lower labor costs, greater labor flexibility, a streamlined aircraft fleet (i.e., fewer different types of aircraft in a given airline's fleet) and a generally more efficient operation. These low costs suggest that the LCCs can offer a lower fare structure to the traveling public than network carriers while still maintaining profitability. Further, increased access to major markets for LCCs may moderate average airfare increases that can typically result from airline consolidation. In calendar year 2019, prior to the COVID-19 pandemic, LCCs provided approximately 31% of the airline seat capacity in the U.S. market.

As the larger U.S. carriers consolidated and became more focused on capacity discipline, fare increases took hold. LCCs began to emerge in larger markets where passenger levels were high enough for the LCCs to overcome certain barriers to entry caused by the larger carriers such as, for example, control of the majority of airport gates and slots. The cost structure of LCCs allows for lower fares, which has stimulated traffic and driven LCCs into more and larger markets. One result of the consolidation of carriers and their capacity discipline and the associated fare increases is that certain price-sensitive travelers are flying less. These budget conscious flyers have emerged as an underserved segment, which has helped to expand the LCC market to include the ultra-low cost carriers ("*ULCCs*"), such as Allegiant, Frontier and Spirit. The ULCC business model is characterized by extreme unbundling of services; the purchase of a ticket on a ULCC covers only the seat. Other amenities such as seat choice, food or drink, checked or carry-on luggage or a paper boarding pass are then available for additional a la carte purchase.

Prior to the COVID-19 pandemic, LCCs and ULCCs had significantly increased their service at the Airport. Five domestic LCCs and ULCCs currently operate at the Airport—JetBlue, Southwest, Spirit Airlines, Sun Country and Frontier Airlines. As of October 31, 2020, these airlines collectively lease (either directly from the Authority or through sublease arrangements with other carriers) 33 gates at the Airport. As mentioned under "AIRPORT PROPERTIES – Boston-Logan International Airport – Airline Passenger Services" herein, JetBlue has grown to become the largest carrier at the Airport with a market share of 29.3% in fiscal year 2020. In addition to these domestic LCCs, four foreign flag LCCs—Level, Norwegian (includes Air Shuttle and UK), Porter and WestJet—provided international service to seven destinations during fiscal year 2020. The foreign flag LCCs use the common use gates in Terminal E with the exception of WestJet, which subleases a gate in Terminal A from Delta. Collectively, LCCs—including a tenth, Allegiant Airlines, which has since stopped service at the Airport—provided 59 daily departures as of October 2020 (compared to 218 daily departures in October 2019). LCCs and ULCCs accounted for 40.9% of Airport-wide passengers in fiscal year 2020. **See "IMPACT OF COVID-19 PANDEMIC ON THE AUTHORITY – Impact of COVID-19 on Airline Service" above for information on the impact of COVID-19 on airline service at the Airport.**

To some extent, the distinction between LCCs and the major network airlines has blurred in recent years. As the LCCs have started to serve airports in major metropolitan areas (such as JetBlue at Logan, New York-JFK and New York-LaGuardia and Southwest at Logan and New York-LaGuardia) in an effort to capture business travelers, and some LCCs have faced increases in labor costs (e.g., the JetBlue pilots unionized in April 2014), the cost base of the traditional LCC has trended upwards. In calendar year 2019, Southwest and JetBlue had average unit costs of 12.4 cents and 11.3 cents, respectively, which were similar to that of Hawaiian Airlines (at 12.1 cents). In the first half of calendar year 2020, costs increased, particularly in the April-June 2020 quarter, as demand plummeted due to the COVID-19 pandemic; it is expected that the COVID-19 pandemic will continue to have an impact on these figures for the foreseeable future. At the same time, the major network carriers have been adopting some of the practices and operational norms of the LCCs, resulting in a general downtrend for major network airline costs. As a result, the fare differential between LCCs and network carriers has narrowed in recent years.

Structural Changes in the Travel Market

Many factors have combined to alter consumer travel patterns. The threat of terrorism against the United States remains high. As a result, the federal government has mandated various security measures that have resulted in new security taxes and fees and longer passenger processing and wait times at airports. Both add to the costs of air travel and make air travel less attractive to consumers relative to ground transportation, especially to short-haul destinations. Additionally, consumers have become more price sensitive. Efforts of airlines to stimulate traffic by heavily discounting fares have changed consumer expectations regarding airfares. Consumers have come to expect extraordinarily low fares. In addition, the availability of fully transparent price information on the internet now allows quick and easy comparison shopping, which has changed consumer purchasing habits. Consumers have shifted from purchasing paper tickets from travel agencies or airline ticketing offices to purchasing electronic tickets over the internet. This has made pricing and marketing even more competitive in the U.S. airline industry. Finally, smaller corporate travel budgets, combined with the higher time costs of travel and the impacts of the COVID-19 pandemic, have made business customers more amenable to communications substitutes such as teleconferencing and videoconferencing.

Effect of Bankruptcy of Air Carriers

Since 2001, several domestic airlines with operations at the Airport have filed for and have subsequently emerged from bankruptcy protection, including United, Continental, Delta, Northwest, US Airways and, most recently, American Airlines in 2011. As of August 2020, 14 foreign-flag airlines were forced to restructure or cease operations due to the impact of the COVID-19 pandemic, including Aeromexico, Air Mauritius, Alitalia, Avianca, Comair (South Africa), Flybe, German Airways, Germanwings, LATAM, Norwegian Air, South African, Thai Airways, TAME and Virgin Australia. Other airlines, generally smaller carriers, have liquidated and ceased service. Additional bankruptcies, liquidations or major restructurings of other airlines could occur. The Authority's stream of payments from a debtor airline could be interrupted to the extent of unpaid fees for pre-petition goods and services, including accrued rent and landing fees. Under the U.S. Bankruptcy Code, a debtor airline that is a lessee under an unexpired lease with the Authority of non-residential real property, such as a lease of Terminal space or a hangar, is required within certain statutory time periods to assume or reject such lease. Rejection of a lease or other executory contract would give rise to an unsecured claim of the Authority for damages, the amount of which is limited by the U.S. Bankruptcy Code. The amount ultimately received in the event of a rejection of a lease or other agreement could be considerably less than the maximum amounts allowed under the U.S. Bankruptcy Code. Additionally, during the pendency of a bankruptcy proceeding, a debtor airline may not, absent a court order, make any payments to the Authority on account of goods and services provided prior to the bankruptcy. The Authority actively monitors past due balances to minimize any potential losses due to such proceedings, aggressively pursues overdue amounts and bankruptcy claims, and includes an allowance for uncollectible debts in its landing fee and terminal rental rates. Whether or not an airline agreement is assumed or rejected by a debtor airline in a bankruptcy proceeding, it is not possible to predict the subsequent level of utilization of the gates leased under such agreement.

It is not possible to predict the impact on the Airport of any future bankruptcies, liquidations or major restructurings of other airlines. Because of the Airport's high percentage of origin-destination passengers and because no single airline accounts for a majority of enplaned passengers, however, the Authority believes it is less vulnerable to the economic condition of individual airlines. In addition, the fact that no airline has given up a lease at Logan through decades of bankruptcies, although Delta renegotiated its lease, demonstrates the value airlines place on having a presence at Logan.

Potential investors are urged to review the airlines' financial information on file with the Securities and Exchange Commission (the "*SEC*") and USDOT. See "AVIATION INDUSTRY CONSIDERATIONS – Information Concerning the Airlines."

Cost of Aviation Fuel

Airline earnings are significantly affected by changes in the price of aviation fuel. Any increase in fuel prices causes an increase in airline operating costs. Fuel prices continue to be susceptible to, among other factors, political unrest in various parts of the world (particularly in the oil-producing nations in the Middle East and North Africa), Organization of Petroleum Exporting Countries policy, the rapid growth of economies such as China and India and resulting demand for oil-based fuels, the levels of inventory carried by industries, the amounts of reserves maintained by governments, the amount and availability of newer sources of energy (e.g., U.S. "fracking" operations), disruptions to production and refining facilities, and weather. Historically, significant fluctuations and prolonged increases in the cost of aviation fuel have adversely affected air transportation industry profitability, causing airlines to reduce capacity, fleet and personnel, to invest in new, more fuel efficient aircraft and equipment and to increase airfares and institute fuel, checked baggage, and other extra surcharges, all of which may reduce demand for air travel.

Many airlines engage in or have engaged in fuel hedging – purchasing fuel in advance at a fixed price through derivative contracts – to help manage the risk of future increases in fuel costs. However, there can be no assurance that any fuel hedging contract can provide any particular level of protection from volatile fuel prices. One carrier has even gone as far as to purchase its own refinery in order to better manage its fuel costs.

Aviation Security, Health and Safety Concerns

Concerns about the safety of airline travel and the effectiveness of security precautions, particularly in the context of potential international hostilities and terrorist attacks, may influence passenger travel behavior and air travel demand. Travel behavior may be affected by anxieties about the safety of flying and by the inconveniences and delays associated with more stringent security screening procedures, both of which may give rise to the avoidance of air travel generally and the switching from air to surface travel modes.

Public health and safety concerns also affect air travel demand from time to time, as clearly evidenced with the current COVID-19 pandemic. The COVID-19 pandemic has had and likely will continue to have material adverse effects on passenger traffic and Authority operations and financial performance. See "IMPACT OF COVID-19 PANDEMIC ON THE AUTHORITY" above. Future outbreaks or pandemics may lead to a decrease in passenger traffic, which in turn could cause a decrease in passenger activity at the Airport and a corresponding decline in Authority Revenues.

Security concerns in the aftermath of the terrorist attacks on September 11, 2001 were largely responsible for the steep decline in airline travel nationwide in 2002. Since 2001, government agencies, airlines, and airport operators have upgraded security measures to guard against future terrorist incidents and maintain confidence in the safety of airline travel. These measures include strengthened aircraft cockpit doors, changed flight crew procedures, increased presence of armed sky marshals, federalization of airport security functions under the TSA, more effective dissemination of information about threats, more intensive screening of passengers, baggage and cargo, and deployment of new screening technologies. The airlines and the federal government were primarily responsible for, and bore most of the capital costs associated with, implementing the new security measures. No assurance can be given that these precautions will be successful. Also, the possibility of intensified international hostilities and further terrorist attacks involving or affecting commercial aviation are a continuing concern that may affect future travel behavior and airline passenger demand.

Following the fatal crashes of two Boeing 737 MAX aircraft that are suspected to have been caused by the malfunction of the aircraft's automated flight control system, all Boeing 737 MAX aircraft were grounded in March 2019. Among North American airlines, Air Canada, American, Southwest and United are being affected. At the time of the grounding, Boeing 737 MAX aircraft accounted for approximately 1.5% of U.S. airline seat capacity. On November 18, 2020, the FAA signed an order formally rescinding the grounding of the Boeing 737 MAX aircraft, clearing the way for its return to service. On December 29, 2020, the Boeing 737 MAX aircraft returned to providing passenger service in the United States.

Information Concerning the Airlines

Many of the principal domestic airlines serving the Airport, or their respective parent corporations, are subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith file reports and other information with the SEC. Likewise, foreign airlines serving the Airport that have American Depository Receipts ("*ADRs*") registered on a U.S. national exchange are subject to the same reporting requirements. Certain information, including financial information, concerning such domestic airlines, or their respective parent corporations, and such foreign airlines is disclosed in certain reports and statements filed with the

SEC. Such reports and statements can be inspected and copied at the public reference facilities maintained by the SEC and on its website.

Foreign airlines serving the Airport, or foreign corporations operating airlines serving the Airport (unless such foreign airlines have ADRs registered on a national exchange), are not required to file information with the SEC. Such foreign airlines, or foreign corporations operating airlines, serving the Airport file limited information only with the USDOT.

The Authority does not undertake any responsibility for or make any representation as to the accuracy or completeness of: (i) any reports and statements filed with the SEC or USDOT or (ii) any material contained on the SEC's website as described in the preceding paragraph, including, but not limited to, updated information on the SEC website or links to other Internet sites accessed through the SEC's website.

Federal Law Affecting Airport Rates and Charges

Federal aviation law requires, in general, that airport fees be reasonable and that, subject to the "grandfather provisions" discussed below (see "Considerations Regarding Other Sources of Revenue – Federal Grants-in-Aid"), in order to receive federal grant funding, all airport generated revenues must be expended for the capital or operating costs of the airport, the local airport system, or other local facilities owned or operated by the airport owner that are directly and substantially related to air transportation of passengers or property. Pursuant to the requirements of the Federal Aviation Administration Authorization Act of 1994 (the "*1994 Aviation Act*"), the USDOT and FAA have promulgated regulations setting forth an expedited hearing process to be followed in determining the reasonableness of airport rates and charges, and have also promulgated a policy statement (the "*Rates and Charges Policy*"), which sets forth the standards that the USDOT uses in determining the reasonableness of the fees charged to airlines and other aeronautical users.

In 1997, the United States Court of Appeals for the District of Columbia Circuit vacated the Rates and Charges Policy in part, determined that a portion of the Rates and Charges Policy was arbitrary and capricious and remanded it to the USDOT. In 2008, USDOT amended the Rates and Charges Policy to permit "congested airports," as defined therein, to charge a two part landing fee that includes a per operation charge intended to help reduce congestion and operating delays. Congested airports are also permitted to include certain other costs in their rate base, including the cost of certain construction in progress and costs associated with reliever airports, if owned by the same airport operator. The Airport does not currently qualify as a "congested airport." The USDOT has not yet proposed any other revisions to the Rates and Charges Policy. If new guidelines are published, the costs that will be permitted to be included in determining an airport's rate base and the extent to which such future guidelines may limit the Authority's flexibility in negotiating new airline agreements or in setting rates and charges for use of the Airport's airfield and non-airfield facilities cannot be determined at this time. Any new FAA guidelines or any standards promulgated by a court in connection with a dispute could limit the amounts and allocation of costs payable by airlines serving the Airport. Until the USDOT promulgates a new policy regarding rates and charges, the guiding principle for determining whether rates and charges established for use of airport assets is the requirement of federal law that such charges be "reasonable."

The Authority is not aware of any formal dispute involving the Airport over any existing rates and charges, including the rates and charges for fiscal year 2021. The Authority believes that the rates and charges methodology utilized by the Authority and the rates and charges imposed by it upon air carriers, foreign air carriers and other aeronautical users operating at the Airport Properties are reasonable and consistent with applicable law. However, there can be no assurance that a complaint will not be brought against the Authority in the near-term with respect to the fiscal year 2021 rates and charges, or in the future, challenging such methodology and the rates and charges established by the Authority and, if a judgment is rendered against the Authority, there can be no assurance that rates and charges paid by aeronautical users of the Airport will not be reduced. See "AUTHORITY REVENUES – Airport Properties Revenues."

Considerations Regarding Other Sources of Revenue

Passenger Facility Charges. Under the PFC Act, the FAA may authorize a public agency to impose a PFC of up to $4.50 on each eligible passenger of an air carrier enplaned at any commercial service airport controlled by the public agency, subject to certain limitations. PFCs are available to airports to finance certain projects that (i) preserve or enhance capacity, safety or security of the national air transportation system, (ii) reduce noise resulting from an airport, or (iii) furnish opportunities for enhanced competition among air carriers. Under certain circumstances, the FAA grants approval to commence collection of PFCs ("impose only" approval) before approval to spend the PFCs on approved projects ("use" approval) is granted. Approval to both collect and spend PFCs is referred to as an "impose and use" approval.

No assurance can be given that PFCs will actually be received in the amount or at the time contemplated by the Authority. The amount of actual PFC revenues will vary depending on actual levels of qualified passenger enplanements at the Airport. In addition, the FAA may terminate the Authority's ability to impose PFCs, subject to informal and formal procedural safeguards, if the Authority's PFC revenues are not being used for approved projects in accordance with the FAA's approval, the PFC Act or the regulations promulgated thereunder or the Authority otherwise violates the PFC Act or regulations. The Authority's ability to impose a PFC may also be terminated if the Authority violates certain provisions of the Airport Noise and Capacity Act of 1990 and its implementing regulations. Furthermore, no assurance can be given that the Authority's authority to impose a PFC may not be terminated by Congress or the FAA, or that the PFC program may not be modified or restricted by Congress or the FAA so as to reduce PFC revenues available to the Authority.

Federal Grants-in-Aid. The Airport and Airway Improvement Act of 1982 created the AIP, which is administered by the FAA and funded by the Airport and Airway Trust Fund. This fund is financed by federal aviation use taxes (and is becoming depleted as a result of decreased air travel) and by general fund appropriations. Grants are available to airport operators in the form of "entitlement" funds and "discretionary" funds. Entitlement funds are apportioned annually based upon enplaned passengers and discretionary funds are available at the discretion of the FAA based upon a national priority system. In addition, pursuant to the PFC Act, an airport's annual federal entitlement grants are reduced by 50% following the imposition of PFCs of up to $3.00, and 75% for PFCs in excess of $3.00.

Before federal approval of any AIP grant applications can be given, eligible airports must provide written assurances that they will comply with a variety of specified requirements. One such assurance is the so-called "airport generated revenues" assurance, which provides that all airport generated revenues will be expended for the capital or operating costs of the airport, the local airport system, or other local facilities owned or operated by the applicant that are directly and substantially related to air transportation of passengers or property. The airport generated revenues assurance, however, does not apply where provisions in laws or a covenant in debt obligations predating September 2, 1982 provide that the revenues from any of the airport owner's or operator's facilities, including the airport, be used to support the general debt obligations or other facilities of the airport owner or operator (the "grandfather provisions"). The Authority falls within the group of airports for which, under the grandfather provisions, the airport generated revenues assurance does not apply to its combined operations, as in effect in 1982. Therefore, the Authority is legally permitted to operate all of its Properties on a consolidated financial basis.

In March 2020, nearly $10 billion of CARES Act funds were made available to eligible U.S. airports to prevent, prepare for, and respond to COVID-19 impacts, including support for continuing airport operations. While these funds are not AIP grants, a portion of the funds (Group 1) were earmarked towards increasing the federal share to 100% for fiscal year 2020 AIP and fiscal year 2020 Supplemental Discretionary grants. For additional information regarding CARES Act funds received by the Authority see "IMPACT OF COVID-19 PANDEMIC ON THE AUTHORITY – Authority's Plan for Financial Sustainability" and "CAPITAL PROGRAM – Funding Sources – Federal Grants."

The Authority is not aware of any dispute involving the Authority concerning the use of Airport Revenues. The Authority believes that the grandfather provisions apply to its use of Airport Revenues and that the Authority's use of such Revenues is consistent with the applicable laws and regulations. The Authority believes that it is in compliance with its federal grant assurance obligations.

FAA Reauthorization and Level of Federal Airport Grant Funding. On October 5, 2018, the President signed into law a five-year reauthorization bill for the FAA—the FAA Reauthorization Act of 2018. The 2018 FAA reauthorization retains the federal cap on PFCs at $4.50 and authorizes $3.35 billion per year for AIP through federal fiscal year 2023, which is the same funding level as was in place for the preceding five years. The AIP provides federal capital grants to support airport infrastructure through entitlement grants (determined by formulas based on passenger, cargo and general aviation activity levels) and discretionary grants (allocated on the basis of specific set-asides and the national priority ranking system). The Authority is unable to predict the level of AIP funding at this time, since authorization is subject to Congressional appropriation. If there is a reduction in the amount of AIP grants awarded to the Authority for the Airport, it could: (1) increase by a corresponding amount the capital expenditures that the Authority would need to fund from other sources (including operating revenues, and Bond proceeds), (2) extend the timing to complete certain projects, or (3) reduce the scope of individual proposed projects or the overall program, or both. See "CAPITAL PROGRAM – Funding Sources – Federal Grants" for more information regarding federal grant funding received by the Authority.

Environmental Regulations

The FAA has jurisdiction over certain environmental matters, including soundproofing. Airport noise is a significant federal and local issue, which may require substantial capital investments by the industry and/or airport operators, including the Authority, from time to time to meet applicable standards. The Authority implemented an extensive soundproofing program in 1984, which remains ongoing. As of October 2020, the Authority has invested over $172.0 million through this program to treat 36 local schools and more than 11,500 dwelling units. See "GENERAL OPERATIONAL FACTORS – Local Impact Considerations."

The EPA is responsible for regulating air quality and water quality. The potential exists for additional federal regulation or the addition of new contaminants that may require capital expenditures or changes in operations at the Authority's facilities. See also "GENERAL OPERATIONAL FACTORS – Environmental and Regulatory Considerations."

Technological Innovations in Ground Transportation

One significant source of non-airline revenues is generated from ground transportation activity, including use of on-Airport parking facilities; trip fees paid by taxis, limousines and Ride Apps; and rental car transactions by Airport passengers. The relative market share of these sources of revenue has been shifting in recent years. Prior to the COVID-19 pandemic, the popularity of Ride Apps had been increasing because of the increasing number of cities where Ride Apps operate, the convenience of requesting a ride through a mobile application, the ability to pay for this service without providing cash or other payment to the hired driver, and competitive pricing. In accordance with state law, the Authority entered into operating agreements with Ride App companies Uber USA and Raiser LLC, both part of Uber Technologies, Inc. ("*Uber*"), and Lyft, Inc. ("*Lyft*"), in February 2017. Pursuant to their respective operating agreements, Ride Apps are now permitted to pick up passengers at the Airport, with a per-pick up fee being paid to the Authority.

The Authority actively monitors all modes of ground transportation to assess trends, which include potential impacts from Ride Apps. The Authority believes that, prior to the COVID-19 pandemic, Ride Apps were impacting three primary ground transportation modes to varying degrees:

- **Taxi/Limousine/Livery.** Ride Apps have had the most significant impact on similar, commercial for-hire modes such as Taxi/Limousine/Livery. Historically, the mode share of Taxi/Limousine/Livery represented approximately 35% of total air passenger ground access to the Airport. Since the introduction of Ride Apps to the Airport, the total mode share of similar, commercial for-hire modes has reached 42%, with Ride Apps accounting for as much as 35% of total air passenger ground access mode share and Taxi/Limousine/Livery falling to as little as 7%. It is important to note, however, that Limousine activity has also migrated to the Ride App platforms, somewhat overstating the decline for this mode.

- **Commercial Parking operation.** Ride App activity may also adversely impact the Airport's parking operation. Prior to the COVID-19 pandemic, the Authority had started to see a reduction of exits per enplanement, attributed in part to the introduction of Ride Apps at Logan.

- **Non-commercial pick-up/drop-offs.** This mode is defined as the pick-up and/or drop-off of passengers by a family member or friend at Logan Airport. The Authority's tracks this mode of transportation indirectly through its roadway traffic counting system. In recent years, the Authority had seen a slight reduction in this mode of transportation, which could be attributed in part to the introduction of Ride Apps.

Prior to the COVID-19 pandemic, the popularity of Ride Apps increased due to several factors, including the convenience of requesting a ride and competitive pricing. Ride Apps recorded 7.6 million pickups and drop-offs in fiscal year 2019, representing the largest air passenger group access mode at Logan Airport. Prior to the COVID-19 pandemic, Ride App pickups and drop-offs had been increasing by 13% year over year (fiscal year 2020 through February 2020), gaining market share. Since the start of the COVID-19 pandemic, however, air passenger private vehicle group access mode shares have increased significantly, while all commercial ride hail services have decreased to varying degrees. The combination of lower air travel demand and changes in air passenger group access behavior significantly impacted Ride App pickups and drop-offs in the last four months of fiscal year 2020. Ride App market shares have declined relative to other modes as a result of the COVID-19 pandemic, consistent with transit and commercial ride hail airport ground access trends more generally. In fiscal year 2020, Ride Apps recorded almost 5.9 million pickups.

The Authority levies a $3.25 pick-up fee and a $3.25 drop off fee for Ride Apps at Logan Airport. Growth in Ride App activity and the institution of a drop-off fee in December 2019 contributed to the growing importance of Ride App fees to overall group access revenues. In the third quarter of fiscal year 2020, the first full quarter since the implementation of the new Ride App centralization and fee structure, the Authority generated $5 million in Ride App revenues compared to $3 million in the first quarter (prior to the new policies) of the fiscal year. The third quarter results would likely have been higher if not for the impact of the COVID-19 pandemic on overall passenger traffic. Overall, the Authority generated $11.0 million in Ride App revenue in fiscal year 2020 despite the significant COVID-19-related declined in the latter months.

In addition to Ride Apps, new technologies (such as autonomous vehicles and connected vehicles) and innovative business strategies in established markets such as commercial ground transportation and car rental may continue to occur and may result in further changes in Airport passengers' choice of ground transportation mode. While the Authority makes every effort to anticipate demand shifts, there may be times when the Authority's expectations differ from actual outcomes. In such event, revenue from one or more ground transportation modes may be lower than expected. The Authority cannot predict with certainty what impact these innovations in ground transportation will have over time on revenues from parking, other ground transportation services or rental cars. The Authority also cannot predict with certainty whether or to what extent it will collect non-airline revenues in connection with such new technologies or innovative business strategies.

Assumptions in the Review of Airport Net Revenues Projection; Actual Results May Differ from Projections and Assumptions

In the context of the widespread economic disruption, public health restrictions, and reductions in airline travel that have resulted from the COVID-19 pandemic beginning in early 2020, making meaningful forecasts of air traffic demand for Logan Airport is not possible at this time. For purposes of preparing the financial projections described in the Review of Airport Properties Net Revenues Projection set forth in APPENDIX C, the Authority developed a range of hypothetical scenarios for passenger traffic recovery over the next four to six years.

As discussed in the Review of Airport Net Revenues Projection attached as APPENDIX C, in the long term, the factors affecting aviation activity at the Airport include: the growth of population and of the economy in the Boston Primary and Secondary Market Service Area, airline service and route networks, the financial health and viability of the airline industry, national and international economic and political conditions, the availability and price of aviation fuel, levels of air fares, the capacity of the national air traffic control system and capacity at the Airport and elsewhere. In the near term, such factors are overshadowed by the question of how long it will be before control of the COVID-19 pandemic and economic recovery allows airline traffic to recover from the depressed levels of calendar year 2020. Accordingly, the Review of Net Revenues Projection does not present forecasts of airline traffic at the Airport based on analyses of the economic basis for airline traffic at the Airport, trends in historical airline traffic, forecasts of economic growth, and other key factors that will affect future traffic. Rather, the Review of Airport Net Revenues Projection presents a range of hypothetical scenarios for passenger traffic recovery over the next four to six years as a basis for projecting Airport New Revenues under conditions of uncertainty. See APPENDIX C – Review of Airport Properties Net Revenues Projection.

This report should be read in its entirety for an understanding of all of the assumptions used to prepare the projections made therein. No assurances can be given that these or any of the other assumptions contained in the Review of Airport Net Revenues Projection will materialize. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances may occur. Therefore, the actual results achieved during the projection period will vary, and the variations may be material. See "MANAGEMENT'S DISCUSSION OF FINANCIAL PROJECTION ASSUMPTIONS" herein and APPENDIX C – Review of Airport Properties Net Revenues Projection to this Official Statement.

GENERAL OPERATIONAL FACTORS

Personnel Considerations

Labor. As of October 31, 2020, the Authority had a labor force of 1,306 full-time employees. In addition, the Authority had 21 regular part-time and job share employees. There are nine bargaining units, each with separate collective bargaining agreements between the Authority and the eight unions representing these units, which represent a total of 717 of these full-time employees and 12 of these part-time employees. Of these nine collective bargaining agreements, two expire on June 30, 2021 and four expire on June 30, 2022. The other collective bargaining agreements expire on October 5, 2021, January 31, 2022, and May 5, 2022. In general, upon the expiration of a collective bargaining agreement, the Authority's practice is to continue honoring the terms of such agreement until a new agreement takes effect. The Authority seeks to control its labor costs to the most prudent extent possible and, accordingly, none of its labor agreements provides for an automatic cost-of-living escalator. The Authority considers its relations with its employees and their union representatives to be good.

Massachusetts law prohibits strikes by employees of the Authority. In addition, the Massachusetts Supreme Judicial Court has declared that labor unions negotiating collective bargaining agreements with certain entities, including the Authority, do not have a statutory right to demand "interest arbitration" in the event of an impasse. Therefore, successor collective bargaining agreements cannot be imposed upon the Authority by any outside entity.

Approximately 327 members of the International Longshoremen's Association Locals 799, 800, 805, 1604 and 1066 (the "*ILA*"), the members of which are not Authority employees, work at Conley Terminal and Flynn Cruiseport Boston on either a full time or casual basis. The Authority, along with various stevedoring companies, shipping lines and terminal operators, constitute the Boston Shipping Association ("*BSA*"), which is a multi-employer association responsible for the negotiation and administration of collective bargaining agreements with the ILA. Decisions by the BSA on matters concerning negotiations and administration of collective bargaining agreements are binding on member employers. The current collective bargaining agreements between the BSA and the ILA will expire on September 30, 2024.

Certain users of the Authority's facilities that generate a substantial portion of the Authority's Revenues, such as the air carriers, are dependent upon successful management of their own labor relations for continuation of their operations. These matters are beyond the control of the Authority, and significant labor disputes in these areas could have an adverse effect upon the Revenues of the Authority.

As a result of the financial impacts of the COVID-19 pandemic, the Authority currently expects to reduce its labor force by approximately 25% during the first quarter of calendar year 2021 (see **"IMPACT OF COVID-19 PANDEMIC ON THE AUTHORITY – Authority's Plan for Financial Sustainability"**).

Civil Rights Laws and Non-Discrimination. The Authority does not discriminate against any person, employee or applicant for employment because of the person's membership in any legally protected class, including, but not limited to, that person's race, color, religion, creed, national origin, ancestry, citizenship, sex, gender identity, sexual orientation, pregnancy, genetic information, age (40 years and over), handicap, disability or veteran status. The Authority does not discriminate against any person, employee, or applicant for employment who is a member of, or applies to perform service in, or has an obligation to perform service in, a uniformed military service of the United States, including the National Guard, on the basis of that membership, application, or obligation.

The Authority is committed to ensuring full participation of diverse businesses in all of the Authority's economic activities, including its purchases of goods and services. The Authority supports and encourages the hiring of a diverse and inclusive workforce throughout its economic activities, and believes that Minority Business Enterprises ("*MBEs*") and Woman Business Enterprises ("*WBEs*") should have equal opportunity to participate in contracts. The terms MBE and WBE refer to businesses that meet the certification criteria of, and are certified by, the Massachusetts Supplier Diversity Office ("*SDO*") (formerly known as the Massachusetts State Office of Minority and Women Business Assistance ("*SOMWBA*")), set forth in 425 CMR Section 2.00 et seq., or that meet the certification criteria of, and are certified by, the Greater New England Minority Supplier Development Council ("*GNEMSDC*").

The Authority also encourages and supports economic opportunities for the businesses and residents of those neighboring communities (East Boston, South Boston, Charlestown, Chelsea, Winthrop, Revere, Leicester, Worcester, Lexington, Lincoln, Concord and Bedford) most directly impacted by the operation of the Authority's facilities.

Environmental and Regulatory Considerations

Certain of the activities of the Authority are subject to review, or are otherwise affected, by a variety of environmental protection and other regulatory agencies including those set forth under this section.

Federal Aviation Administration. The FAA is responsible for the inspection and certification of various airfield facilities and procedures. In particular, federal law requires operators of air carrier airports (including the Authority) to hold a current airport certificate granted by the FAA evidencing satisfactory compliance with numerous operational and safety standards. The Authority holds valid Part 139 certificates from the FAA permitting all current operations at the Airport, Hanscom Field and Worcester Regional Airport. The FAA regulates the imposition, collection and use of PFCs and the FAA also administers federal AIP grants, and monitors compliance with numerous grant assurances. In addition, the FAA provides and maintains navigational aids at the Airport, Hanscom Field and Worcester Regional Airport and has exclusive control over airspace management and air traffic. The FAA is also the lead agency under the National Environmental Policy Act ("*NEPA*") in reviewing certain proposals and projects as defined under NEPA related to airspace and airports. See "AVIATION INDUSTRY CONSIDERATIONS."

Transportation Security Administration. Created in 2001 by the Aviation and Transportation Security Act and part of the Department of Homeland Security, the TSA is responsible for transportation security nationally. In particular, TSA is required to screen all commercial airline passengers and all baggage loaded onto commercial airplanes, and has promulgated regulations regarding both aviation and maritime security applicable to the Authority's facilities.

Federal Maritime Commission. Pursuant to certain provisions of the Shipping Act of 1984, certain of the Authority's rates, charges and terms for marine terminal services must be filed with the Federal Maritime Commission.

Environmental Protection Agency. The EPA is ultimately responsible for administering air and water pollution control regulations, which directly affect operations of the Authority. Pursuant to requirements promulgated by the EPA under the Clean Air Act of 1970 and subsequent amendments thereto, the Authority is subject to the SIP Parking Limitation and certain limitations regarding other activities at the Airport, including heating plant performance standards. See "AIRPORT PROPERTIES – Airport Facilities – Parking Facilities." Under the federal Water Pollution Control Act, the Authority holds permits for certain discharges into Boston Harbor. The Authority and certain of its tenants as co-permittees were issued an individual stormwater permit for the Airport in September 2007, in accordance with the relevant EPA stormwater discharge regulations. The Authority conducts regular outfall water quality monitoring in compliance with its permits and routinely makes filings with the EPA as required. The Authority has in place strategies for compliance with all EPA requirements in this regard.

Massachusetts Executive Office of Energy and Environmental Affairs. The Massachusetts Environmental Policy Act requires certain public instrumentalities such as the Authority to determine the effect of their activities on the environment and to use all practicable means to minimize environmental damage. Furthermore, environmental assessment procedures administered by the Executive Office of Energy and Environmental Affairs apply to certain of the Authority's projects as well to certain projects, leases or permits authorized by the Authority.

Other Regulatory Matters. Numerous activities of the Authority require approvals of, or are subject to oversight by, state and federal agencies with jurisdiction over historic structures, wetlands, shorelines, harbors and other areas and over contamination and hazardous waste. These agencies include the U.S. Coast Guard, the Commonwealth's Coastal Zone Management Office, the Massachusetts Water Resources Authority, the Massachusetts Department of Environmental Protection, the U.S. Army Corps of Engineers and conservation and historic preservation commissions in the cities and towns in which the Authority's facilities are located. The Authority also is subject to certain statutes and regulations governing public bidding, health and safety, access for the disabled and matters relating to equal opportunity employment.

Local Impact Considerations

The location of the Airport, bounded by residential neighborhoods and mixed residential and commercial areas, as well as wetland and open water habitats, necessitates that Airport development and operations be undertaken with sensitivity to environmental factors. The FAA's implementation of next generation flight procedures and technology has concentrated aircraft noise over a narrower band of properties. This has resulted in increased complaints from communities under these concentrated paths near Logan Airport and at other communities nationwide. To address this issue, the Authority has entered into a Memorandum of Understanding (the "*MOU*") with the FAA. The MOU provides for the establishment of a technical team led by the Massachusetts Institute of Technology to study and offer potential solutions to the aircraft noise concentration issue. This work is underway and expected to be completed in spring 2021.

Logan's location as an urban airport and the impact of aircraft operations on nearby communities has led to the development of noise abatement programs by the Authority consistent with maintaining high quality air service for the New England area. The programs include soundproofing of eligible homes, a computer-based program to monitor overall noise impact, noise abatement ground procedures, noise restrictions on certain runway ends, noise abatement turns on certain departure procedures, late night runway preference, and advocating for single engine taxiing when appropriate. The Authority does not believe these programs have had, or are likely to have, a material effect on Airport Revenues.

A number of noise abatement programs have been instituted at Hanscom Field in order to reduce the impact of aircraft operations on surrounding communities. These programs include a computer-based program to monitor overall noise impact, noise abatement rules and regulations, nighttime fees, and a fly quiet program to encourage noise reduction operational measures by operators and pilots.

Climate Change, the Massport Resiliency Program and other Environmental, Social and Governance (ESG) Considerations

Climate Change

Numerous scientific studies on global climate change show that, among other effects on the global ecosystem, sea levels will rise, extreme temperatures will become more common and extreme weather events will become more frequent as a result of increasing global temperatures attributable to atmospheric pollution.

The Fourth National Climate Assessment, published by the U.S. Global Change Research Program in November 2018 ("*NCA4*"), finds that more frequent and intense extreme weather and climate-related events, as well as changes in average climate conditions, are expected to continue to damage infrastructure, ecosystems and social systems over the next 25 to 100 years. NCA4 states that rising temperatures, sea level rise, and changes in extreme events are expected to increasingly disrupt and damage critical infrastructure and property and regional economies and industries that depend on natural resources and favorable climate conditions. Disruptions could include more frequent and longer-lasting power outages, fuel shortages and service disruptions. NCA4 states that the continued increase in the frequency and extent of high-tide flooding due to sea level rise threatens coastal public infrastructure. NCA4 also states that expected increases in the severity and frequency of heavy precipitation events will affect inland infrastructure, including access to roads, the viability of bridges and the safety of pipelines. NCA4 finds that coastal airports are vulnerable to effects of sea level rise, with flooding potentially exacerbated by storm surges and high tides.

Adapting to sea level rise and planning for potential flooding due to the Airport's coastal location is a key component of the Authority's policies. See "Massport Resiliency Program" below for a discussion of the Authority's resiliency program, which was one of the first in the nation for airports.

Projections of the effects of global climate change on the City of Boston, Logan Airport, airline users of the Airport, the Port of Boston, and on operations at the Airport and the Port are complex and depend on many factors that are outside the Authority's control. Climate change may affect Logan operations directly, as discussed above, or indirectly, such as by disrupting operations at other airports that have ripple effects in the air transportation system. The various scientific studies that forecast climate change and its adverse effects, including sea level rise and flooding risk, are based on assumptions contained in such studies, but actual events may vary materially. Also, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the Authority is unable to forecast when sea level rise or other adverse effects of climate change will occur. In particular, the Authority cannot predict the timing or precise magnitude of adverse economic effects, including, without limitation, material adverse effects on the business operations or financial condition of the Airport, the Port and the local economy during the term of the 2021 Refunding Bonds. While the effects of climate change may be mitigated by the Authority's past and future investment in adaptation strategies, the Authority cannot give any assurance about the net effects of those strategies and whether the Authority will be required to take additional adaptive mitigation measures. If necessary, such additional measures could require significant capital resources.

Massport Resiliency Program

The Airport's location directly adjacent to Boston Harbor requires that the Authority carefully review and prepare for future changes in climate and its potential impact on Airport operations. To that end, in 2013, the Authority began the Massport Resiliency Program (the "*MRP*")—one of the first in the nation for airports—to protect the Authority's transportation facilities from flooding hazards caused by extreme storms and rising sea levels as a result of climate change. This comprehensive resiliency program is not only designed to protect the Authority's most important facilities, but also enables the Authority to serve the greater community by helping to ensure such facilities remain operational to serve as a resource for relief, transit and communication efforts, as necessary, in the case of a major storm or weather incident. Resiliency is the ability of a system to withstand a major disruption within acceptable degradation parameters, to recover within an acceptable time, and to prioritize projects by considering the likelihood of damage versus hardening costs. The Authority reviews and updates the MRP regularly.

Recent examples of the Authority's resiliency efforts include: creating the Massport Floodproofing Design Guideline to assist designers, architects and planners engaged in building new or retrofitting existing infrastructure at Authority facilities to ensure such infrastructure is flood proof; developing Flood Operations Plans for the Airport and maritime facilities that detail the steps to help prepare and recover from any flood-related event; sealing and installing flood doors and fencing for electrical infrastructure like substations and transformers to prevent flooding; establishing temporary flood barriers that can be deployed in the event of a flood-related emergency for the State Police building and five other locations at Logan Airport; and annual training deployments of flood barriers. Finally, the Authority has developed a geospatial resiliency dashboard and incident reporting application to facilitate emergency planning and response immediately prior to and during severe weather incidents, enhancing the transparency of planning efforts while facilitating communications.

Other Environmental, Social and Governance ("ESG") Considerations

In addition to the MRP, the Authority undertakes a substantial effort around environmental stewardship, sustainability and resiliency that encompasses both voluntary and compliance-driven aspects. Compliance efforts around impacts including air and water quality are continuous and include moderate costs for compliance testing, auditing and reporting which are on-going. Voluntary efforts include certifying all Authority building and infrastructure projects to the Leadership in Energy and Environmental Design ("*LEED*") certification program, and voluntary reporting of sustainability goals and related key performance indicators. An annual sustainability and resiliency report highlights voluntary efforts around environmental impacts. Compliance-related environmental expenses are carefully managed and during the pandemic, have been reduced where possible or are otherwise managed to only incur expense when necessary. ESG factors are managed through a collaborative effort across Authority departments, and overseen by a framework including an environmental management system that is ISO 14001 certified at Logan Airport, Maritime operations, and Hanscom Field.

Costs to address climate change risk through reduction of emissions may over time become more substantive as more complex and/or technologically extensive solutions are introduced and implemented. At this time evaluation of overall strategy is on-going, and seeks to provide a comprehensive business case that account for "triple bottom line" benefits that include economic, societal and environmental aspects. The Authority will continue to evaluate emissions reduction strategies and initiatives, and their corresponding costs and benefits. Costs to address adaptation requirements for coastal storm resilience due to sea level rise and increased weather severity have already been incurred, and the MRP is maintained for continued evolution of requirements.

The Authority has historically reported environmental information via "Generic Environmental Impact Reports," the earliest of which is dated 1983 and discusses information starting in 1979. This original reporting has now evolved into Environmental Status and Planning Reports ("*ESPRs*") and Environmental Data Reports ("*EDRs*"), which have been published on the Authority's website since 2010. The ESPRs for Logan Airport discuss current and projected future airport operations and environmental conditions, project updates, and Authority mitigation programs. The Authority's EDRs represent a continuation of the Authority's longstanding commitment to publish detailed analyses of environmental considerations. The Authority's overall sustainability program was first introduced online in the 2016 Boston Logan Annual Sustainability Report and was most recently updated with the publication of the 2019 Annual Sustainability and Resiliency Report.

Financial Considerations

Authority Pension Funding. The Massachusetts Port Authority Employees' Retirement System (the "*Plan*") is a single employer plan established on July 18, 1978, effective January 1, 1979, by enactment of Chapter 487 (an amendment to Chapter 32) of the General Laws of the Commonwealth to provide retirement benefits for substantially all employees of the Authority, and incidental benefits for their surviving spouses, beneficiaries and contingent annuitants. The Plan is a contributory defined benefit plan to which the Authority and its employees contribute such amounts as are necessary to provide assets sufficient to meet benefits to be paid to plan participants. Each year the Authority funds the Plan with an amount equal to the actuarially determined annual contribution using the Frozen Entry Age Actuarial Cost Method. The Plan is administered by the Massachusetts Port Authority Employees' Retirement System Board (the "*Retirement Board*").

As of December 31, 2019, the Authority's actuarial accrued liability ("*AAL*") totaled approximately $727.9 million, and the actuarial value of Plan assets available for Plan benefits was approximately $681.5 million. In accordance with GASB 68, as of December 31, 2019, the Authority's total pension liability was approximately $735.0 million and the Plan's fiduciary net position was approximately $716.2 million, resulting in a net pension liability of $18.8 million, as compared to $104.9 million as of December 31, 2018. The Authority's pension expense in fiscal year 2020 was approximately $13.5 million, as compared to approximately $22.2 million for fiscal year 2019. The decrease was primarily due to favorable investment returns. See Note 6 and the Required Supplementary Information to the Financial Statements in APPENDIX B to the Official Statement for additional information regarding the Plan.

Other Post-Retirement Employee Benefits. The Authority extends other post-employment benefits ("*OPEB*") to its employees as provided under the Enabling Act and Chapter 32A of the Massachusetts General Laws. In June 2008, the Authority established an irrevocable trust (the "*Trust*") to partially fund the projected accrued liability for other post-employment benefits. Prior to the establishment of the Trust, the Authority funded other post-employment benefits exclusively on a pay-as-you-go basis. In accordance with Statement No. 75, Accounting and Financial Reporting for Postemployment Benefit Other Than Pensions ("*GASB 75*"), as of December 31, 2019, the Authority's total OPEB liability was approximately $351.7 million, and the Trust's fiduciary net position was approximately $243.4 million, resulting in a net OPEB liability of $108.3 million, as compared to $134.5 million as of June 30, 2019. The Authority's OPEB expense in fiscal year 2020 was approximately $22.6 million, as compared to approximately $18.6 million for fiscal year 2019. The increase was primarily due to the Trust changing its fiscal year end to December 31, which resulted in six months of additional expenses being recognized in fiscal year 2020. See Note 7 and the Required Supplementary Information to the Financial Statements in Appendix B to the Official Statement for additional information regarding the Plan.

The Authority's OPEB Funding Policy, which establishes a methodology for funding benefits obligations accruing under the Trust, was approved by the Board in June 2018. It is anticipated that current assets plus future assets from employer contributions and investment application and earnings should be sufficient to fund the

Authority's Trust obligations. The OPEB Funding Policy is intended to reflect a reasonable, conservative approach for Authority financing, to the greatest extent possible, the cost of post-employment benefits earned and being accrued. This OPEB Funding Policy recognizes that there will be investment marketplace volatility and that actual economic and demographic experience will differ from assumed experience. Accordingly, the OPEB Funding Policy is intended to provide flexibility to address such volatility and experience in a reasonable, systematic, and actuarially and financially sound manner.

Payments in Lieu of Taxes. The Enabling Act and the 1978 Trust Agreement authorize and direct the Authority, subject to certain standards and limitations, to enter into agreements to make annual payments in lieu of taxes to the City of Boston and the Town of Winthrop. The Enabling Act, the 1978 Trust Agreement and the payment in lieu of tax agreements provide that the payments under these agreements for any fiscal year may not exceed the balance of revenues remaining for such fiscal year after payment of debt service and required reserve account deposits on outstanding Bonds, payment of operating expenses and payment of required deposits to the Maintenance Reserve Fund. See Note 10 to the Financial Statements in APPENDIX B to the Official Statement.

Pursuant to the terms of the amended payment in-lieu-of-taxes agreement between the Authority and the City of Boston (the "*Boston PILOT Agreement*"), the Boston PILOT Agreement terminates on June 30, 2022; provided, however, that absent an annual election by either party to terminate the Boston PILOT Agreement, the term is subject to automatic one-year extensions of the term on each July 1. In November 2016, the City of Boston notified the Authority of its election to terminate the Boston PILOT Agreement on June 30, 2022, and the parties expect to commence negotiations on a successor agreement or an amendment to the existing agreement. The Boston PILOT Agreement provides for the Authority to pay an annual base amount that increases annually by the annual percentage change in the consumer price index, provided that such increase shall be no less than 2.0%, nor greater than 8.0%, per year. Pursuant to the Boston PILOT Agreement, the Authority made annual payments of $18.6 million and $19.0 million in fiscal years 2019 and 2020, respectively, and expects to make an annual payment of $19.4 million in fiscal year 2021.

In fiscal year 2006, the Authority and the Town of Winthrop entered into an Amended and Restated Payment-In-Lieu-Of-Taxes Agreement (the "*Winthrop PILOT Agreement*"), which extended the base in-lieu-of-tax payments through fiscal year 2025. The Winthrop PILOT Agreement was amended in November 2018, and pursuant thereto the Authority expects to make adjusted annual payments for the remainder of the term, commencing with a payment of $1.4 million in fiscal year 2019 and increasing to $2.0 million by fiscal year 2025. Pursuant to the Winthrop PILOT Agreement, the Authority made annual payments of $1.4 million in fiscal years 2019 and 2020, and expects to make an annual payment of $1.5 million in fiscal year 2021.

Risk Management

Under the 1978 Trust Agreement the Authority is required to maintain insurance substantially in compliance with the recommendations of the Risk Management Consultant. See APPENDIX D to the Official Statement – Summary of Certain Provisions of the 1978 Trust Agreement – Insurance. The Authority maintains a program of risk management designed to afford insurance protection meeting the requirements of the 1978 Trust Agreement and of sound business practice at the best available cost. The Authority's insurance program includes coverages from domestic and international insurance markets. The program also includes a reserve held in the Self-Insurance Account designed to fund deductibles and self-insurance of certain risks. The Authority is a legislatively authorized self-insurer for its workers' compensation risk. The self-insurance program is administered with assistance from a third party administrator and losses are funded through a dedicated Self-Insurance Account within the Operating Fund under the 1978 Trust Agreement (the "*Self-Insurance Account*").

The Authority's risk management program is designed to provide an appropriate level of protection against catastrophic loss, including direct damage to its projects, loss of revenue and third party legal liability obligations. The program utilizes a combination of purchased insurance and the Self-Insurance Account to provide this level of protection. The principal areas of risk exposure covered by self-insurance are insurance policy deductibles, environmental pollution, directors' and officers' liability, cyber liability and unknown risks.

Prior to September 11, 2001, the Authority's liability insurance and property insurance policies provided coverage for acts of war and terrorism. On November 26, 2002, President Bush signed into law the Terrorism Risk

Insurance Act of 2002 ("*TRIA*"). TRIA effectively nullified all existing exclusions for acts of terrorism carried out by foreign terrorists. All insured entities covered by TRIA were given the opportunity to continue this coverage upon payment of an additional premium quoted by underwriters. Following the recommendations of the Authority's Risk Management Consultant, the Authority has obtained terrorism insurance under either TRIA, where available and not cost prohibitive, or by purchasing coverage under a War Risk buy back option.

The Authority maintains a Self-Insurance Account to cover all areas of self- insurance. See APPENDIX D to the Official Statement – Summary of Certain Provisions of the 1978 Trust Agreement – Insurance. As of June 30, 2020, the balance in the Self-Insurance Account was $34.1 million. Annual contributions, consistent with the recommendations of the Authority's Risk Management Consultant, are made to this account as part of the Authority's annual budget process. Losses within the self-insurance area are administered by Authority personnel, use of outside adjusters on a case specific basis and a third-party administrator for workers' compensation losses. The Authority's most recent annual Risk Management Assessment Report states that the extent of the Authority's funding of future liabilities within the Self Insurance Account represents what the Authority's Insurance Consultant considers to be a "best practice" among complex public agencies. Workers' compensation losses and losses within the retained layer are predictable and level over time which makes this an appropriate area for risk retention. The report also notes that the combination of internal administration and third-party administration of self-insured claims is sound and cites a demonstrated reduction in loss adjustment expenses, particularly, in the general liability and workers' compensation areas.

Insurance markets are cyclical. The Authority believes that its proactive risk management program is critical in its effort to contain cost and will continue to yield better results than alternative approaches.

Cybersecurity

The Authority, like many other large public and private entities, relies on a large and complex technology environment to conduct its operations, and faces multiple cybersecurity threats including, but not limited to, hacking, phishing, viruses, malware, ransomware and other attacks to its computing and other digital networks and systems (collectively, "*Systems Technology*"). As a recipient and provider of personal, private or sensitive information, the Authority may be the target of cybersecurity incidents that could result in adverse consequences to the Authority's Systems Technology, requiring a response action to mitigate the consequences.

Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the Authority's Systems Technology for the purposes of misappropriating assets or information or causing operational disruption or damage. To mitigate the risk of business operations impact and/or damage by cybersecurity incidents or cyber-attacks, the Authority invests in multiple forms of cybersecurity and operational safeguards.

While the Authority's cybersecurity and operational safeguards are periodically tested, no assurance can be given by the Authority that such measures will ensure against other cybersecurity threats and attacks. Cybersecurity breaches could damage the Authority's Systems Technology and cause material disruptions to the Authority's finances or operations. The costs of remedying any such damage or protecting against future attacks could be substantial.

The airlines serving the Airport and other Airport tenants, as well as the FAA and TSA, also face cybersecurity threats that could affect their operations or finances.

Investment Policy

All investments of Authority funds are made in accordance with the provisions of the 1978 Trust Agreement, the PFC Depositary Agreement or the CFC Trust Agreement and the investment policy adopted in 2000 (and most recently updated in June 2018) by the Authority (the "*Investment Policy*"). The goals of the Investment Policy, in order of importance, are: (1) to preserve capital, (2) to provide liquidity to meet payment obligations, and (3) to generate investment income. As authorized by the Investment Policy, the Investment Oversight Committee, chaired by the Director of Administration and Finance of the Authority, oversees the Authority's investments. The Investment Oversight Committee has established diversification requirements for its investments. The Investment Oversight

Committee meets quarterly and determines the general strategies for investment activities and monitors investment results against external benchmarks.

Financial Hedge Policy

In October 2004, the Members of the Authority approved a formal Financial Hedging Policy, which provides general guidelines regarding the use, procurement and execution of all interest rate swaps, options, caps, collars and related financial transactions ("*Financial Hedges*") by the Authority. The Financial Hedging Policy was most recently revised and reauthorized by the Members of the Authority in June 2018. No Financial Hedge may be executed without the approval of the Members of the Authority and review by the State Finance and Governance Board. Prior to seeking the approval of the Authority of any proposed Financial Hedge, the Investment Oversight Committee must undertake an identification and evaluation of the financial benefits and risks involved in the Financial Hedge transaction, including certain enumerated risks, and summarize them for the Members of the Authority. Financial Hedges may not be entered into for speculative purposes, where the Authority does not have sufficient liquidity to terminate an existing Financial Hedge at current market values, or where there is insufficient price transparency to permit reasonable valuation of the Financial Hedge. Counterparty exposure may not exceed prudent limits, and only entities rated "A" or better (or guarantors of such entities) may be counterparties. Financial Hedges are to be used only to lower the cost of the Authority's borrowing; to reduce exposure to changes in interest rates; or to manage the Authority's credit exposure to existing Financial Hedge counterparties. Currently, the Authority has no outstanding Financial Hedges.

LEGISLATIVE DEVELOPMENTS

From time to time legislation has been introduced in the Massachusetts Legislature for the purpose of altering the responsibilities of the Authority, reducing its independence, limiting its planning and operations, taxing its commercial tenants directly, or requiring it to make payments to other governmental entities in the Commonwealth.

In addition, the Authority is subject to state and federal laws of general application, changes to which could have a material effect on the operations or financial position of the Authority. See "AVIATION INDUSTRY CONSIDERATIONS" and "GENERAL OPERATIONAL FACTORS."

LITIGATION

No litigation is pending or, to the knowledge of the Authority, threatened against or affecting the Authority seeking to restrain or enjoin the issuance, sale or delivery of the 2021 Refunding Bonds or in any way contesting or affecting the validity of the 2021 Refunding Bonds.

The Authority is engaged in numerous matters of routine litigation. These routine matters include personal injury and property damage claims for which the Authority's liability is covered in whole or in part by insurance. Others include such matters as disputes with employees; disputes with contractors, subcontractors, engineers and others arising out of construction and maintenance of its properties; disputes over leases and concessions; and property, theft and damage claims arising from the Authority's parking operations, as to which the Authority is self-insured. The Authority does not expect that these matters will require any amounts to be paid that, singly or in the aggregate, will have a material effect on the operations or financial position of the Authority.

FORWARD-LOOKING STATEMENTS

Any statements made in this Appendix A involving estimates, projections, forecasts or matters of opinion, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates, projections, forecasts or matters of opinion will be realized.

Use of the words "shall" or "will" in this Appendix A to describe future events or continuing obligations is not intended as a representation that such event or obligation will occur but only that the document contemplates or requires such event to occur or obligation to be fulfilled.

The statements contained in this Appendix A that are not purely historical, are "forward-looking statements." Such statements generally are identifiable by the terminology used, such as "may," "will," "should," "expect," "project," "forecast," "intend," "plan," "anticipate," "believe," "estimate," "predict," "potential," "budget" or other similar words. Such forward looking statements include but are not limited to certain statements contained in the information set forth under "IMPACT OF COVID-19 PANDEMIC ON THE AUTHORITY," "STRATEGIC PLAN," "CAPITAL PROGRAM," "SELECTED FINANCIAL DATA," "MANAGEMENT'S DISCUSSION OF FINANCIAL PROJECTION ASSUMPTIONS," and "LITIGATION" attached hereto. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included or incorporated by reference in this Appendix A are based on information available on the date hereof and the Authority assumes no obligation to update any such forward-looking statements. It is important to note that the actual results could differ materially from those in such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including, but not limited to, risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in regional, domestic and international social, economic, political, business, industry, market, legal, legislative, judicial, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials, the COVID-19 pandemic, the outbreak of any other disease or public health threat, other future global health concerns, and other events or circumstances beyond the control of the Authority. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Authority. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Appendix A will prove to be accurate.

[End of Information Statement of the Authority.]

MASSACHUSETTS PORT AUTHORITY

Financial Statements, Required Supplementary Information, and Supplementary Schedules

Years Ended June 30, 2020 and 2019

(With Report of Independent Auditors)

MASSACHUSETTS PORT AUTHORITY

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Building a better
working world

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Report of Independent Auditors

To the Members of the Massachusetts Port Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the Massachusetts Port Authority (the Authority), as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Massachusetts Port Authority as of June 30, 2020 and 2019, and the changes in its financial position and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that management's discussion and analysis, the schedule of pension contributions, schedule of changes in the net pension liability and related ratios, schedule of OPEB contributions, schedule of changes in the net OPEB liability and related ratios and schedule of investment returns, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Ernst & Young LLP

September 30, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (MD&A) section of the activities and financial performance of the Massachusetts Port Authority (Massport or the Authority) provides an introduction to the financial statements of the Authority for the fiscal years ended June 30, 2020 and 2019. This discussion was prepared by management, and it should be read in conjunction with the audited financial statements and notes that follow this section.

Overview of the Financial Statements

The Authority's financial statements consist of: (1) the Statements of Net Position; (2) the Statements of Revenues, Expenses and Changes in Net Position; and (3) the Statements of Cash Flows. These financial statements have been prepared in accordance with U.S. generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB).

The comparative Statements of Net Position depict the Authority's financial position as of a point in time, specifically June 30, 2020, 2019 and 2018, and include all assets, deferred outflows of resources, liabilities and deferred inflows of resources of the Authority. Net position represents the residual interest in the Authority's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted. The Authority's net position is divided into three components: 1) net investment in capital assets, 2) restricted, and 3) unrestricted. Please see Note 1 in the financial statements attached for a discussion on the Authority's net position.

The Statements of Revenues, Expenses and Changes in Net Position report operating revenues, operating expenses, non-operating revenue and expenses, and other changes in net position. Revenues and expenses are categorized as either operating or non-operating based upon management's policies as established in accordance with definitions set forth by the GASB. Certain sources of the Authority's revenues, including Passenger Facility Charges (PFCs), Customer Facility Charges (CFCs), investment income and capital grants are reported as other than operating revenue and their uses are restricted and generally are not available for operating purposes.

The Statements of Cash Flows present information showing how the Authority's cash and cash equivalents changed during the fiscal year. The Statements of Cash Flows classify cash receipts and cash payments resulting from operating activities, capital and related financing activities, and investing activities.

COVID-19 Impact Statement

During the first eight months of FY20, prior to the COVID-19 outbreak, the Authority experienced strong business activity. Logan Airport, the principal source of the Authority's revenue, served a record 42.5 million passengers in calendar 2019, up 4% from the prior year. In January 2020 and February 2020 passenger volume increased 8% and 6%, respectively.

The outbreak of COVID-19 in March and related restrictions had an adverse impact on business activity at Massport. The pandemic affected international and domestic travel at the Authority's airport properties (Boston-Logan International Airport, Worcester Regional Airport and Hanscom Field) as well as the airport concessionaires. Airlines reported a significant downturn in traffic, causing the cancellation of numerous flights. A rebound back to pre-pandemic activity did not occur in the short-term and may not occur for several years. From March-June of 2020, Logan passenger volume was down 84.1%.

In addition to a reduction in flight operations, retail concessionaires at the Authority's airport properties have either temporarily closed or have reported significant declines in sales. Reduced air travel has also had an adverse effect on parking as FY20 exits were down 31%, ride app (transportation network companies) pick-ups were down 27%, and rental car transactions were down 26% compared to FY19.

The pandemic also impacted the Authority's port properties, but to a lesser extent. COVID-19 caused declines in retail operations and consumer demand that led to lower container volumes and associated revenues. The Centers for Disease Control (CDC) issued a "No Sail Order" effective March 14, 2020 that effectively suspended the start of Cruise Season 2020 at Flynn Cruiseport Boston and eliminated cruise-related revenues.

As a result of the above, Massport's revenues for FY20 were lower than planned.

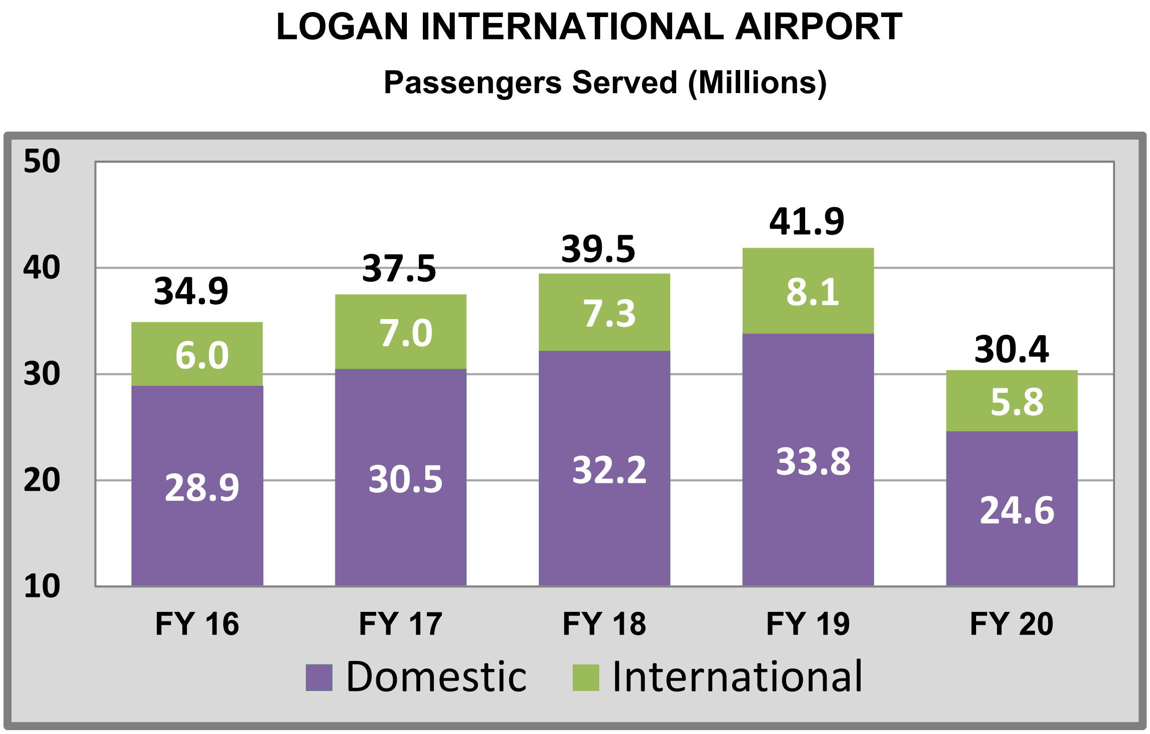
BUSINESS ACTIVITY HIGHLIGHTS FOR FISCAL YEAR 2020

Logan International Airport

- **30.4 million passengers used Logan Airport during FY20.**
- From July 2019 through February 2020 Logan's passenger activity was up 4%. New domestic and international travel restrictions that were placed into effect in March 2020 due to COVID-19 resulted in an 84% decline in passenger activity for the months of March through June compared

to the previous year. These travel restrictions caused Logan Airport's passenger activity to be 27.5% lower than the previous year's nearly 42 million passengers.

- Logan Airport served 24.6 million domestic passengers and 5.8 million international passengers in FY20. Total domestic and international passengers were lower by 28% for the year.



- Flight operations in FY20 were down by 20% versus the prior year. Similar to passenger activity, airline flight operations were 2.1% higher from July 2019 through February 2020, and declined 62.7% from March through June.

- Logan's ground transportation programs were also impacted by fewer passengers using Logan Airport. Parking exit volume was 1.7 million, a reduction of 0.8 million exits or 30.9%, Logan Express High Occupancy Vehicle (HOV) bus ridership declined by 22%, and Ride App pick-ups and drop-offs were lower by 26.5% compared to the prior year.

Worcester Regional Airport

- During FY20, Worcester was served by three major airlines: Delta, American Airlines, and JetBlue. The revitalization plan for this important transportation asset was progressing as planned with **cumulative passengers at the Airport exceeding 850,000 passengers since 2013.**

- In the fourth quarter, many airlines petitioned the U.S. Department of Transportation (US DOT) to reduce service at airports including Worcester. The US DOT granted Worcester service exemptions to JetBlue and American. By the end of June, JetBlue suspended flights to Orlando, Ft. Lauderdale, and its New York (JFK) hub and American Airlines suspended flights to its Philadelphia hub. Delta continued to provide service to its Detroit hub through the end of the fiscal year.

- Worcester Airport submitted a $5 million Federal Aviation Administration (FAA) Airport Improvement Program (AIP) grant application to improve the airport's runway surface condition by replacing deteriorated pavement for improved safety and to keep our airline partners operational at this facility. In addition to safety enhancements, existing runway lights will be replaced with energy efficient LED fixtures. This project leverages $5 million in FAA funding and creates the equivalent of 139 full time jobs during the construction period.

Conley Container Terminal

- Conley Container Terminal is anchored by the strength of the New England economy, easy and quick truck access in and out of the terminal with efficient access to the interstate highway system, a highly productive workforce, and a continued focus on customer service. In FY20, **282,629 TEUs (Twenty-foot Equivalent Units) went through the Port,** 24,000 fewer TEUs than the record year of FY19 due to the impact that the pandemic had on global supply chains.

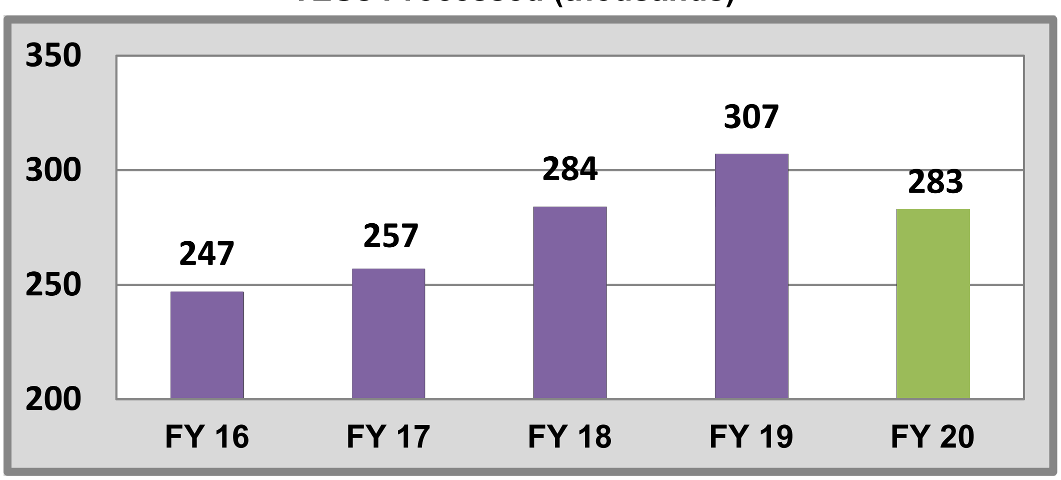
- Average turn time per truck was 33 minutes in FY20, a decrease from 34 minutes in the prior year. The average number of container lifts per hour, per crane was 33, which maintained Conley's position as a highly efficient port.

- A recent study concluded that maritime activity at Massport-owned facilities and private marine terminals/businesses within Boston Harbor generated $8.2 billion in economic output during 2018, up $3.8 billion or 78% since 2012. Total jobs at the Port increased by 16,000 or 32% to 66,000, and direct jobs grew by 27% from 7,000 to 9,000. State and local taxes paid increased by $50 million or 37% to $186 million. These significant economic impacts are largely due to growth in Massport's business activity at the Port during this period.

- The Maritime Strategic Plan calls for an $850 million investment to revitalize the Port of Boston. The Boston Harbor Dredging project continued to advance Phase I nearing completion (fall 2020) and Phase II anticipated to start in early 2021. To date, approximately 11 million cubic yards have been dredged, which is 95% of the total 11.5 million cubic yards required under the project plan. The Harbor Dredging Project is anticipated to be completed in late 2022/early 2023 and when finished, the Broad Sound North Channel depth will be increased to 51 feet, and the Main Ship Channel and Reserved Channel Turning Basin will both be deepened to 47 feet.

- The Conley Terminal modernization initiative, funded in part with a $42 million FASTLANE grant from the federal government, also advanced during FY20. At Berth 12, new fenders capable of accommodating the larger cargo vessels were installed, and the structural rehab of Berth 11 was completed. Expanded container storage, new reefer racks, upgraded Wifi broad band and new terminal yard lighting have been completed and/or installed. Five existing Rubber Tired Gantry (RTG) cranes were upgraded and 11 new tractors and four new RTG cranes have been procured and delivered to the Terminal.

CONLEY CONTAINER TERMINAL
TEUs Processed (thousands)



- Construction of the new deep-water Berth 10 began in June 2018, and three new ship-to-shore cranes capable of servicing the next generation of container ships are being manufactured with a targeted commissioning in mid-2021. The $215 million cost of Berth 10 and the three new cranes are being jointly funded by the Authority and the Commonwealth.

Flynn Cruiseport Boston

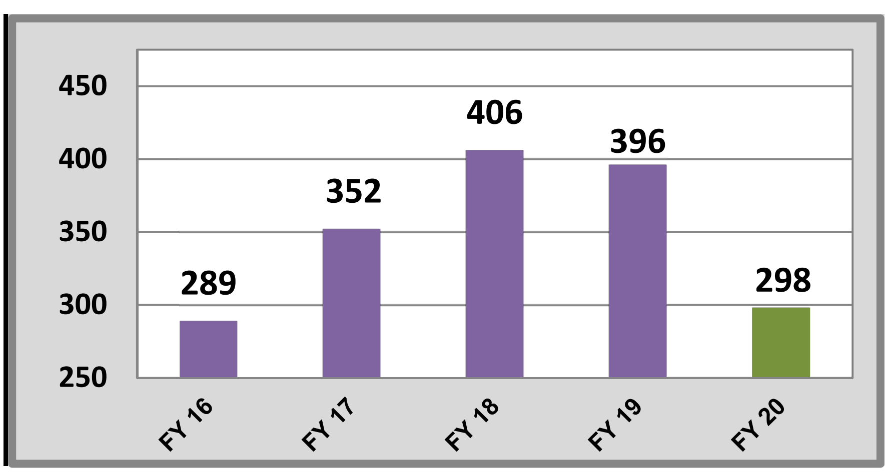
- **Flynn Cruise Port Boston served 298,029 Cruise passengers in FY20.**

- Flynn Cruiseport Boston had a very successful fall 2019 season that featured the following:
  - The longest cruise season ever as ship visits began in March and extended into mid-November
  - A visit from the largest ship ever to call on Flynn Cruiseport Boston, the MSC Meraviglia, which can accommodate 4,500 passengers
  - 9 maiden voyages
  - 86 ships during the peak months of September and October
  - 2% more passengers compared to the previous fall season

However, the FY20 season overall was negatively impacted by the pandemic. The CDC issued a "No Sail Order" effective March 14, 2020 as a result of COVID-19, suspending all cruises for the spring and summer of FY20.

FLYNN CRUISEPORT BOSTON

PASSENGERS (thousands)



Real Estate

- Massport's real estate portfolio generated 6.3% more revenue than the prior year despite COVID-19 impacts.

- Massport selected Boston Global Investors (BGI) to develop Parcel A-2, a 1.1 acre property on Congress Street in South Boston. BGI has steadily and significantly advanced the design and permits for an approximately 575,000-square foot office tower anticipates that all required approvals will be obtained by fall of 2020. As with the OMNI Hotel project now under construction, Massport placed a high priority on **diversity, equity and inclusion in the Parcel A-2 RFP** selection criteria. The project features more than 25 percent participation by minority-owned and women-owned businesses throughout the team, from the developer, to equity investors, to consultants and contractors. The project design features a number of **significant public realm** components, which will account for more than 100,000 square feet of combined interior and exterior programmed spaces.

- In June 2019, Massport issued a Request for Proposal (RFP) to develop Parcel H on Congress Street in South Boston. Massport offered the parcel for commercial mixed-use, with a noteworthy opportunity to **construct a new station serving the MBTA Silver Line** within the parcel footprint. Like the Omni Hotel and the Parcel A-2 developments, the offering included and advanced Massport's expectations for **strong diversity, equity and inclusion** within the responding teams and proposals, a process which has come to be known as the "Massport Model". Massport received seven proposals and is evaluating the best submissions for selection.

- In April 2020, Boston Sword and Tuna (BST) opened its new 50,000-square foot modern seafood processing plant on Parcel 6 at the Massport Marine Terminal in South Boston. The space has enabled BST to expand operations and grow its employee base, despite COVID-19 impacts.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2020

- **Total Operating Revenue was $825 million for FY20.**

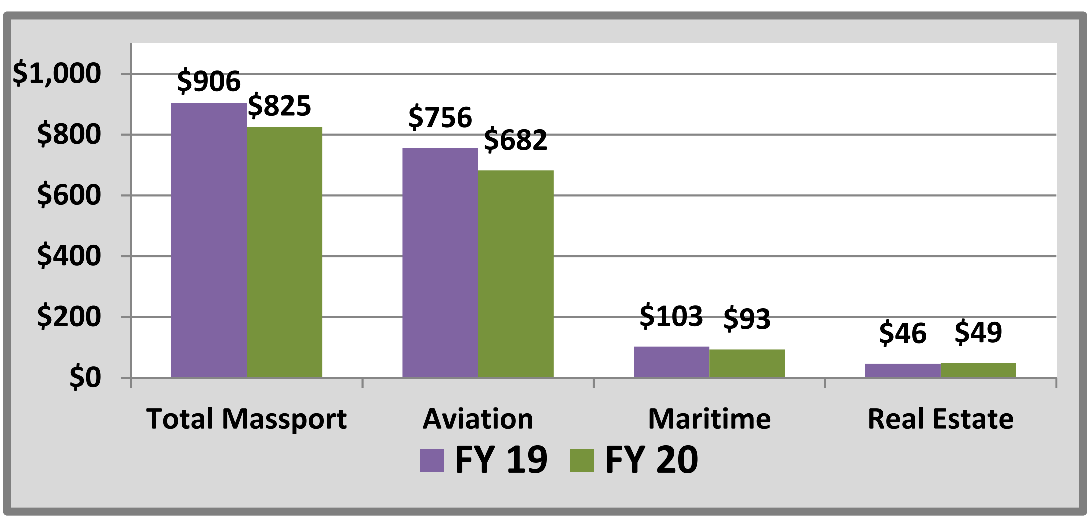
- Aviation revenue of $682 million, 9.8% lower than prior year. The 27.5% decrease in Logan Airport passenger volume resulted in a decline in passenger volume related revenues, such as parking and terminal concessions. While revenue for these items was trending above prior year before COVID-19, the severity of the pandemic resulted in a decrease for the full year. Since revenue growth is used to fund Massport's strategic initiatives and its capital program, the decline in revenue necessitated reductions in expenses and capital spending.

- Maritime revenue of $93 million, down 9.5% versus prior year. Conley Terminal container revenue was also impacted by the pandemic. As a result, Conley serviced 282,629 TEUs in FY20, an 8% decline versus the prior year. Flynn Cruiseport revenues were also drastically affected after a very successful fall season that extended into November 2019. Revenue generated by Maritime is being used to fund the $850 million Maritime Strategic Plan, which is continuing despite the pandemic because making Conley "big ship ready" remains a critical strategic initiative for the Authority.

- Real Estate revenue of $49 million, up 6.3% versus prior year. Ground rents increased due to one-time transaction rent income and annual lease escalations and parking revenue was slightly higher than prior year as the real estate business experienced less significant impacts from the pandemic than the aviation and maritime businesses. Revenue generated by the real estate business is also being used to support the $850 million Maritime Strategic Plan.

OPERATING REVENUES

($ Millions)



- **Operating Expenses for FY20 were $507 million.**

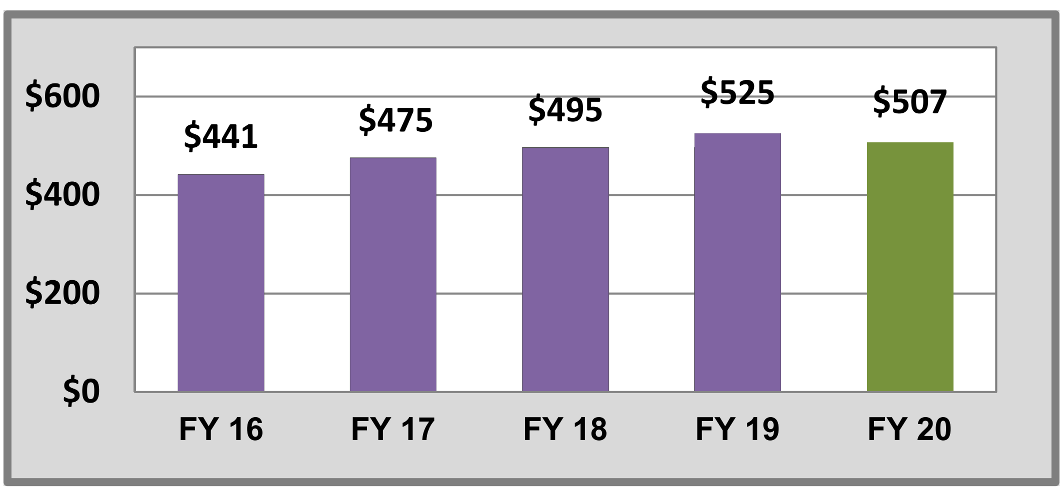
- As a result of the pandemic, Massport executed a plan in March 2020 to reduce operating expenses to mitigate the decline in business activity and associated revenues. Expenses including Shuttle Bus Services, Stevedoring, Overtime, Materials & Supplies, Repairs, Professional Fees, Students, Temps and Interns, Travel and other such costs were decreased by as much as 100%.

- Snow-related expenses were lower by $1.2 million due to a milder winter in FY20 versus FY19.

- Pension and Other Post-Employment Benefits (OPEB) expense decreased by $4.6 million or 11.3% due primarily to favorable net investment returns for the Pension fund for the calendar year ending December 31, 2019.

- Depreciation and Amortization expense increased by $11.0 million or 3.8% due to new investment in the Authority's assets and the full year impact of the refinancing of the Terminal A debt in FY19.

OPERATING EXPENSES excluding Depreciation
($ Millions)

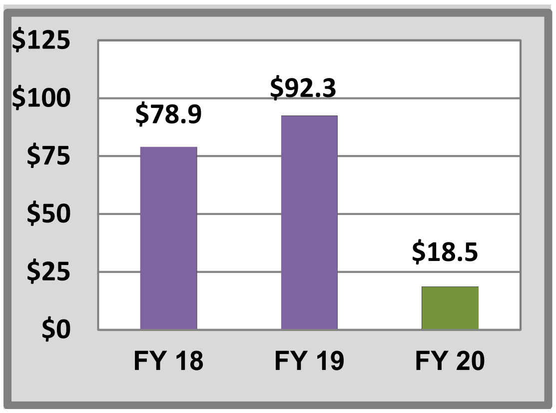


- **Operating Income for FY20 was $19 million.**

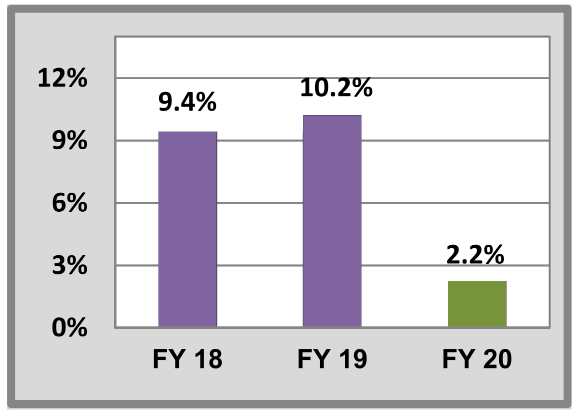
- Prior to COVID-19, management's five-year plan projected margin expansion in order to fund Massport's $2.6 billion capital program, the largest in the Authority's history. Massport was well on its way to achieving this aggressive investment target to keep pace with record business growth.

- The decline in passenger traffic at Logan Airport in the fourth quarter of FY20 reduced activity-based revenues such as Parking, Concessions and other volume-related items. As a result, Massport's operating income and margin, while still positive, declined by nearly $74 million compared to last year.

OPERATING INCOME
($ Millions)



OPERATING MARGIN



- **Net Position of $2.5 billion was 6.9% higher.**

- Net position is a key indicator of the financial health of the Authority and is comprised primarily of capital assets owned by the Authority.

- The FY20 increase in net position of $164.1 million was due to $18.5 million of operating income, $85.8 million of non-operating income, and $59.9 million of capital grant revenue.

- The $85.8 million of non-operating income includes $57.1 million of federal CARES Act funds. This represents a portion of the $143.7 million grant awarded to Massport to help offset the financial impact of COVID-19.

- Expansion of the Authority's net position is critical to fund the capital program, which includes strategic initiatives such as the modernization of Terminal E to accommodate more international flights, redesigning the roadways at Logan Airport to make travel easier for our customers, and the dredging of Boston Harbor and modernization of Conley Terminal to support the industry trend toward larger 10,000+ TEU container ships.

Condensed Statement of Revenues, Expenses and Changes in Net Position
($ millions)

	FY 2020	FY 2019	$ Change	% Change
Operating revenues	$ 824.5	$ 905.5	($ 81.0)	(8.9%)
Operating expenses including depreciation and amortization	806.0	813.2	(7.2)	(0.9%)
Operating income	**18.5**	**92.3**	**(73.8)**	**(80.0%)**
Total non-operating revenues (expenses), net	85.8	91.4	(5.6)	(6.1%)
Capital grant revenues	59.9	28.2	31.7	112.4%
Increase (decrease) in net position	**164.2**	**211.9**	**(47.7)**	**(22.5%)**
Net position, beginning of year	2,376.2	2,164.3	211.9	9.8%
Net position, end of year	**$ 2,540.3**	**$ 2,376.2**	**$ 164.1**	**6.9%**

	FY 2019	FY 2018	$ Change	% Change
Operating revenues	$ 905.5	$ 836.4	$ 69.1	8.3%
Operating expenses including depreciation and amortization	813.2	757.5	55.7	7.4%
Operating income	**92.3**	**78.9**	**13.4**	**17.0%**
Total non-operating revenues (expenses), net	91.4	51.9	39.5	76.1%
Capital grant revenues	28.2	25.4	2.8	11.0%
Increase (decrease) in net position	**211.9**	**156.2**	**55.7**	**35.7%**
Net position, beginning of year	2,164.3	2,008.1	156.2	7.8%
Net position, end of year	**$ 2,376.2**	**$ 2,164.3**	**$ 211.9**	**9.8%**

Detailed descriptions of operating revenues and expenses, and non-operating revenues and expenses are described in the following sections.

OPERATING REVENUE

The Authority's operating revenues for FY20 were $824.5 million, down $81.0 million or 8.9% from the prior year. The decline was mainly attributable to lower business activity at Logan Airport. Business activity across all of Massport's businesses was strong and surpassing the prior year for the first eight months until March when the pandemic hit. Logan was impacted the most; the Authority's real estate business produced higher revenues in FY20 and the maritime businesses were down only marginally.

Operating Revenues
($ millions)

	FY 2020	FY 2019	$ Change	% Change
Aviation Rentals	$ 275.3	$ 267.1	$ 8.2	3.1%
Aviation Parking	137.0	182.1	(45.1)	(24.8%)
Aviation Fees	139.2	153.2	(14.0)	(9.1%)
Aviation Concessions	111.1	130.8	(19.7)	(15.1%)
Shuttle Bus	17.0	21.2	(4.2)	(19.8%)
Aviation Operating Grants and Other	2.8	2.0	0.8	40.0%
Total Aviation Revenues	**$ 682.4**	**$ 756.4**	**($ 74.0)**	**(9.8%)**
Maritime Fees, Rentals and Other	93.0	102.8	(9.8)	(9.5%)
Real Estate Fees, Rentals and Other	49.2	46.3	2.9	6.3%
Total	**$ 824.5**	**$ 905.5**	**($ 81.0)**	**(8.9%)**

	FY 2019	FY 2018	$ Change	% Change
Aviation Rentals	$ 267.1	$ 240.8	$ 26.3	10.9%
Aviation Parking	182.1	180.8	1.3	0.7%
Aviation Fees	153.2	153.2	0.0	0.0%
Aviation Concessions	130.8	114.5	16.3	14.2%
Shuttle Bus	21.2	20.3	0.9	4.4%
Aviation Operating Grants and Other	2.0	1.9	0.1	5.3%
Total Aviation Revenues	**$ 756.4**	**$ 711.5**	**$ 44.9**	**6.3%**
Maritime Fees, Rentals and Other	102.8	94.4	8.4	8.9%
Real Estate Fees, Rentals and Other	46.3	30.5	15.8	51.8%
Total	**$ 905.5**	**$ 836.4**	**$ 69.1**	**8.3%**

AVIATION REVENUES

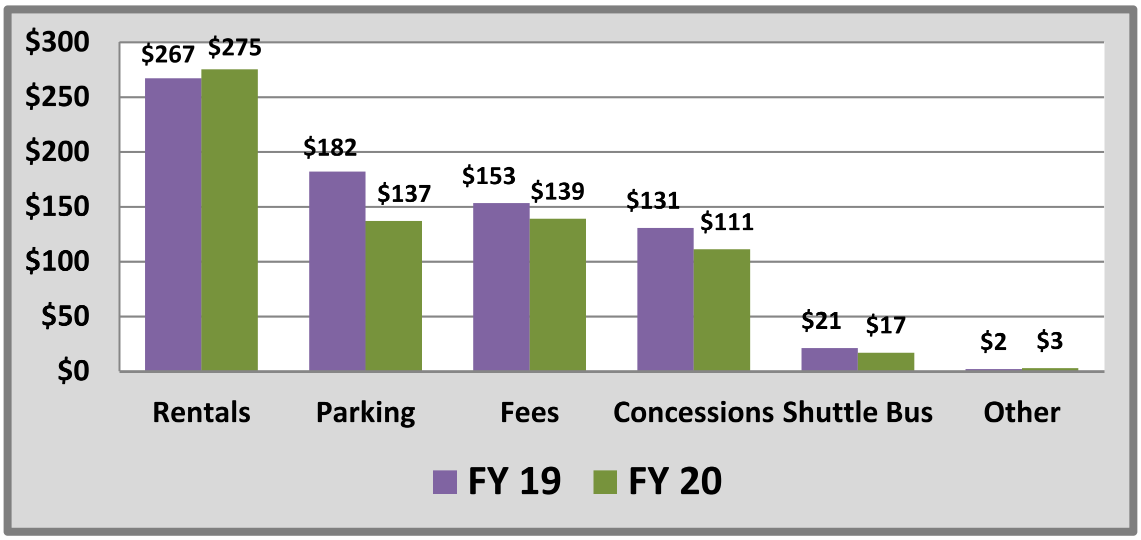
The Authority's Aviation revenues are derived from its three airport facilities: Logan Airport, Hanscom Field and Worcester Regional Airport.

The Authority's airports generated $682.4 million of Aviation revenues during FY20, which was $74.0 million or 9.8% lower than the prior year.

Aviation Revenues
($ millions)

	FY2020	FY2019
Logan	$ 665.4	$ 738.3
Hanscom	14.6	14.9
Worcester	2.3	3.2
Total	**$ 682.4**	**$ 756.4**

Aviation Revenues by Category
($ Millions)



Fiscal Year 2020 Compared to 2019

<u>Logan Airport Revenues</u>

Logan Airport generated $665.4 million in revenues in FY20, a $72.9 million or 9.9% decrease versus last year.

Logan Airport Revenues
($ millions)

	FY2020	FY2019
Logan Rentals	$ 266.9	$ 258.6
Logan Parking	136.4	181.5
Logan Fees	132.2	145.3
Logan Concessions	110.2	129.8
Shuttle Bus	17.0	21.2
Logan Operating Grants	2.7	1.8
Total	**$ 665.4**	**$ 738.3**

Logan rental revenues are earned through terminal building, non-terminal building and ground lease agreements. Revenue from Logan Airport rentals was $266.9 million, an $8.3 million or 3.2% increase versus the prior year. Terminal rent accounts for 79.1% or $211.1 million of this revenue, and increased by $7.3 million. The remaining 20.9% is comprised of non-terminal rent (11.1%) and ground rent (9.8%).

The increase in terminal rent was driven primarily by the recovery of terminal operating and capital costs from the airlines in the form of higher terminal rental rates, and also the full year impact of the refinancing of Terminal A debt, which resulted in more terminal rent recovery.

Logan parking revenues are generated from the Authority's on-airport and off-airport parking facilities. In FY20, Logan parking revenue was $136.4 million, down $45.1 million, or 24.8% versus the prior year. Revenue from on-airport facilities was down $43.6 million, or 25.0%. Parking revenue from the three off-airport Logan Express parking locations was $5.5 million, down $1.4 million or 20.3% driven by 22% fewer Logan Express passengers.

Logan fee revenues consist of revenues earned from aircraft landing fees, utility reimbursements, and aircraft parking and fueling. During FY20, Logan Airport aviation fees were $132.2 million, a $13.1 million or 9.0% decrease versus prior year. Utility reimbursements were lower in FY20 by $2.6 million, primarily as a result of lower electricity costs due to chiller upgrades at Logan's central heating plant. Logan Airport aircraft landing fees, which account for 83.6% of Logan aviation fees, were lower by $9.3 million or 7.8% versus FY19. Landing fees are collected from scheduled and non-scheduled airlines based on the landed weight of aircraft serving Logan Airport. The landing fee rate is determined annually based on full cost recovery of landing field costs necessary to operate and maintain the airfield for our airline customers.

Logan Airport Aviation Fees
($ millions)

	FY2020	FY2019
Landing Fees	$ 110.5	$ 119.8
Utilities	11.0	13.6
Other	10.8	11.8
Total	**$ 132.2**	**$ 145.3**

Logan concessions revenues are earned from airport terminal retail operations, on-airport car rental transactions, and the activities of ground transportation and other service providers including taxis, bus, limousine, Ride Apps (Transportation Network Companies), aircraft ground handling, and in-flight catering. In FY20, Logan Airport earned $110.2 million from concessions versus $129.8 million in FY19, a decrease of $19.6 million or 15.1% as a result of fewer passengers.

Revenues from in-terminal concessions totaled $46.6 million, a decrease of $9.4 million or 16.8% compared to the prior year. This decrease was mainly due to a $5.6 million decline in food and beverage. Revenues from ground and commercial services declined by $2.6 million while foreign exchange commissions were also down by $1.1 million.

Logan Airport earned $30.0 million from rental car companies during FY20, a decrease of $5.3 million or 15.0% compared to FY19. Rental car transactions decreased by 25.7% and sales per transaction increased slightly by 1.3%. Ground transportation and other fees of $33.6 million declined by $4.9 million or 12.7%. Ground transportation fees collected from Taxis, Limos, and Ride Apps totaled $16.3 million, a decrease of $1.0 million or 6.0%, driven by fewer pick-ups due to fewer passengers.

Logan Airport Concession Fees

($ millions)

	FY2020	FY2019
In-Terminal	$ 46.6	$ 56.0
Rental Car	30.0	35.3
Ground Transportation & Other	33.6	38.5
Total	**$ 110.2**	**$ 129.8**

Shuttle bus and other revenues are primarily the result of an on-airport shuttle that links the terminal buildings, rental car center, and the MBTA Blue Line station, as well as the bus operations from four off-airport Logan Express sites in the Boston metropolitan region and Boston's Back Bay area. The Authority earned $17.0 million of revenue from the Logan Airport shuttle bus operations, a decline of $4.2 million from the prior year. Revenue from the on-airport shuttle bus was down by $1.0 million and Logan Express ticket revenue was down by $3.2 million as service was reduced or suspended to adjust to passenger demand.

During FY20, Logan Airport received $2.7 million in other revenues from federal operating grants.

Logan Airport Shuttle Bus and Other Revenues

($ millions)

	FY2020	FY2019
Shuttle Bus	$ 17.0	$ 21.2
Other	2.7	1.8
Total	**$ 19.7**	**$ 23.0**

<u>Hanscom Field and Worcester Regional Airport Revenues</u>

Hanscom Field revenues were $14.6 million in FY20, down slightly by $0.3 million or 2.0% from the prior year. The decrease was primarily due to lower aircraft fuel flowage fees. Worcester Regional Airport generated $2.3 million in operating revenues in FY20, down $0.9 million due to reduced ground lease revenue.

Hanscom and Worcester Revenues
($ millions)

	FY2020	FY2019
Hanscom	$ 14.6	$ 14.9
Worcester	2.3	3.2
Total	**$ 16.9**	**$ 18.1**

Fiscal Year 2019 Compared to 2018

The Authority earned $756.4 million in revenues from its aviation operations in FY19, up $44.9 million or 6.3% compared to prior year.

Revenue from Logan Airport rentals was $258.6 million, a $25.3 million or 10.8% increase over prior year. Terminal rent accounts for 78.8% of this revenue, and increased by $23.4 million. This was driven by the recovery of terminal operating and capital costs from the airlines in the form of higher terminal rental rates and by the refinancing of the Terminal A debt, which resulted in an increase in terminal rent from the tenants in that terminal.

Aviation parking revenues are primarily generated from the Authority's on-airport and off-airport parking facilities. Logan parking revenue was $181.5 million, up $1.2 million or 0.7% versus prior year due to an increase in airport passenger volume. Parking revenue from the three off-airport Logan Express locations was $6.9 million, up $0.7 million or 11.3% due to a 8% increase in passenger use and a longer duration in the average number of days parked.

During FY19, Logan Airport aviation fees were $145.3 million, a $0.7 million or 0.5% decrease from prior year. Utility expense reimbursements were lower by $2.1 million due to lower rates. Logan Airport aircraft landing fees, which account for 82.5% of Logan aviation fees, were up by $0.6 million or 0.5% versus FY18 and reflect an increase in operating and capital cost recovery.

Logan concessions revenues earned from airport terminal food, beverage and retail operations, on-airport car rental transactions, ground transportation and other service providers including taxis, bus, limousine, Ride Apps, aircraft ground handling, advertising and in-flight catering totaled

$129.8 million in FY19. This was $16.2 million or 14.3% higher than FY18 due to increased passengers and enhancements by the new concession management company.

Logan Airport shuttle bus operations generated $21.2 million, a $0.9 million increase over prior year due to an increase in Logan Express ridership.

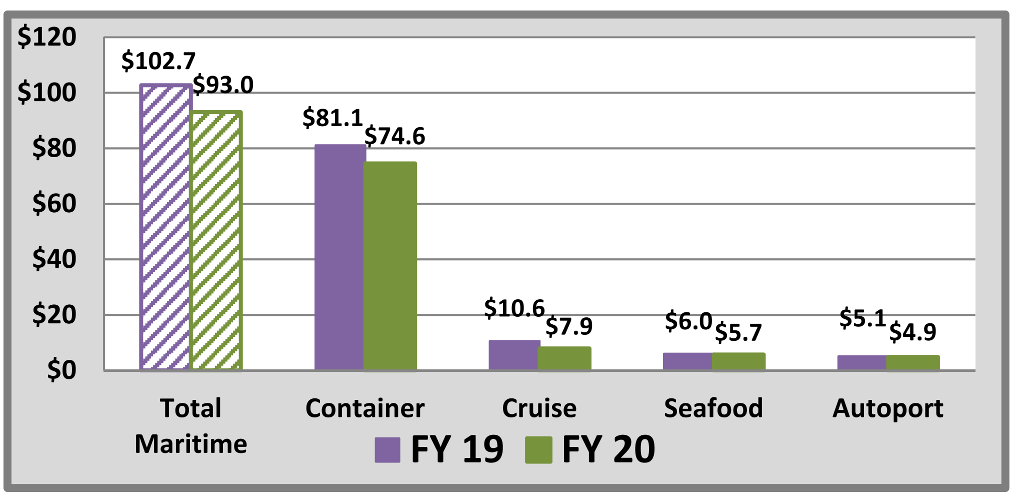
Worcester Regional Airport revenues were up by $1.4 million due primarily to higher fixed base operator ground lease revenue and higher parking revenue driven by the 34% increase in passengers. Hanscom Field revenues were up $0.6 million or 4.2% from prior year due to higher aircraft fuel flowage and aircraft parking revenues.

MARITIME REVENUES

The Authority's maritime business includes container operations at Conley Terminal, cruise activity at the Flynn Cruiseport, rental facilities for seafood processors and commercial parking at the Boston Fish Pier in South Boston, and the Autoport, which houses an automobile import/export facility and other maritime industrial businesses in Charlestown.

The Authority's maritime operations at the Port of Boston generated $93.0 million of revenue during FY20, which was $9.7 million or 9.4% below the prior year.

Maritime Revenues by Category
($ Millions)



Fiscal Year 2020 Compared to 2019

Maritime fees, rentals and other revenues are collected primarily from container shipping lines, cruise lines and other customers that use the Authority's Port facilities. The Authority collected

$93.0 million in fees, rentals and other income from its maritime operations in FY20, which was a solid performance given the pandemic's impact on the global economy.

Container revenue during FY20 was $74.6 million, $6.5 million or 8.0% below the prior year. Revenue is generated through the collection of fees from ocean shipping lines for the loading and unloading of containers at Conley Terminal and for related services through tariffs and contracts with the shipping lines and shippers using the Port. Conley Terminal processed 282,629 TEUs, making FY20 one of Conley's strongest years.

Cruise revenue from operations at Flynn Cruiseport Boston was $7.9 million in FY20, down $2.7 million or 25.5% versus prior year. The Authority collects per passenger fees as well as dockage, water and equipment rental charges from home-port and port-of-call cruise ships that dock at the Cruiseport. Annual rate increases in these fees were offset by lower volumes. After a very strong fall season that saw new lines call on the Cruiseport and an extension of the season into November, the CDC issued a "No Sail Order" in March 2020 due to the pandemic, which effectively cancelled the spring and summer cruise season.

Seafood revenues were $5.7 million in FY20, a decline of $0.3 million or 5.0% from the prior year. Revenues are earned through space and ground rents from seafood processing and office tenants, commissions, utility charges, fees and parking lots at the Fish Pier. The $0.3 million decrease in FY20 is due to less parking revenue and a decrease in utility reimbursement fees.

Autoport revenue was $4.9 million in FY20, down marginally from prior year due to a decrease in utility reimbursement fees.

Fiscal Year 2019 Compared to 2018

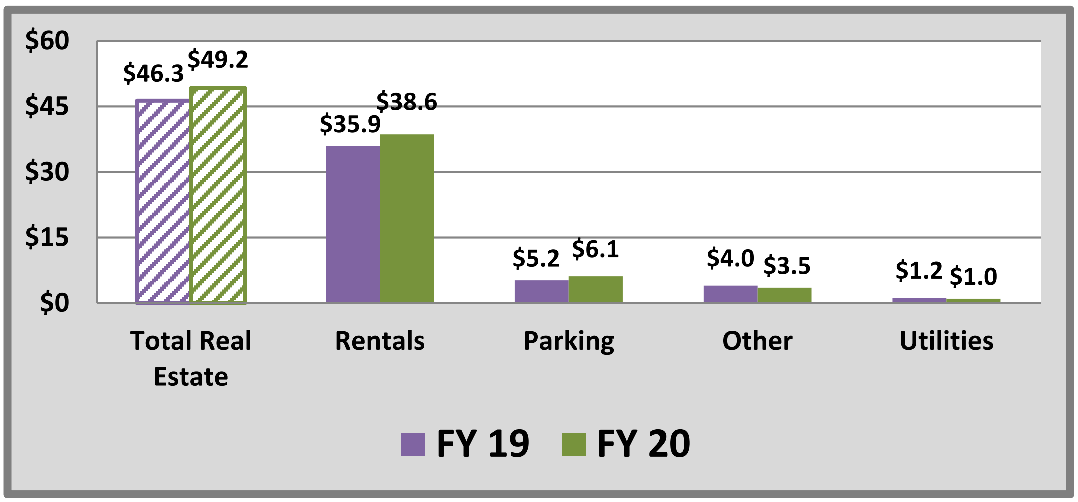
The Authority collected $102.7 million in fees, rentals and other income from its maritime operations in FY19. This was $8.4 million or 8.9% higher than the prior year.

Container revenues were higher by $8.0 million or 10.9% as Conley Terminal set a new record by processing 307,331 TEUs, an 8.3% increase over the prior year. Flynn Cruiseport Boston revenues increased by $0.7 million or 7.1% as annual fee increases slightly offset a 2.6% decline in cruise passengers. Seafood revenues declined $0.4 million due to the discontinuance of payments from a lease at the Fish Pier that was terminated in early 2019. Autoport revenue was relatively flat versus prior year.

REAL ESTATE REVENUES

- **The Authority's real estate division produced $49.2 million of revenue.**

Real Estate Revenues by Category
($ Millions)



Fiscal Year 2020 Compared to 2019

The Authority's commercial real estate line of business earns revenues from ground leases, district service fees and parking on properties owned by the Authority in South Boston, East Boston and Charlestown. Revenues from the Authority's real estate activities totaled $49.2 million in FY20, up $2.9 million or 6.3% versus prior year.

The $2.9 million increase in revenue was primarily due to one-time transaction rent fees, which were higher in FY20 than in FY19. Parking revenue increased by $0.9 million due in part to dynamic pricing at the 1,550 space South Boston Waterfront Transportation Center. Other revenue was down by $0.9 million due to lower utility fees, security detail reimbursements and other fees.

Fiscal Year 2019 Compared to 2018

Revenues from the Authority's real estate activities in FY19 totaled $46.3 million and reflected an increase of $15.8 million versus FY18. The increase was primarily due to a $13.3 million increase in ground rent income from the sale of a building on a Massport parcel in South Boston that resulted in a transaction rent payment along with annual escalations to existing leases. Parking revenue increased $1.1 million due to a full year of operation at the South Boston Waterfront Transportation Center. Other revenue increases included higher utility fee reimbursements and an increase in licensing fees for the short-term use of Massport land or facilities.

OPERATING EXPENSES

The Authority's total operating expenses in FY20 were $806.0 million, a decrease of $7.2 million or 0.9% versus the prior year. Excluding Depreciation and Amortization, operating expenses were down $18.2 million 3.5%.

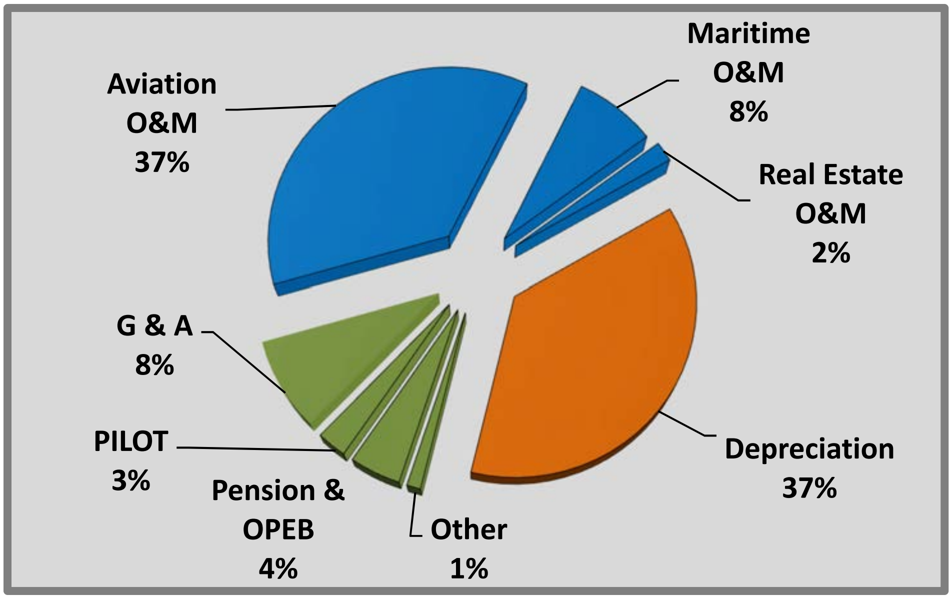
Total operating expenses were lower in FY20 as the result of actions taken by Massport management to maintain a balanced budget given the decline in revenues from reduced business activity. All operating and administrative departments took immediate action to reduce costs during March through June of 2020.

Operating Expenses
($ Millions)

	FY 2020	FY 2019	$ Change	% Change
Aviation Operations and Maintenance	$ 295.7	$ 305.6	($ 9.9)	(3.2%)
Maritime Operations and Maintenance	61.1	64.4	(3.3)	(5.1%)
Real Estate Operations and Maintenance	15.0	16.9	(1.9)	(11.2%)
General and Administrative	68.1	67.3	0.8	1.2%
Payments in Lieu of Taxes	21.0	21.3	(0.3)	(1.4%)
Pension and Other Post-employment Benefits	36.1	40.7	(4.6)	(11.3%)
Other	9.7	8.6	1.1	12.8%
Depreciation and Amortization	299.3	288.3	11.0	3.8%
Total Operating Expenses	**$ 806.0**	**$ 813.2**	**($ 7.2)**	**(0.9%)**

	FY 2019	FY 2018	$ Change	% Change
Aviation Operations and Maintenance	$ 305.6	$ 296.2	$ 9.4	3.2%
Maritime Operations and Maintenance	64.4	64.0	0.4	0.6%
Real Estate Operations and Maintenance	16.9	14.9	2.0	13.4%
General and Administrative	67.3	62.5	4.8	7.7%
Payments in Lieu of Taxes	21.3	20.4	0.9	4.4%
Pension and Other Post-employment Benefits	40.7	29.0	11.7	40.3%
Other	8.6	8.4	0.2	2.4%
Depreciation and Amortization	288.3	262.1	26.2	10.0%
Total Operating Expenses	**$ 813.2**	**$ 757.5**	**$ 55.7**	**7.4%**

FY20 Operating Expenses by Category
(% of Total Expenses)



Aviation Operations and Maintenance Expenses – FY 2020

In FY20, aviation operations and maintenance expenses were $295.7 million, a decrease of $9.9 million or 3.2% from the previous year. The breakdown of aviation operations and maintenance expenses by each of Massport's aviation facilities is provided below:

Aviation Operating and Maintenance Expenses
($ millions)

	FY 2020	FY 2019	FY 2018
Logan	$ 272.6	$ 285.5	$ 277.4
Hanscom	11.0	10.6	11.8
Worcester	12.1	9.5	7.0
Total	$ 295.7	$ 305.6	$ 296.3

Logan Airport Operations and Maintenance Expenses – FY 2020

Operations and maintenance expenses for Logan Airport in FY20 were $272.6 million and accounted for approximately 92.2% of all aviation operations and maintenance expenses and 73.3% of the Authority's total operations and maintenance expenses. In FY20, operations and maintenance expenses for Logan Airport were lower by $12.9 million or 4.5% versus the prior year.

Actions taken to reduce expenses include the reduction and/or suspension of services including the Logan Airport Shuttle bus and Logan Express, the consolidation or closure of airport parking and some terminal spaces, and a scaling back of facility maintenance activities, supplies, services and repairs. As a result, expenses versus prior year were lower by $13.2 million. Wage and benefit expense was higher by $2.8 million or 3.0% due to merit increases and collectively bargained wage adjustments partially offset by the elimination of all temporary employees, students and interns. A mild winter allowed snow-related costs to be $0.9 million lower as the Authority required fewer services and supplies to keep the airport operational. Other expenses were lower by $1.6 million.

Logan Airport Operations and Maintenance Expenses – FY 2019

Operations and maintenance expenses for Logan Airport in FY19 were $285.5 million and accounted for approximately 93.4% of all aviation operations and maintenance expenses and 73.8% of the Authority's total operations and maintenance expenses. In FY19, operations and maintenance expenses for Logan Airport increased by $8.1 million, or 2.9% over the prior year.

Increased business activity resulted in a $1.8 million cost increase for shuttle bus operations, terminal building cleaning, and rubbish removal. Wage and benefit expenses were higher by $2.2 million due to merit increases and collectively bargained wage adjustments. State Police expenses were higher by $2.7 million due primarily to a new class of 30 troopers hired to bolster security at Logan Airport. Expenses were also higher by $3.0 million for the new Logan commissary, which is part of an enhanced security plan at the airport. Snow-related costs decreased by $2.0 million as the Authority required fewer services and supplies. Other expenses were higher by $0.4 million.

Hanscom Field and Worcester Airport Operations and Maintenance Expenses – FY 2020

In FY20, operations and maintenance expenses for Hanscom Field were $11.0 million, a $0.4 million or 3.8% increase versus the prior year. The increase was due to a $1.3 million increase in wage and benefit expenses due to the full year impact of additional ARFF (Aircraft Rescue and Firefighting) personnel hired in April 2019, which was partially offset by a decrease of $0.9 million for lower materials, supplies and services expenses.

Operations and maintenance expenses for Worcester Regional Airport were $12.1 million, a $2.6 million or 27.4% increase. The increase was due to a $2.0 million increase in wage and benefit expenses due to the full year impact of additional ARFF personnel hired in FY19 and higher State Police costs of $1.6 million that were partially offset by $0.6 million less overtime and a $0.5 million decrease in materials, services and supplies expenses.

Hanscom Field and Worcester Airport Operations and Maintenance Expenses – FY 2019

In FY19, operations and maintenance expenses for Hanscom Field were $10.6 million, a decrease of $1.2 million or 10.2% versus the prior year. The decrease was primarily attributable to a $1.1 million reduction in repairs expense and a decline in remediation and services costs by $0.9 million. These were mostly offset by an increase in expenses related to additional ARFF personnel, gear and training.

Operations and maintenance expenses for Worcester Regional Airport were $9.5 million, a $2.5 million or 35.7% increase. The increase included $1.3 million for more ARFF personnel, gear and training, $0.5 million for higher materials and supplies, and $0.7 million for an increase in services, repairs and other miscellaneous expenses.

Maritime Operations and Maintenance Expenses – FY 2020

Maritime operations and maintenance expenses were $61.1 million, a $3.3 million or 5.1% decrease from the prior year. Stevedoring costs were $1.0 million lower due to lower container volume and the new flex-time rules that lowered wage expenses. Materials, supplies, services and repairs expenses collectively were $1.0 million lower than prior year. Overtime was down $0.9 million based on a successful initiative to realign staffing needs.

Wage and benefit expenses increased by $0.7 million, and other expenses were lower by $1.1 million due in part to lower maritime property remediation expenses versus FY19.

Maritime Operations and Maintenance Expenses – FY 2019

Maritime operations and maintenance expenses were $64.4 million, $0.4 million or 0.6% higher than the prior year. Higher business activity resulted in a $1.5 million increase in stevedoring expense to handle the 8.3% increase in container volume (TEUs). Other increases included a $0.2 million increase in payroll and benefits expense.

Expenses for services decreased in FY19 by $0.5 million versus the prior year. The primary driver was a milder winter, which resulted in lower snow removal services. Materials and supplies expense declined slightly $0.2 million. Other expenses were lower by $0.6 million due to lower remediation costs, lower repair costs, and lower professional fees.

Real Estate Operations and Maintenance Expenses – FY 2020

Real Estate operations and maintenance costs in FY20 were $15.0 million, down $1.9 million or 11.2% versus the prior year. Professional fees for parcel developments were reduced by $0.9 million. Repairs and services expenses were lower by $0.5 million, and reimbursement fees for utility expenses were down by $0.3 million. Other expenses were down by $0.2 million versus prior year.

Real Estate Operations and Maintenance Expenses – FY 2019

Real Estate operations and maintenance costs in FY19 were $16.9 million, up $2.0 million or 13.4% versus the prior year. Wage and benefit expenses were higher by $1.3 million due in part to additional staffing to support an increase in properties being developed. State Police costs were higher by $0.4 million. Professional fees increased by $0.3 million. Other miscellaneous expenses were higher by $0.6 million. Repair expenses decreased by $0.6 million due to lower costs to repair damages to the pier at 88 Black Falcon.

General and Administrative Expenses – FY 2020

The Authority's general and administrative costs were $68.1 million in FY20, $0.8 million or 1.2% higher than FY19. Employee wage and benefit costs for administrative employees increased by $2.4 million for annual merit pay adjustments, and services expenses were up $1.1 million due primarily to increased cleaning costs necessitated by COVID-19 and an increase in subscription-based software platforms and computer maintenance costs.

The increases were partially offset by a $1.5 million decline in professional fees for engineering and planning resources. Media and advertising was lower by $1.5 million as this spending was reduced to meet expense reduction targets. Other expenses were higher by $0.3 million.

The following table shows the allocation of the Authority's general and administrative expenses by business line for FY20, FY19 and FY18.

General and Administrative Expenses
($ millions)

	FY 2020	FY 2019	FY 2018
Logan	$ 45.6	$ 46.1	$ 43.6
Hanscom	2.7	3.1	2.3
Worcester	3.6	3.4	2.8
Maritime	10.1	9.2	8.5
Real Estate	6.2	5.4	5.3
Total	**$ 68.1**	**$ 67.3**	**$ 62.5**

General and Administrative Expenses – FY 2019

The Authority's general and administrative costs were $67.3 million in FY19, $4.8 million or 7.7% higher than FY18. Employee wage and benefit costs for administrative employees increased by $1.0 million for annual merit pay adjustments, and professional fees for engineering and planning resources grew by $1.2 million. Other expenses were higher by $2.5 million, primarily for items including computer maintenance costs, software licensing fees, special events including the

American Association of Airport Executives (AAAE) conference hosted by the Authority, and advertising to promote new initiatives.

PILOT, Pension & OPEB and Other Expenses – FY 2020

In FY20, the Authority's PILOT (payment in lieu of tax) payments to the City of Boston and the Town of Winthrop totaled $21.0 million and reflect a $0.3 million or 1.4% decrease versus FY19. The City of Boston's PILOT payments are contractually linked to the annual rise in the Consumer Price Index (CPI), which added $0.4 million of new costs. This was more than offset by lower expenses in FY20 related to community mitigation payments made to organizations such as the East Boston Foundation as fewer milestones were achieved.

The Authority's expenses for pension and OPEB were $36.1 million, a decrease of $4.6 million or 11.3% compared to FY19. The Authority's pension expense decreased by $8.7 million, primarily due to a 19.7% favorable net return on pension plan assets versus the 7.25% rate used to project the pension liability. The Authority's OPEB expense increased by $4.1 million as the result of the Trust fiscal year end being changed from June 30th to December 31st, which resulted in recording 18 months of expense during FY20. The measurement period for both the pension and OPEB assets was calendar year ended December 31, 2019.

The following tables show the allocation of PILOT, Pension, OPEB, and other expenses by business line for FY20 and FY19:

FY20 - PILOT, Pension, OPEB, and Other Expenses
($ millions)

	PILOT	PENSION	OPEB	OTHER	TOTAL
Logan	$ 18.2	$ 10.4	$ 17.4	$ 7.9	$ 53.9
Hanscom	0.0	0.5	0.8	0.2	1.5
Worcester	0.0	0.6	0.5	0.4	1.5
Maritime	1.5	1.3	2.8	0.9	6.5
Real Estate	1.3	0.7	1.1	0.3	3.4
Total	**$ 21.0**	**$ 13.5**	**$ 22.6**	**$ 9.7**	**$ 66.8**

FY19 - PILOT, Pension, OPEB, and Other Expenses
($ millions)

	PILOT	PENSION	OPEB	OTHER	TOTAL
Logan	$ 18.8	$ 17.4	$ 14.4	$ 6.2	$ 56.8
Hanscom	0.0	0.7	0.6	0.2	1.5
Worcester	0.0	0.8	0.4	0.4	1.6
Maritime	1.3	2.3	2.4	1.4	7.4
Real Estate	1.2	1.0	0.7	0.4	3.3
Total	**$ 21.3**	**$ 22.2**	**$ 18.5**	**$ 8.6**	**$ 70.6**

PILOT, Pension & OPEB and Other Expenses – FY 2019

In FY19, the Authority's PILOT payments to the City of Boston and the Town of Winthrop totaled $21.3 million and reflect a $0.9 million or 4.4% increase versus FY18. The City of Boston's PILOT payments are contractually linked to the annual rise in the CPI, which added $0.4 million of new costs. The remainder of the increase is related to community mitigation milestone payments made to organizations such as the East Boston Foundation in association with new facilities being constructed at Logan Airport.

The Authority's expenses for pension and OPEB were $40.7 million, an increase of $11.7 million or 40.4% compared to FY18. The Authority's pension expense increased by $13.4 million, primarily due to a (4.62%) unfavorable net return on pension plan assets versus the 7.25% rate used to project the pension liability. The Authority's OPEB expense decreased by $1.7 million as the net investment return on the OPEB assets of 7.59% was slightly above the 7.25% rate used to project the OPEB liability net of amortization of prior years' losses. The measurement period for the pension assets was calendar year ended December 31, 2018, while the measurement period for OPEB was fiscal year ended June 30, 2018.

Depreciation and Amortization Expenses – FY 2020

The Authority recognized $299.3 million in depreciation and amortization expenses in FY20, an increase of $11.0 million or 3.8% compared to FY19. The increase is the result of $291.2 million of new assets being placed into service. During FY20, major projects completed and placed into service included Logan Terminal C Optimization and Terminals B – C Connector ($32.0 million), Terminal B to C Roadway Improvements ($27.8 million), Terminal C Canopy and Upper Deck ($26.5 million), Terminal B Gate Reconfiguration ($15.0 million), Terminal B Sanitary Pipe Replacement ($14.2 million), Logan Airport Old Tower Relocation ($13.6 million) and the New Hanscom ARFF and CBP Facility ($11.9 million).

Depreciation and Amortization Expenses – FY 2019

The Authority recognized $288.3 million in depreciation and amortization expenses in FY19, an increase of $26.2 million or 10.0% compared to FY18. The increase reflects the Authority's acquisition of the Logan Terminal A asset as part of the refunding of the Terminal A Special Facility Bonds during FY19, which resulted in an additional $14.4 million of depreciation. The remaining increase of $11.8 million or 4.5% is the result of $370.3 million of new assets (excluding Terminal A) being placed into service, including Terminal B Optimization ($149.0 million), Conley Terminal Berths 11 and 12 Rehabilitation ($30.8 million), Logan Terminal C Optimization and Terminals B – C Connector ($18.0 million), Logan Central Heating Plant Upgrade ($12.2 million), and Phase 2 of the HVAC Replacement at Logan Terminals B, C and E ($9.2 million).

NON-OPERATING REVENUES (EXPENSES) AND CAPITAL CONTRIBUTIONS

The Authority recognized a net $85.8 million in non-operating revenues in FY20, a decrease of $5.6 million or 6.1% versus FY19. Non-operating revenues in FY19 were $91.4 million, an increase of $39.5 million or 76.1% over the $51.9 million recognized in FY18.

Non-operating Revenues and Expenses and Capital Contributions
($ millions)

	FY 2020	FY 2019	$ Change	% Change
Passenger facility charges	$ 59.9	$ 84.8	($ 24.9)	(29.4%)
Customer facility charges	25.9	33.5	(7.6)	(22.7%)
Investment income	35.9	29.8	6.1	20.5%
Other income (expense), net	73.5	26.8	46.7	174.3%
Terminal A debt service contributions	0.0	(7.5)	7.5	(100.0%)
Interest expense	(109.4)	(76.0)	(33.4)	43.9%
Total Non-operating Revenues (Expenses)	**$ 85.8**	**$ 91.4**	**($ 5.6)**	**(6.1%)**
Capital Contributions	**$ 59.9**	**$ 28.2**	**$ 31.7**	**112.4%**

	FY 2019	FY 2018	$ Change	% Change
Passenger facility charges	$ 84.8	$ 81.0	$ 3.8	4.7%
Customer facility charges	33.5	33.0	0.5	1.5%
Investment income	29.8	18.6	11.2	60.2%
Other income (expense), net	26.8	(1.0)	27.8	(2780.0%)
Terminal A debt service contributions	(7.5)	(12.2)	4.7	(38.5%)
Interest expense	(76.0)	(67.5)	(8.5)	12.6%
Total Non-operating Revenues (Expenses)	**$ 91.4**	**$ 51.9**	**$ 39.5**	**76.1%**
Capital Contributions	**$ 28.2**	**$ 25.4**	**$ 2.8**	**11.0%**

For FY20, PFCs were $59.9 million, a $24.9 million or 29.4% decrease as a result of fewer enplaned passengers. Revenues from CFCs totaled $25.9 million, a $7.6 million or 22.7% decrease as rental car transaction days at Logan Airport's Rental Car Center were down by 22.6%. The Authority generated $35.9 million of investment income, an increase of $6.1 million due to higher interest rates on fixed income investments and an increase in the Authority's cash balance available for investment. Other income was $73.5 million, which was $46.7 million higher than prior year. Other income includes $57.1 million from the federal CARES Act grant, $7.6 million from the BOSFUEL bond refinancing transaction and $0.6 million from airlines that reimbursed the Authority for prior expenditures and an $8.2 million increase in the fair value of investments. Interest expense was $109.4 million, up $33.4 million or 43.9% versus FY19 due to an increase in debt outstanding.

For FY19, PFCs were $84.8 million, a $3.8 million or 4.7% increase over the prior year due to increased passenger activity at Logan Airport. Revenues from CFCs totaled $33.5 million, a $0.5

million or 1.5% increase versus prior year as rental car transaction days at Logan Airport's Rental Car Center were higher by 1.6%. The Authority also generated $29.8 million of investment income, an increase of $11.2 million due to higher interest rates on fixed income investments and an increase in the Authority's cash balance available for investment. Other income was $26.8 million, which was $27.8 million higher than prior year. The FY19 amount includes a $20.2 million gain from the refinancing of debt related to Terminal A and a $7.0 million unrealized gain on the fair value of investments. The Authority made a voluntary contribution of $7.5 million in PFCs to the Terminal A debt service fund to help reduce terminal rental rates, which was only a partial year amount due to the refinancing of the debt related to Terminal A and was thus lower than the $12.2 million contribution in the prior year. Interest expense was $76.0 million, up $8.5 million or 12.6% versus FY18 due to a higher debt balance.

Capital Contributions

Capital contributions in FY20 were $59.9 million, an increase of $31.7 million versus the prior year. The Authority received capital contributions for projects from the Massachusetts Department of Transportation (MassDOT), the FAA AIP grant program and from the Maritime Administration unit of the United States Department of Transportation (MARAD) FASTLANE grant. The MassDOT funds will help pay for a portion of the new Berth 10 and three new cranes at Conley Terminal. The FAA AIP grants include reimbursements for the rehabilitation of runway 9-27 at Logan Airport, resurfacing of the north cargo apron at Logan Airport, the GSE electrification of all terminals at Logan Airport, two new jet bridges at Worcester Regional Airport, and the east ramp joint repair at Hanscom Field. The MARAD grant funds were primarily used for the rehabilitation of Conley Terminal Berths 11 and 12, paving of the reefer area at Conley Terminal, and the replacement of RTG (Rubber Tired Gantry) drives.

Capital contributions in FY19 were $28.2 million, an increase of $2.8 million versus the prior year. The major components of the FY19 revenues were from the FAA AIP grant program and from the MARAD FASTLANE grant. Major projects funded by AIP grants included the rehabilitation of taxiways east alpha and bravo at Logan Airport, a new ARFF and CBP facility at Hanscom Field, and the rehabilitation of runway 15-33 at Worcester Regional Airport. MARAD grant funds were primarily used for the rehabilitation of Conley Terminal Berths 11 and 12, paving of the reefer area at Conley Terminal, and the replacement of RTG (Rubber Tired Gantry) drives. The total capital contributions increase of $2.8 million versus last year was due to a $1.6 million increase in FAA AIP funding and a $1.2 million increase in MARAD funding.

THE AUTHORITY'S STATEMENTS OF NET POSITION

The Statements of Net Position present the financial position of the Authority at the end of each fiscal year. The Statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources of the Authority. Net Position is the difference between total assets plus deferred outflows of resources less total liabilities and deferred inflows of resources and is an indicator of the current fiscal health of the Authority. A summarized comparison of the Authority's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2020, 2019 and 2018 is as follows:

Condensed Statements of Net Position for FY 2020 and FY 2019
($ millions)

	FY 2020	FY 2019	$ Change	% Change
Assets				
Current assets	$ 1,242.8	$ 902.1	$ 340.7	37.8%
Capital assets, net	3,963.1	3,725.3	237.8	6.4%
Other non-current assets	589.8	506.4	83.4	16.5%
Total Assets	**5,795.7**	**5,133.8**	**661.9**	**12.9%**
Deferred Outflows of Resources				
Deferred loss on refunding of bonds	13.3	14.7	(1.4)	(9.5%)
Deferred outflows of resources related to Pension plan	9.7	51.9	(42.2)	(81.3%)
Deferred outflows of resources related to OPEB	17.3	36.2	(18.9)	(52.2%)
Total Deferred Outflows of Resources	**40.3**	**102.8**	**(62.5)**	**(60.8%)**
Liabilities				
Current liabilities	$ 325.7	$ 366.9	($ 41.2)	(11.2%)
Bonds payable, including current portion	2,688.2	2,176.2	512.0	23.5%
Other non-current liabilities	193.8	293.6	(99.8)	(34.0%)
Total Liabilities	**3,207.7**	**2,836.7**	**371.0**	**13.1%**
Deferred Inflows of Resources				
Deferred gain on refunding of bonds	9.8	5.2	4.6	88.5%
Deferred inflows of resources related to Pension plan	47.9	2.6	45.3	1742.3%
Deferred inflows of resources related to OPEB	30.2	16.0	14.2	88.8%
Total Deferred Inflows of Resources	**87.9**	**23.8**	**64.1**	**269.3%**
Total Net Position	**$ 2,540.3**	**$ 2,376.2**	**$ 164.1**	**6.9%**

Column totals may not add due to rounding.

The Authority ended FY20 with total assets of $5,795.7 million, an increase of $661.9 million or 12.9% over the prior year. The increase is primarily due to additional cash from the issuance of new bonds, $237.8 million of new capital assets placed into service and construction in progress net of accumulated depreciation. Deferred outflows of resources totaled $40.3 million, a $62.5 million decrease caused by favorable investment gains and increased amortization of prior years' losses. The Authority's total assets consist primarily of capital assets, net, which represent $3,963.1 million or 67.9% of the Authority's total assets and deferred outflows of resources as of June 30, 2020.

The Authority's total liabilities as of June 30, 2020 were $3,207.7 million, an increase of $371.0 million or 13.1% as the bonds payable balance increased by $512.0 million due to new debt issued in FY20. Bonds payable (including current portion) is the largest component of total liabilities, and accounted for 81.6% of the Authority's total liabilities and deferred inflows at June 30, 2020.

The Authority's total net position for FY20 was $2,540.3 million, a $164.1 million or 6.9% increase over the prior year. This increase reflects the Authority's net operating income of $18.5 million, net non-operating income of $85.8 million and capital contributions of $59.9 million. The growth in net position will be used to fund the Authority's strategic initiatives.

Condensed Statements of Net Position for FY 2019 and FY 2018

($ millions)

	FY 2019	FY 2018	$ Change	% Change
Assets				
Current assets	$ 902.1	$ 948.4	($ 46.3)	(4.9%)
Capital assets, net	3,725.3	3,216.3	509.0	15.8%
Other non-current assets	506.4	402.6	103.8	25.8%
Total Assets	**5,133.8**	**4,567.3**	**566.5**	**12.4%**
Deferred Outflows of Resources				
Deferred loss on refunding of bonds	14.7	16.2	(1.5)	(9.3%)
Deferred outflows of resources related to Pension plan	51.9	13.9	38.0	273.4%
Deferred outflows of resources related to OPEB	36.2	29.0	7.2	24.8%
Total Deferred Outflows of Resources	**102.8**	**59.1**	**43.7**	**73.9%**
Liabilities				
Current liabilities	$ 366.9	$ 360.6	$ 6.3	1.7%
Bonds payable, including current portion	2,176.2	1,835.3	340.9	18.6%
Other non-current liabilities	293.6	233.8	59.8	25.6%
Total Liabilities	**2,836.7**	**2,429.7**	**407.0**	**16.8%**
Deferred Inflows of Resources				
Deferred gain on refunding of bonds	5.2	6.1	(0.9)	(14.8%)
Deferred inflows of resources related to Pension plan	2.6	25.4	(22.8)	(89.8%)
Deferred inflows of resources related to OPEB	16.0	0.8	15.2	1900.0%
Total Deferred Inflows of Resources	**23.8**	**32.3**	**(8.5)**	**(26.3%)**
Total Net Position	**$ 2,376.2**	**$ 2,164.3**	**$ 211.9**	**9.8%**

The Authority ended FY19 with total assets of $5,133.8 million, an increase of $566.5 million or 12.4% over the prior year. This increase is primarily due to the growth in capital assets, net, which increased by $509.0 million due primarily to the Authority's acquisition of the Logan Terminal A asset as part of the refunding of the Terminal A Special Facility Bonds during FY19. This accounts for $344.5 million ($358.9 million asset net of $14.4 million depreciation) of the increase. The remaining $164.5 million is from new assets being placed into service. Deferred outflows of resources were $102.8 million, a $43.7 million increase from the previous year due to an increase in the deferred outflows on the OPEB and Pension Plan investments from unfavorable investment gains on plan assets and higher amortization of prior year losses. The Authority's total assets consist primarily of capital assets, net, which represent $3,725.3 million or 71.1% of the Authority's total assets and deferred outflows of resources as of June 30, 2019.

The Authority's total liabilities as of June 30, 2019 were $2,836.7 million, an increase of $407.0 million or 16.8% as the bonds payable balance increased $340.9 million due to issuances during FY19. Bonds payable (including current portion) is the largest component of total liabilities, and accounted for 76.1% of the Authority's total liabilities and deferred inflows at June 30, 2019.

The Authority's total net position for FY19 was $2,376.2 million, a $211.9 million or 9.8% increase over the prior year. This increase reflects the Authority's net operating income of $92.3 million, net non-operating income of $91.4 million and capital contributions of $28.2 million. The growth in net position will be used to fund the Authority's strategic initiatives.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2020 and 2019, the Authority had $3,963.1 million and $3,725.3 million of capital assets (net of depreciation), respectively. These include land, construction in process, buildings, runways, roadways, machinery and equipment, air rights and parking rights. The Authority's net capital assets increased by $237.8 million or 6.4% in FY20 primarily as the result of the addition of $537.1 million in capital expenditures partially offset by $299.3 million of depreciation expense.

In FY20, the Authority placed $291.2 million of new assets into service. Major projects completed and placed into service included Logan Terminal C Optimization and Terminals B – C Connector ($32.0 million), Terminal B to C Roadway Improvements ($27.8 million), Terminal C Canopy and Upper Deck ($26.5 million), Terminal B Gate Reconfiguration ($15.0 million), Terminal B Sanitary Pipe Replacement ($14.2 million), Logan Airport Old Tower Relocation ($13.6 million) and the New Hanscom ARFF and CBP Facility ($11.9 million).

In FY19, the Authority placed $729.2 million of new assets into service. The largest component was Terminal A at Logan Airport with an asset value of $358.9 million, which the Authority acquired as part of the refunding of the Terminal A Special Facility Bonds during FY19. Other significant assets completed and placed into service include $149.0 million for Terminal B Optimization, $30.8 million for Conley Terminal Berths 11 and 12 Rehabilitation, $18.0 million for Logan Terminal C Optimization and Terminals B – C Connector, $12.2 million for the Logan Central Heating Plant Upgrade, and $9.2 million for Phase 2 of the HVAC Replacement at Logan Terminals B, C and E.

Capital assets, net comprised 67.9%, 71.2% and 69.5% of the Authority's total assets and deferred outflows of resources at June 30, 2020, 2019 and 2018, respectively. During FY20, FY19 and FY18, the Authority spent approximately $492.0 million, $759.9 million (including the $358.9 million related to the refunding of debt for Logan Terminal A), and $293.2 million, respectively, constructing new assets and improving existing assets already in service.

The Authority's capital assets are principally funded by the proceeds of revenue bonds, operating revenues, PFCs, CFCs, and federal and state grants. The following chart provides a breakdown of the Authority's total capital assets at June 30, 2020, 2019 and 2018.

Capital Assets by Type
($ thousands)

	FY 2020	FY 2019	FY 2018	% Change 2020-2019	% Change 2019-2018
Land	$ 230,600	$ 230,600	$ 230,600	0.0%	0.0%
Construction in progress	499,869	260,888	192,782	91.6%	35.3%
Buildings	2,199,903	2,190,942	1,727,729	0.4%	26.8%
Runways and other pavings	363,950	386,629	389,082	(5.9%)	(0.6%)
Roadways	322,842	316,585	345,881	2.0%	(8.5%)
Machinery and equipment	287,075	275,111	258,063	4.3%	6.6%
Air rights	41,908	46,015	52,143	(8.9%)	(11.8%)
Parking rights	16,963	18,504	20,047	(8.3%)	(7.7%)
Capital assets, net	**$ 3,963,110**	**$ 3,725,274**	**$ 3,216,327**	**6.4%**	**15.8%**

Please see Note 4, Capital Assets in the attached financial statements.

Debt Administration

The Authority's bond issuances must be approved by the Members of the Authority (the "Board") and must comply with the rules and regulations of the United States Treasury Department. The Authority, through its 1978 Trust Agreement, has a covenant to maintain a debt service coverage ratio of not less than 1.25. Debt service coverage is calculated based on a formula set forth in the 1978 Trust Agreement. Historically, the Authority has maintained a debt service coverage ratio higher than its 1978 Trust Agreement requirement to maintain its high investment grade bond ratings and keep capital costs low. The Authority's debt service coverage has exceeded the Trust covenant by more than 200 basis points in each of the last three fiscal years.

The CFC Trust Agreement requires that the Authority maintain a debt service coverage ratio of at least 1.30. The Authority has exceeded the required debt covenant by over 110 basis points in each of the last three fiscal years.

The Authority had net bonds payable and subordinated obligations outstanding as of June 30, 2020 in the amount of $2,431.5 million, a net increase of $448.4 million compared to June 30, 2019. During FY20, the Authority issued $455.0 million of Massachusetts Port Authority Revenue Bonds in two series. The Series 2019-B Revenue Bonds were issued in the principal amount of

$157.7 million with a net original issue premium of $27.6 million. The Series 2019-C Revenue Bonds were issued in the principal amount of $297.4 million with an original issue premium of $62.4 million. The proceeds from these bonds were used to finance a portion of the Authority's FY19-23 Capital Program. Due to the "private activity" nature of a portion of the construction projects, the Series 2019-C bonds were sold as AMT bonds.

On April 3, 2020, the Authority entered into a direct purchase agreement with Bank of America, NA for the sale of up to $258.0 million of Massachusetts Port Authority Revenue Bonds in two series. The Series 2020-A Revenue Refunding Bonds were issued in the principal amount of $95.6 million. The Series 2020-B Revenue Bonds were issued in the principal amount of $162.4 million. The Series 2020-A Bonds were issued to refund portions of the Series 2010 Bonds, the Series 2012-A Bonds and the Series 2012-B Bonds and the Series 2020-B Bonds to finance a portion of the Authority's Capital Program. Due to the "private activity" nature of a portion of the construction projects, the Series 2020-A bonds were sold as AMT bonds.

The Authority had net bonds payable and subordinated obligations outstanding as of June 30, 2019 in the amount of $1,983.1 million, a net increase of $299.1 million compared to the prior year. During FY19, the Authority issued $315.2 million of Massachusetts Port Authority Revenue Bonds Series 2019-A with an original issue premium of $49.5 million. Approximately $358.9 million of the proceeds from the Series 2019-A Bonds was used to refund the entire outstanding balance of the Authority's Special Facilities Revenue Bonds (Delta Air Lines, Inc. Project), Series 2001-A, 2001-B and 2001-C, resulting in a net present value benefit of $34.2 million. As a result of the refunding, the Authority recognizes all Terminal A rental revenue as revenue under the 1978 Trust Agreement commencing in February 2019.

In addition, on November 20, 2018, the Authority issued its Subordinated Obligations, Series 2018-A (AMT) in the aggregate principal amount of up to $107.5 million to provide bridge financing for the Commonwealth's portion of the costs of design and construction of the new Berth 10 at Conley Terminal. The Series 2018 Subordinated Obligations were sold in a private placement transaction to a bank lender, bear a variable rate of interest and mature on July 1, 2028. The Series 2018 Subordinated Obligations are subject to mandatory tender on July 1, 2023 (the "Tender Date"). If not repaid in full on the Tender Date, the remaining outstanding principal amount of the Series 2018 Subordinated Obligations must be repaid over a three year term in equal semi-annual principal installments, plus interest. Although the Authority expects to repay the principal of the Series 2018 Subordinated Obligations in full on or before July 1, 2022 from the Commonwealth's payments under the Conley Terminal MOU, the Series 2018 Subordinated Obligations are secured by the moneys on deposit in the Improvement and Extension Fund available for such purpose and by a pledge of the Authority's Revenues, subordinate to the pledge securing bonds issued under the 1978 Trust Agreement. In the event that the Commonwealth's payments under the Conley Terminal MOU are delayed or not made, and the Authority reaches agreement with the purchaser on or before the Tender Date, the Series 2018 Subordinated

Obligations are also subject to sinking fund payments of the principal thereof on each July 1, commencing July 1, 2023 through July 1, 2028 As of June 30, 2020 the amount outstanding was $72.5 million.

The Official Statements relating to the Authority's bond issuances are available from the Authority or by accessing the Authority's website.

Please see Note 5, Bonds and Notes Payable in the attached Financial Statements.

THE AUTHORITY'S CONDENSED CASH FLOWS

The following summary shows the major sources and uses of cash during the following years:

Statements of Cash Flows
($ millions)

	FY 2020	FY 2019	$ Change	% Change
Net cash provided by operating activities	$ 325.7	$ 372.9	($ 47.2)	(12.7%)
Net cash provided by non-capital activities (CARES Act fund)	35.0	—	35.0	100.0%
Net cash provided / (used in) capital and related financing activities	1.6	(372.1)	373.7	(100.4%)
Net cash provided / (used in) investing activities	(151.8)	76.9	(228.7)	(297.4%)
Net increase in cash and cash equivalents	210.5	77.8	132.7	170.6%
Cash and cash equivalents, beginning of year	290.3	212.6	77.7	36.5%
Cash and cash equivalents, end of year	**$ 500.8**	**$ 290.3**	**$ 210.5**	**72.5%**

	FY 2019	FY 2018	$ Change	% Change
Net cash provided by operating activities	$ 372.9	$ 334.0	$ 38.9	100.0%
Net cash (used in) capital and related financing activities	(372.1)	(228.1)	(144.0)	63.1%
Net cash provided / (used in) investing activities	76.9	(166.3)	243.2	(146.2%)
Net increase / (decrease) in cash and cash equivalents	77.8	(60.4)	138.2	(228.8%)
Cash and cash equivalents, beginning of year	212.6	273.0	(60.4)	(22.1%)
Cash and cash equivalents, end of year	**$ 290.3**	**$ 212.6**	**$ 77.7**	**36.5%**

The Authority's cash and cash equivalents at June 30, 2020 was $500.8 million, an increase of $210.5 million or 72.5%. The Authority generated $325.7 million in cash during FY20 primarily from business activity at Logan Airport and the Port of Boston. In addition, the Authority received $35.0 million of federal CARES Act funds as a result of the COVID-19 Public Health Emergency. The Authority provided $1.6 million in cash for capital and related financing activities to finance the Authority's capital program and to pay debt service expenses during the year. Finally, the Authority also invested $151.8 million in cash for future operating and capital payments.

The Authority's cash and cash equivalents at June 30, 2019 was $290.3 million, an increase of $77.7 million or 36.5% from the $212.6 million in cash and cash equivalents reported in FY18. The Authority generated $372.9 million in cash from operations during FY19 compared to $334.0 million in the prior year, an increase of $38.9 million, or 11.6%, primarily from increased business activity at Logan Airport, record container volumes at Conley Terminal, and activity at its other facilities. The Authority used $372.1 million in cash for capital and related financing activities to finance the Authority's capital program and to pay debt service expenses during the year. This was a $144.0 million increase from the prior year due mainly to the use of cash for capital assets including Terminal A partially offset by an increase in proceeds from the issuance of bonds. The Authority generated $76.9 million in cash from investments, an increase of $243.2 million from the $166.3 million of cash used for investing activities in FY18.

Contacting the Authority's Financial Management

For additional information concerning the Authority and the Retirement System, please see the Authority's website, www.massport.com. Financial information can be found by clicking on "Finance". The Authority's executive offices are located at One Harborside Drive, Suite 200S, East Boston, Massachusetts 02128, and the main telephone number is (617) 568-5000. Questions may be directed to John P. Pranckevicius, CPA, Director of Administration and Finance, and Secretary-Treasurer for the Massachusetts Port Authority.

MASSACHUSETTS PORT AUTHORITY

Statements of Net Position

June 30, 2020 and 2019

(In thousands)

	2020	2019
Current assets:		
Cash and cash equivalents	$ 82,623	$ 74,191
Investments	142,427	195,967
Restricted cash and cash equivalents	418,182	216,153
Restricted investments	475,577	310,976
Accounts receivable		
Trade, net	74,404	87,315
Grants receivable	39,229	7,123
Total receivables (net)	113,633	94,438
Prepaid expenses and other assets	10,349	10,411
Total current assets	1,242,791	902,136
Noncurrent assets:		
Investments	254,683	142,665
Restricted investments	325,531	352,684
Prepaid expenses and other assets	6,422	7,591
Investment in joint venture	3,147	3,495
Capital assets-not being depreciated	730,469	491,488
Capital assets-being depreciated-net	3,232,641	3,233,786
Total noncurrent assets	4,552,893	4,231,709
Total assets	5,795,684	5,133,845
Deferred outflows of resources		
Deferred loss on refunding of bonds	13,304	14,674
Deferred outflows of resources related to pensions	9,712	51,895
Deferred outflows of resources related to OPEB	17,254	36,206
Total deferred outflows of resources	40,270	102,775
Current liabilities:		
Accounts payable and accrued expenses	231,852	196,486
Compensated absences	1,462	1,299
Contract retainage	11,007	10,021
Current portion of long term debt	78,178	66,801
Commercial notes payable	22,000	104,000
Accrued interest on bonds payable	53,913	45,517
Unearned revenues	5,462	9,597
Total current liabilities	403,874	433,721
Noncurrent liabilities:		
Accrued expenses	10,025	9,938
Compensated absences	18,698	16,618
Net pension liability	18,785	104,920
Net OPEB liability	108,287	134,549
Contract retainage	10,233	7,494
Long-term notes payable	330,500	40,000
Long-term debt, net	2,279,530	2,069,399
Unearned revenues	27,730	20,037
Total noncurrent liabilities	2,803,788	2,402,955
Total liabilities	3,207,662	2,836,676
Deferred inflows of resources		
Deferred gain on refunding of bonds	9,847	5,243
Deferred inflows of resources related to pensions	47,935	2,551
Deferred inflows of resources related to OPEB	30,162	15,981
Total deferred inflows of resources	87,944	23,775
Net position		
Net investment in capital assets	1,548,630	1,489,809
Restricted		
Bond funds	259,893	242,702
Project funds	328,897	267,656
Passenger facility charges	51,577	60,999
Customer facility charges	39,869	87,207
Other purposes	34,416	31,401
Total restricted	714,652	689,965
Unrestricted	277,066	196,395
Total net position	$ 2,540,348	$ 2,376,169

The accompanying notes are an integral part of these financial statements.

MASSACHUSETTS PORT AUTHORITY

Statements of Revenues, Expenses, and Changes in Net Position

Years ended June 30, 2020 and 2019

(In thousands)

	2020	2019
Operating revenues:		
Aviation rentals	$ 275,271	$ 267,055
Aviation parking	136,951	182,135
Aviation shuttle bus	17,013	21,196
Aviation fees	139,239	153,194
Aviation concessions	111,130	130,801
Aviation operating grants and other	2,762	2,034
Maritime fees, rentals and other	92,952	102,774
Real estate fees, rents and other	49,196	46,334
Total operating revenues	824,514	905,523
Operating expenses:		
Aviation operations and maintenance	295,748	305,596
Maritime operations and maintenance	61,089	64,412
Real estate operations and maintenance	14,971	16,898
General and administrative	68,083	67,273
Payments in lieu of taxes	21,030	21,331
Pension and other post-employment benefits	36,058	40,740
Other	9,684	8,631
Total operating expenses before depreciation and amortization	506,663	524,881
Depreciation and amortization	299,334	288,344
Total operating expenses	805,997	813,225
Operating income	18,517	92,298
Nonoperating revenues and (expenses):		
Passenger facility charges	59,875	84,824
Customer facility charges	25,884	33,517
Investment income	35,931	29,785
Net increase in the fair value of investments	8,207	6,989
Other revenues	65,252	21,052
Settlement of claims	(22)	1,469
Terminal A debt service contribution	—	(7,494)
Other expenses	(187)	(2,940)
Gain on sale of equipment / property	264	203
Interest expense	(109,441)	(76,010)
Total nonoperating revenues, net	85,763	91,395
Increase in net position before capital contributions	104,280	183,693
Capital contributions	59,899	28,143
Increase in net position	164,179	211,836
Net position, beginning of year	2,376,169	2,164,333
Net position, end of year	$ 2,540,348	$ 2,376,169

The accompanying notes are an integral part of these financial statements.

MASSACHUSETTS PORT AUTHORITY
Statements of Cash Flows
Years ended June 30, 2020 and 2019
(In thousands)

	2020	2019
Cash flows from operating activities:		
Cash received from customers and operating grants	$ 822,280	$ 886,500
Payments to vendors	(284,813)	(302,276)
Payments to employees	(176,426)	(171,521)
Payments in lieu of taxes	(22,030)	(21,356)
Other post-employment benefits	(13,341)	(18,398)
Net cash provided by operating activities	325,670	372,949
Cash flows from noncapital financing activities:		
Cash received from CARES Act Airport Relief fund	34,958	—
Net cash provided by noncapital financing activities	34,958	—
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(491,978)	(401,012)
Acquisition of Terminal A through issuance of Series 2019 A bonds	—	(358,863)
Proceeds from the 2001 Delta Special Facility Bonds refunding	—	20,186
Proceeds from Bosfuel project contribution	7,579	—
Proceeds from the issuance of bonds and notes	833,347	403,866
Principal payments on refunded debt	(239,640)	—
Interest paid on bonds and notes	(119,503)	(84,956)
Principal payments on long-term debt	(57,525)	(56,105)
Principal payments on commercial paper	(82,000)	(38,000)
Terminal A debt service contribution	—	(7,495)
Proceeds from passenger facility charges	72,140	84,254
Proceeds from customer facility charges	28,617	33,266
Proceeds from capital contributions	49,653	31,039
Settlement of claims	648	1,544
Proceeds from sale of equipment	282	203
Net cash used in capital and related financing activities	1,620	(372,073)
Cash flows from investing activities:		
Purchases of investments, net	(1,562,646)	(925,555)
Sales of investments, net	1,373,589	974,767
Realized (loss)/gain on sale of investments	223	7
Interest received on investments	37,049	27,665
Net cash provided by/(used in) investing activities	(151,785)	76,884
Net increase (decrease) in cash and cash equivalents	210,463	77,760
Cash and cash equivalents, beginning of year	290,344	212,584
Cash and cash equivalents, end of year	$ 500,807	$ 290,344
Reconciliation of operating income to net cash provided by operating activities:		
Cash flows from operating activities:		
Operating income	$ 18,517	$ 92,298
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	299,334	288,344
Provision for uncollectible accounts	1,056	385
Changes in operating assets and liabilities:		
Trade receivables	(3,022)	(18,985)
Prepaid expenses and other assets	3,107	(3,020)
Accounts payable and accrued expenses	(7,422)	8,139
Net pension liability and deferred inflows/outflows	1,433	9,127
Net OPEB liability and deferred inflows/outflows	6,869	(1,390)
Compensated absences	2,243	(976)
Unearned revenue	3,555	(973)
Net cash provided by operating activities	$ 325,670	$ 372,949
Noncash investing activities:		
Net increase in the fair value of investments	$ 9,300	$ 1,316

The accompanying notes are an integral part of these financial statements.

1. Summary of Significant Accounting Policies and Practices

Reporting Entity

The Massachusetts Port Authority (the "Authority") is a body politic and corporate and a public instrumentality of The Commonwealth of Massachusetts (the "Commonwealth") created and existing pursuant to Chapter 465 of the Acts of 1956, as amended, (the "Enabling Act"). The Authority controls, operates and manages Boston-Logan International Airport ("Logan Airport"), Laurence G. Hanscom Field, Worcester Regional Airport, the Port of Boston and other facilities in the Port of Boston.

The Authority has no stockholders or equity holders, and the Authority's financial statements are not a component unit of the Commonwealth's financial statements. The provisions of the Enabling Act and the Trust Agreement, dated as of August 1, 1978 as amended and supplemented (the "1978 Trust Agreement"), between the Authority and U.S. Bank National Association (as successor in interest to State Street Bank and Trust Company), as trustee (the "Trustee"), the Passenger Facility Charges ("PFC") Depositary Agreement dated July 3, 2017 (the "PFC Depositary Agreement"), between the Authority and The Bank of New York Mellon, as custodian (the "PFC Custodian")", and the Customer Facility Charges ("CFC") Revenue Bond Trust Agreement dated May 18, 2011, as amended and supplemented (the "CFC Trust Agreement"), between the Authority and U.S. Bank National Association, as trustee (the "CFC Trustee"), govern all funds, with limited exceptions, received by the Authority pursuant to the Enabling Act.

In April 1981, the Authority adopted a retiree benefit plan whereby the Authority assumed the full cost of group health insurance including basic life insurance, dental insurance and catastrophic illness coverage to those retirees and surviving spouses (and qualifying dependents) who have retired under the Authority's retirement system (collectively referred to as the "OPEB Plan"). In June 2009 and May 2016, the Board made changes to the plan benefits to be paid by the Authority for certain existing and future retirees. For additional details, see Note 7.

In June 2008, the Authority created the Retiree Benefits Trust (the "RBT" or the "Trust") to fund its OPEB Plan obligations. It was established as an irrevocable governmental trust under Section 115 of the Internal Revenue Code. In no event shall any part of the principal or income of the RBT be paid or revert back to the Authority or be used for any purpose whatsoever other than for the exclusive benefit of retirees and their beneficiaries.

Basis of Accounting

The Authority's activities are accounted in a manner similar to that often utilized in the private sector. The Authority's financial statements are prepared using the accrual basis of accounting and the economic resources measurement focus in accordance with U.S. generally accepted accounting principles ("GAAP").

Revenues from airlines, rentals, parking fees, tolls and concessions are reported as operating revenues. Capital contributions, PFCs, CFCs and financing or investing related transactions are reported as non-operating revenues and expenses. All expenses related to operating the Authority's facilities are reported as operating expenses.

Accounting per Applicable Trust Agreements

Under the 1978 Trust Agreement, cash of the Authority is deposited daily into the Revenue Fund established pursuant to the 1978 Trust Agreement and is transferred to the cash concentration account. All such revenues are then transferred to the various funds established pursuant to the 1978 Trust Agreement. After providing for operating expenses, including pension expense and transfers to the self-insurance account, cash revenues are then transferred to the Bond Service Account, which are applied to debt service on any outstanding revenue bonds, the Maintenance Reserve Fund, the Payment In Lieu of Taxes Fund, the Capital Budget Fund, if applicable, and finally, the Improvement and Extension Fund.

CFC revenue is deposited in the CFC Revenue Fund established pursuant to the CFC Trust Agreement and is utilized to pay debt service on CFC Special Facilities Bonds as required in the CFC Trust Agreement. Any remaining funds are transferred to the CFC Stabilization Fund.

See Note 2 for a reconciliation between the increase in net position as calculated per GAAP and net revenues as calculated per accounting practices prescribed by the 1978 Trust Agreement.

a) Net Position

The Authority follows the "business type" activity requirements of GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended, which requires that resources be classified for accounting and reporting purposes into the following three net position components:

- Net investment in capital assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt and the deferred outflows / inflows of resources attributable to the acquisition, construction or improvement of those assets.
- Restricted: Net position of assets whose use by the Authority is subject to externally imposed stipulations that can be fulfilled by actions of the Authority pursuant to those stipulations or that expire by the passage of time. Such assets include the construction funds held pursuant to the 1978 Trust Agreement, the PFC Depositary Agreement, the CFC Trust Agreement and the self-insurance fund.
- Unrestricted: Net position of assets that are not subject to externally imposed stipulations. Net amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources not included in the determination of net investment in capital assets or restricted components of net position. Unrestricted net position may be designated for specific purposes by action of management or the Members of the Authority (the "Board") or may otherwise be limited by contractual agreements with outside parties. When both restricted and unrestricted resources are available for a particular restricted use, it is the Authority's policy to use restricted resources first, and then unrestricted resources as needed.

b) *Deferred outflows/inflows of resources*

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources which represents a consumption of net position that applies to a future period and will be recognized as an outflow of resources (expense) in a future period. At June 30, 2020 and 2019, the Authority recognizes deferred outflows for debt refundings, the pension plan, and other post-employment benefits (OPEB).

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources which represents an acquisition of net position that applies to a future period and will be recognized as an inflow of resources (revenue) in a future period. At June 30, 2020 and 2019, the Authority recognizes deferred inflows for debt refundings, the pension plan, and other post-employment benefits (OPEB).

Deferred outflows and inflows of resources for debt refundings are amortized over the shorter maturity of the refunded or the refunding debt. The pension and OPEB deferred inflows and outflows related to the difference between expected and actual experience and changes in assumptions are recognized in pension and OPEB expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pension and OPEB through the plans. The pension and OPEB deferred inflows and outflows related to the difference between projected and actual earnings are recognized in pension and OPEB expense using a systematic and rational method over a closed five-year period.

c) *Cash and Cash Equivalents*

For purposes of the statements of cash flows, the Authority considers all highly liquid investments, including restricted assets, with an original maturity date of 30 days or less to be cash equivalents.

d) *Investments*

Investments with a maturity greater than one year are recorded at fair value with all investment income, including changes in the fair value of investments, reported as investment income in the financial statements. Investments with a maturity date of less than one year are carried at amortized cost, which approximates fair value. Nonparticipating interest earning contracts, including certificates of deposit and guarantees investment contracts, are carried at cost. Fair value is determined based on quoted market prices. The Authority recorded in investment income an unrealized increase in the fair value of investments of $8.0 million and a realized gain of $0.2 million at June 30, 2020 and an unrealized increase in the fair value of investments of $7.0 million and a realized gain of $0.01 million at June 30, 2019.

e) Restricted Cash and Investments

Certain cash, cash equivalents and investments are restricted for use by the 1978 Trust Agreement, the PFC Depositary Agreement, the CFC Trust Agreement, and other external requirements. These amounts have been designated primarily for expenditures related to future construction or asset acquisitions, debt service and debt service reserves.

f) Capital Assets

Capital assets are recorded at cost and include land, land improvements, buildings, machinery and equipment, runways, roadways and other paving and non-maintenance dredging. Such costs include, where appropriate, capitalized interest and related legal costs. The costs of normal upkeep, maintenance, maintenance dredging and repairs are not capitalized.

The capitalization threshold is noted below:

Asset Category	Dollar Threshold
Buildings	$ 10,000
Machinery & Equipment	5,000
Equipment Repair/Overhaul (Major)	25,000
Runway, Roadways & Other Paving	50,000
Land Improvements	50,000

Prior to the fiscal year ended June 30, 2020, the Authority capitalized certain interest costs associated with taxable and tax-exempt borrowing, less any interest earned on the proceeds of those borrowings, during the period of construction. In fiscal year 2020 the Authority adopted GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period.* This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred. Interest expense of $7.0 million, reduced by interest income of $125.6 thousand, resulted in capitalized interest of $6.9 million for the year ended June 30, 2019.

g) *Depreciation*

The Authority provides for depreciation using the straight-line method. Depreciation is intended to distribute the cost of depreciable properties over the following estimated useful lives:

Asset Category	Years
Buildings	25
Air rights	10 to 15
Runways (original construction)	25
Other airfield paving	12
Roadway	25
Roadway-landscaping	10
Dredging	15
Machinery and equipment	5 to 10
Land use rights	30

h) *Other Assets and Prepaid Items*

Other assets consist of certain payments to vendors reflecting costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

i) *Amortization*

Revenue bond premiums and discounts are deferred and amortized on a straight-line basis over the term of the bonds, as this approximates the effective interest method. Unamortized amounts are presented as a (reduction) addition of the face amount of bonds payable.

The difference between the reacquisition price and net carrying amount of defeased bonds is amortized on the straight-line method over the shorter of the maturity of the new debt or the defeased debt and is recorded as deferred inflows/outflows of resources on the statement of net position.

j) *Revenue Recognition*

Fees and other services consist of parking fees, landing fees, and container handling fees. Revenues from parking fees and container handling fees are recognized at the time the service is provided. Landing fees are recognized as part of operating revenue when airline related facilities are utilized and are principally based on the landed weight of the aircraft. The scheduled airline fee structure is determined and approved annually by the Board and is based on full cost recovery pursuant to an arrangement between the Authority and the respective airlines.

Rental and concession fees are generated from airlines, rental car companies, and other commercial tenants. Rental revenue on leases is recognized over the term of the associated lease. Concession revenue is recognized partially based on self-reported concession revenue by the tenants and partially based on minimum rental rates. Unearned revenue consists primarily of amounts received in advance for future rents or other services. These amounts are recognized as revenue as they are earned over the applicable period.

Rates and charges are set annually based on the budgeted operating costs and actual capital costs. A true-up calculation is performed for landing fees, terminal rents, and baggage fees at year-end based on the actual results. In the event the actual costs are more than the budgeted amounts for the year, the Authority will recover additional rates and charges. In the event the actual costs are less than the budgeted amounts, the Authority will issue credits to the respective airlines.

The Authority presents its accounts receivable at the expected net realizable value. Accordingly, the Authority has recorded an allowance for doubtful accounts against its accounts receivable of $6.9 million and $5.2 million at June 30, 2020 and 2019, respectively.

k) Passenger Facility Charges

In 1993, the Authority received initial approval from the Federal Aviation Administration (“FAA”) to impose a $3.00 PFC on all outbound tickets purchased at Logan Airport. PFCs collected by the Authority can be used for capital projects determined by the FAA to be eligible in accordance with the Aviation Safety and Capacity Expansion Act of 1990. Effective October 1, 2005, the Authority received approval from the FAA to increase the PFC collection to $4.50. All PFC’s collected by the Authority are deposited under the PFC Depositary Agreement with the PFC Custodian.

Through June 30, 2020, the Authority had cumulative PFC cash collections of $1,362.0 million, including interest thereon.

As part of the Final Agency Decision issued by the FAA in 2011, the Authority was authorized, but not required, to use up to $14.4 million per year in PFCs to pay approximately one-third of the debt service on the Terminal A Special Facility bonds. The Authority chose to make this use of PFC revenue in order to offset the increase in Terminal A rates and charges that would have resulted from the scheduled increase in Terminal A debt service associated with the beginning of principal payments on January 1, 2012 through January 1, 2019 for the Terminal A bonds. This use of PFCs maintained a consistent rate across all terminals and facilitated the Authority’s ability to assign carriers to Terminal A. On February 13, 2019, the Authority issued the Series 2019 A Bonds to refund all of the outstanding Terminal A Special Facility Bonds to achieve significant interest rate savings compared to the rates on the Terminal A Special Facility Bonds. For additional information on Terminal A Special Facility bonds, see Note 5 a).

At June 30, 2020, the Authority's collection authorization and total use approval is $1.81 billion.

Revenues derived from the collection of PFCs are recognized on the accrual basis, based on the month the charges were levied and collected by the airlines. Due to their restricted use, PFCs are categorized as non-operating revenues. The Authority recognized $59.9 million and $84.8 million in PFC revenue for the fiscal years ended June 30, 2020 and 2019, respectively.

l) Customer Facility Charges

Effective December 1, 2008, the Board established a CFC of $4.00 per day for rental cars which originated out of Logan Airport. Effective December 1, 2009, this charge was increased to $6.00 per day. The proceeds of the CFC are being used to finance the Rental Car Center (the "RCC") and associated bus purchases. Revenues derived from the collection of CFCs are recognized on the accrual basis, based on the month the charges were levied and collected by the rental car companies. Due to their restricted use, CFCs are categorized as non-operating revenues. Pursuant to the CFC Trust Agreement, the Authority issued two series of Special Facilities Revenue Bonds in June 2011 (the "Series 2011 Bonds"). The Series 2011 Bonds were issued for the purpose of providing funds sufficient, together with other available funds of the Authority, to finance the development and construction of the RCC and related improvements at Logan Airport, fund certain deposits to the Debt Service Reserve Fund and the Supplemental Reserve Fund, and pay certain costs of issuance of the Series 2011 Bonds. The Series 2011 Bonds and any additional bonds that may be issued under the CFC Trust Agreement on parity with the Series 2011 Bonds are secured by CFC Pledged Revenues and by Contingent Rent, if any, payable by the rental car companies and other funds. The Series 2011 Bonds are not secured by any other revenues of the Authority. For additional information on the Series 2011 Bonds, see Note 5.

The Authority recognized $25.9 million and $33.5 million in CFC revenue for the fiscal years ended June 30, 2020 and 2019, respectively.

As of June 30, 2020 and 2019, $124.4 million and $190.8 million of CFC bonds were outstanding, respectively.

m) Capital Contributions

The Authority receives capital contributions from various federal agencies and the Commonwealth in support of specific operational programs and its Capital Program. Grant revenues are recognized as related expenditures are incurred and all eligibility requirements are met. Grants for capital asset acquisition, facility development, runway/ airfield rehabilitation and long-term planning are reported as capital contributions. Capital contributions are reported in the Statement of Revenues, Expenses and Changes in Net Position after non-operating revenues and expenses and their use is restricted. In fiscal years 2020 and 2019, the Authority recognized $59.9 million and $28.1 million of capital contributions, respectively. The 2020 and the 2019 capital contributions were generated primarily from reimbursements under the FAA AIP grant program, the Nationally Significant Freight and Highway Project Program – Fastlane, and The Commonwealth of Massachusetts, Department of Transportation for the Conley Terminal Berth 10 project.

n) Compensated Absences

The Authority accrues for vacation and sick pay liabilities when they are earned by the employee. The liability for vested vacation and sick pay is reflected in the accompanying statements of net position as compensated absences. The current portion of compensated absences at June 30, 2020 and 2019 was $1.5 million and $1.3 million, respectively. The table below presents the Authority's compensated absences activity at June 30, 2020 and 2019 and for the years then ended (in thousands):

	2020	2019
Liability balance, beginning of year	$ 17,917	$ 18,893
Vacation and sick pay earned during the year	17,921	16,440
Vacation and sick pay used during the year	(15,678)	(17,416)
Liability balance, end of year	$ 20,160	$ 17,917

o) Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Massachusetts Port Authority Employees Retirement System (the "Plan") and additions to/deductions from Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information on Pension Plan, see Note 6.

p) *Postemployment Benefits Other Than Pensions (OPEB)*

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Massachusetts Port Authority Retiree Benefits Trust (the "Trust") and additions to/deductions from Trust's fiduciary net position have been determined on the same basis as they are reported by the Trust. For this purpose, the Trust recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information on OPEB, see Note 7.

q) *Use of Estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

r) *Recent and Upcoming Accounting Pronouncements*

GASB Statement No. 84, *Fiduciary Activities,* was issued in January 2017. The primary objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

The Statement, as amended by GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* (GASB 95) is effective for fiscal years beginning after December 15, 2019. The Authority is in the process of evaluating the impact of its adoption on the financial statements.

GASB Statement No. 87, *Leases*, was issued in June 2017. The primary objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lease is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The Statement, as amended by GASB 95, is effective for fiscal years beginning after June 15, 2021. The Authority is in the process of evaluating the impact of its adoption on the financial statements.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements,* was issued in April 2018. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

The Statement, as amended by GASB 95, is effective for fiscal years beginning after June 15, 2020. The Authority is in the process of evaluating the impact of its adoption on the financial statements.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period,* was issued in June 2018. The primary objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraph 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1980 FASB and AICPA Pronouncements*, which are superseded by this Statement.

This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

The Statement was adopted during fiscal year 2020. See Note 1 (f).

GASB Statement No. 90*, Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61,* was issued in August 2018. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The Statement, as amended by GASB 95, is effective for fiscal years beginning after December 15, 2019. The Authority is in the process of evaluating the impact of its adoption on the financial statements.

GASB Statement No. 91*, Conduit Debt Obligations,* was issued in May 2019. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

The Statement, as amended by GASB 95, is effective for reporting periods beginning after December 15, 2021. The Authority is in the process of evaluating the impact of its adoption on the financial statements.

GASB Statement No. 92*, Omnibus 2020,* was issued in January 2020. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases,* and Implementation Guide No. 2019-3, *Leases,* for interim financial reports
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,* as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities,* to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments.

The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The requirements related to all other items, as amended by GASB 95, are effective for fiscal years beginning after June 15, 2021. The Authority is in the process of evaluating the impact of its adoption on the financial statements.

GASB Statement No. 93*, Replacement of Interbank Offered Rates,* was issued in March 2020. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement, as amended by GASB 95, are effective for reporting periods beginning after June 15, 2021.

GASB Statement No. 94*, Public-Private and Public-Public Partnerships and Availability Payment Arrangements,* was issued in March 2020. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the
service utility of the underlying PPP asset at the end of the arrangement.
This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

GASB Statement No. 95*, Postponement of the Effective Dates of Certain Authoritative Guidance,* was issued in May 2020. The primary objective of this statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in GASB Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The effective dates of certain provisions contained in the previous pronouncements are postponed by one year. The effective date for GASB 87 is postponed by 18 months.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, was issued in May 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

GASB Statement No. 97, *Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, was issued in June 2020. This Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or another employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform.

This Statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities,* be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans,* or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* respectively.

This Statement (1) requires that a Section 457 plan be classified as either a pension plan or another employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities.

This Statement supersedes the remaining provisions of Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans,* as amended, regarding investment valuation requirements for Section 457 plans. As a result, investments of *all* Section 457 plans should be measured as of the end of the plan's reporting period in all circumstances.

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement.

2. Reconciliation between increase in net position as calculated under GAAP and net revenues as calculated under accounting practices prescribed by the 1978 Trust Agreement

Presented below are the calculations of the net revenues of the Authority under the 1978 Trust Agreement. Net revenue calculated based on the 1978 Trust Agreement is used in determining the Authority's compliance with the debt service coverage ratio (in thousands).

	2020	2019
Increase in Net Position per GAAP	$ 164,179	$ 211,836
Additions:		
Depreciation and amortization	299,334	288,344
Interest expense	109,441	76,010
Payments in lieu of taxes	21,030	21,331
Other operating expenses	(3,128)	3,076
Adjustment for uncollectible accounts	(1,122)	-
Terminal A bonds - debt service contribution	-	7,494
OPEB expenses, net	4,799	165
Pension expense	1,434	9,126
Less:		
Passenger facility charges	(59,875)	(84,824)
Customer facility charges	(25,884)	(33,517)
Self insurance expenses	(237)	(140)
Capital grant revenue	(59,899)	(28,143)
Net decrease (increase) in the fair value of investments	(8,207)	(6,989)
Loss (gain) on sale of equipment	(264)	(203)
Settlement of claims	22	(1,469)
Other (revenues) expenses	(1,739)	(2,129)
Other non-operating revenues	(7,988)	(18,112)
Investment income	(12,537)	(8,126)
Net Revenue per the 1978 Trust Agreement	$ 419,359	$ 433,730

Total net revenues, as defined by the 1978 Trust Agreement, pledged for the repayment of bonds issued under the 1978 Trust Agreement were $419.4 million and $433.7 million for the years ended June 30, 2020 and 2019, respectively.

3. Deposits and Investments

The Authority's investments are made in accordance with the provisions of the 1978 Trust Agreement, the PFC Depositary Agreement and the CFC Trust Agreement along with the investment policy adopted by the Board (the "Investment Policy"). The goals of the Investment Policy are, in order of importance, to preserve capital, to provide liquidity and to generate interest income.

As of June 30, 2020 and 2019, all investments were held on behalf of the Authority by the Trustee, the PFC Custodian, the CFC Trustee or custodians in the Authority's name. The 1978 Trust Agreement, the PFC Depositary Agreement and the CFC Trust Agreement require that securities collateralizing repurchase agreements must continuously have a fair value at least equal to the cost of the agreement plus accrued interest.

The Authority's structured investments are in the form of a guaranteed investment contract ("GIC") and are fully collateralized. These investments provide for scheduled principal payments equaling the interest rate previously agreed to between the Authority and the provider of the guaranteed investment contract.

The total accumulated unrealized gain due to the changes in fair value of investments related to investments with maturities in excess of one year was a gain of approximately $9.3 million as of June 30, 2020 and a gain of approximately $1.3 million as of June 30, 2019.

The following summarizes the Authority's cash and cash equivalents and investments by type held at June 30, 2020 and 2019 (in thousands):

2020	Credit Rating (1)	Cost	Fair Value	Effective Duration
Massachusetts Municipal Depository Trust (6)	Unrated	$ 415,161	$ 415,161	0.003
Federal Home Loan Bank	AA+ / Aaa	16,096	16,125	1.512
Federally Deposit Insurance Corporation	Unrated (2)	1,000	1,000	0.003
Federal Home Loan Mortgage Corp.	AA+ / Aaa	151,266	151,341	1.353
Federal National Mortgage Association	AA+ / Aaa	16,710	16,736	1.224
Federal Farm Credit	AA+ / Aaa	22,554	22,619	1.411
Guaranteed Investment Contracts (GIC) (6)	AA+ / A1 (4)	48,536	48,536	8.260
Cash Deposit	Unrated	2,815	2,815	0.003
Certificates of Deposit	AAA / Aaa (3)	108,215	108,215	0.720
Commercial Paper	A-1/ P-1 (5)	231,472	231,472	0.279
Supranational	AAA / Aaa (5)	107,715	108,166	3.492
Government Fund-Morgan Stanley / Wells Fargo	AAA / Aaa (5)	43,279	43,279	0.003
Municipal Bond	AAA/ Aa1	186,506	189,795	1.950
Money Market Funds	Unrated	7,254	7,254	0.004
Insured Cash Sweep	Unrated (2)	31,295	31,295	0.003
Corporate Bonds	AA- / Aa2 (7)	299,848	305,214	1.346
		$ 1,689,722	$ 1,699,023	

2019	Credit Rating (1)	Cost	Fair Value	Effective Duration
Massachusetts Municipal Depository Trust (6)	Unrated	$ 163,716	$ 163,716	0.003
Federal Home Loan Bank	AA+ / Aaa	55,458	55,490	0.696
Federally Deposit Insurance Corporation	Unrated (2)	1,002	1,002	0.003
Federal Home Loan Mortgage Corp.	AA+ / Aaa	93,503	93,512	1.240
Federal National Mortgage Association	AA+ / Aaa	46,352	46,255	0.458
Federal Farm Credit	AA+ / Aaa	7,014	7,036	0.680
Guaranteed Investment Contracts (GIC) (6)	AA+ / A1 (4)	46,652	46,652	9.039
Cash Deposit	Unrated	1,729	1,729	0.003
Certificates of Deposit	AAA / Aaa (3)	27,215	27,215	0.603
Commercial Paper	A-1/ P-1 (5)	296,585	296,585	0.283
NOW Account Deposit	Unrated	55,311	55,311	0.003
Supranational	AAA / Aaa (5)	35,225	35,504	2.700
Government Fund-Morgan Stanley / Wells Fargo	AAA / Aaa (5)	23,211	23,211	0.003
Municipal Bond	AAA/ Aa1	126,793	127,346	1.437
Money Market Funds	Unrated	3,339	3,339	0.004
Insured Cash Sweep	Unrated (2)	43,036	43,036	0.003
Treasury Notes	AA+ / Aaa	2,608	2,603	0.167
Corporate Bonds	AA- / Aa2 (7)	262,571	263,094	1.178
		$ 1,291,320	$ 1,292,636	

1. The ratings are from S&P or Moody's as of the fiscal year presented.
2. FDIC Insured Deposits Accounts.
3. Collateralized by Federal Agency Notes or Letter of Credit backed by each reserve.
4. Underlying rating of security held.
5. Credit quality of fund holdings.
6. MMDT and GIC are carried at cost, which approximates fair value in the tables.
7. The Authority owns a diverse portfolio of corporate bonds with S&P credit ratings ranging from A to AAA and Moody's credit ratings ranging from A1 to Aaa. These corporate bonds have an average credit rating of AA- / Aa2.

The table below presents the Authority's cash and cash equivalents and investments based on maturity date (in thousands):

	2020		2019	
	Cost	Fair Value	Cost	Fair Value
Securities maturing in 1 year or more	$ 573,323	$ 580,214	$ 493,558	$ 495,349
Securities maturing in less than 1 year	615,594	618,004	507,418	506,943
Cash and cash equivalents	500,805	500,805	290,344	290,344
	$ 1,689,722	$ 1,699,023	$ 1,291,320	$ 1,292,636

a) Credit Risk

Credit risk is the risk that the Authority will be negatively impacted due to the default of the security issuer or investment counterparty.

The Authority's 1978 Trust Agreement, PFC Depositary Agreement and CFC Trust Agreement each stipulate that, in addition to U.S. Treasury and government agency obligations, only certain highly rated securities are eligible investments, including bonds or obligations of any state or political subdivision thereof, rated in the two highest rating categories without regard to gradations within rating categories, by both Moody's (AAA, Aa1, Aa2 and Aa3) and S&P (AAA, AA+, AA, and AA-); commercial paper of a U.S. corporation, finance company or money market funds rated in the highest rating category, without regard to gradations within categories, by both Moody's and S&P; and investment contracts with banks whose long-term unsecured debt rating is in one of the two highest rating categories by both Moody's and S&P. In addition, U.S. dollar denominated corporate bonds, notes or other debt obligations issued or guaranteed by a domestic or foreign corporation, financial institution, non-profit or other entity rated in one of the three highest rating categories, without regard to gradations within such categories by Moody's and S&P.

b) Custodial Credit Risk – Deposits

The custodial credit risk for deposits is the risk that in the event of a bank failure, the Authority's deposits may not be recovered. Bank deposits in excess of the insured amount are uninsured and uncollateralized.

The Authority maintains depository accounts with Bank of America, N.A., Wells Fargo Bank, N.A., TD Bank, N.A. and the PFC Custodian. The Authority maintains a payroll disbursement, lockbox and collection accounts (for other than PFCs) with Bank of America, N.A. None of these accounts are collateralized.

The Authority's cash on deposits in the banks noted above at June 30, 2020 and 2019 was $2.8 million and $1.7 million, respectively, and of these amounts, $250.0 thousand and $250.0 thousand was insured in each year, and no amount was collateralized at June 30, 2020 or 2019.

c) Custodial Credit Risk – Investments

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the Authority would not be able to recover the value of its investments or collateral securities that were in the possession of an outside party. Investment securities are exposed to custodial credit risk if they are uninsured or not registered in the name of the Authority and are held by either the counterparty or, the counterparty's trust department or agent, but not in the Authority's name.

The Authority is authorized by the 1978 Trust Agreement, the PFC Depositary Agreement, the CFC Trust Agreement and the Investment Policy to invest in obligations of the U.S. Treasury, including obligations of its agencies and instrumentalities, bonds and notes of public agencies or municipalities, bank time deposits, guaranteed investment contracts, money market accounts, commercial paper of a U.S. corporation or finance company and corporate bonds. All investments are held by a third party in the Authority's name. These investments are recorded at fair value.

Additionally, the Authority is authorized to invest in the Massachusetts Municipal Depository Trust ("MMDT"), a pooled money market like investment fund managed by the Commonwealth of Massachusetts, established under the General Laws, Chapter 29, Section 38A. MMDT investments are carried at amortized cost, which approximates fair value which is the same as the value of the pool. The Authority can purchase and sell its investments at any time without penalty.

The following guaranteed investment contracts were in force as of June 30, 2020 and 2019, respectively; they are uncollateralized and recorded at cost:

Investment Agreement Provider	Rate	Maturity	2020	2019
Trinity Plus Funding Company	4.36%	January 2, 2031	$ 21,613	$ 20,717
GE Funding Capital Markets	3.81%	December 31, 2030	26,923	25,935
Total			$ 48,536	$ 46,652

d) Concentration of Credit Risk – Investments

Concentration of credit risk is assumed to arise when the amount of investments that the Authority has with any one issuer exceeds 5% of the total value of the Authority's investments. The Authority consults with its Investment Advisor to select Commercial Paper Issuers with strong credit ratings. The book values of portions of the Authority-wide portfolio, excluding investments issued by MMDT, the FDIC, or U.S. Government guaranteed obligations, that exceed 5% of the portfolio are as follows (in thousands):

Issuer:	2020 % of Portfolio	2019 % of Portfolio
Corporate Bonds	17.75%	20.33%
Commercial Paper	13.70%	22.97%
Municipal Bond	11.04%	9.82%
Federal Home Loan Mortgage Corp	8.95%	7.24%
Certificates of Deposit	6.40%	2.11%
Supranational	6.37%	2.73%

Commercial Paper Issuer	2020	2019
Bank of Tokyo	$ 76,809	$ 64,369
BNP Paribas	-	9,886
Natixis	19,976	59,318
Canadian Imperial Holdings Inc.	29,949	-
JP Morgan Chase	-	60,643
Credit Agricole	74,850	46,682
Rabobank	-	14,987
Toyota Motor Corporation	29,888	24,710
ING Funding	-	15,990
Total	$ 231,472	$ 296,585

e) *Credit Ratings – Investments*

The 1978 Trust Agreement, the PFC Depositary Agreement, the CFC Trust Agreement and the Investment Policy generally limit the Authority in the types of investments it can purchase to the two highest rating categories without regard to gradations within the rating categories by both Moody's (Aaa, Aa1, Aa2, and Aa3) and S&P (AAA, AA+, AA, and AA-) and in corporate bonds rated in one of the three highest rating categories without regard to gradations within such categories by Moody's and S&P.

Investments in bank certificates of deposits were fully collateralized. Also, the Authority invested in MMDT, managed by the State Treasury, which is not rated.

f) *Interest Rate Risk – Investments*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority has set targets for the preferred maturity structure of the investments held in each fund and account, and also sets targets each quarter for the effective duration for each fund that reflect the need for liquidity and the expected tradeoffs between yield and term for each different fund and account. It is the Authority's practice to hold investments until maturity in order to insulate the Authority's investment earnings from interest rate risk. The Authority mitigates interest rate risk by managing the weighted average maturity of each portfolio type to best meet its liquidity needs.

g) *Cash, Cash Equivalents and Investments by Fund*

The following summarizes cash and investments, at cost and fair value, as of June 30, by the various funds and accounts established by the Authority for debt covenant requirements and other purposes. In the following table, the fair value of MMDT and GIC approximate their costs (in thousands):

	2020		2019	
1978 Trust	**Cost**	**Fair Value**	**Cost**	**Fair Value**
Improvement and Extension Fund	$ 393,850	$ 395,950	$ 336,235	$ 336,218
Capital Budget Account	220,058	220,056	123,243	123,242
Debt Service Reserve Funds	148,414	150,851	138,421	138,883
Debt Service Funds	101,190	101,190	89,781	89,781
Maintenance Reserve Fund	196,256	198,828	224,431	225,021
Operating/Revenue Fund	83,783	83,783	76,605	76,605
Subordinated Debt Funds	50,933	50,933	49,053	49,053
Self-Insurance Account	34,418	35,281	33,262	33,283
2017 B Project Fund	-	-	9,079	9,079
2018 A Project Fund	43,000	43,000	4,675	4,675
2019 B Project Fund	92,780	93,234	-	-
2019 C Project Fund	73,054	73,667	-	-
2020 B Project Fund	86,166	86,167	-	-
Other Funds	52,271	52,271	45,997	45,997
PFC Depositary Agreement				
Other PFC Funds	50,545	50,575	47,816	47,865
2011 CFC Trust				
Debt Service Reserve Funds	21,834	21,943	28,074	28,087
CFC Maintenance Reserve Fund	4,577	4,600	3,553	3,568
Debt Service Funds	9,721	9,721	9,619	9,619
CFC Stabilization and Other CFC Func	26,872	26,973	71,476	71,660
Total	$ 1,689,722	$ 1,699,023	$ 1,291,320	$ 1,292,636

h) *Fair Value Measurement*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available; for others, it might not be available. However, the objective of a fair value measurement in both cases is the same—that is, to determine the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. Fair value is an exit price at the measurement date from the perspective of a market participant that controls the asset or is obligated for the liability.

The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels. Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for an asset or liability. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

The following tables show the fair value and the fair value measurements for our investments:

Investments Measured at Fair Value (in thousands)

As of June 30, 2020	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Federal Home Loan Bank	$ 16,125	$ -	$ 16,125	$ -
Federal Home Loan Mortgage Corp.	151,341	-	151,341	-
Federal National Mortgage Association	16,736	-	16,736	-
Federal Farm Credit	22,619	-	22,619	-
Certificates of Deposit	108,215	108,215	-	-
Supranational	108,166	-	108,166	-
Commercial Paper	231,472	-	231,472	-
Government Fund-Morgan Stanley / Wells Fargo	43,279	43,279	-	-
Municipal Bond	189,795	-	189,795	-
Money Market Funds	7,254	7,254	-	-
Treasury Notes	-	-	-	-
Corporate Bonds	305,214	-	305,214	-
Total Investments Measured at Fair Value	$ 1,200,216	$ 158,748	$ 1,041,468	$ -

Investments Measured at Fair Value (in thousands)

As of June 30, 2019	Fair Value	Level 1	Level 2	Level 3
Federal Home Loan Bank	$ 55,490	$ -	$ 55,490	$ -
Federal Home Loan Mortgage Corp.	93,512	-	93,512	-
Federal National Mortgage Association	46,255	-	46,255	-
Federal Farm Credit	7,036	-	7,036	-
Certificates of Deposit	27,215	27,215	-	-
Supranational	35,504	-	35,504	
Commercial Paper	296,585	-	296,585	-
Government Fund-Morgan Stanley / Wells Fargo	23,211	23,211	-	-
Municipal Bond	127,346	-	127,346	-
Money Market Funds	3,339	3,339	-	-
Treasury Notes	2,603	-	2,603	-
Corporate Bonds	263,094	-	263,094	-
Total Investments Measured at Fair Value	$ 981,190	$ 53,765	$ 927,425	$ -

Money Market Funds

As of June 30, 2020 and 2019, the Authority held positions in various money market funds and the fair values of those funds were $158.7 million and $53.8 million, respectively. The fair values of the money market funds are valued at the daily closing price as reported by the fund (Level 1).

Federal Agency Notes

As of June 30, 2020 and 2019, the Authority held positions in federal agency notes and the fair values were $206.8 million and $202.3 million, respectively. The fair values of the federal agency notes are based on a market approach using quoted prices by a third party, documented trade history in the security, and pricing models maximizing the use of observable inputs determined by investment managers (Level 2).

Commercial Paper Notes

As of June 30, 2020 and 2019, the Authority held positions in commercial paper notes and the fair values were $231.5 million and $296.6 million, respectively. The fair values of the commercial paper notes are based on a market approach using matrix pricing determined by investment managers (Level 2).

Municipal Bonds

As of June 30, 2020 and 2019, the Authority held positions in municipal bonds and the fair values were $189.8 million and $127.3 million, respectively. The fair values of the Municipal Bonds are based on a market approach using quoted prices by a third party, documented trade history in the security, and pricing models maximizing the use of observable inputs determined by investment managers (Level 2).

Treasury Notes

As of June 30, 2020 and 2019, the Authority held positions in Treasury Notes and the fair values were $0.0 million and $2.6 million, respectively. The fair values of the Treasury Notes are based on a market approach using quoted prices by a third party, documented trade history in the security, and pricing models maximizing the use of observable inputs determined by investment managers (Level 2).

Corporate Bonds

As of June 30, 2020 and 2019, the Authority held positions in corporate bonds and the fair values were $305.2 million and $263.1 million. The fair values of the corporate bonds are based on a market approach valued either by using pricing models maximizing the use of observable inputs for similar securities or valued by the investment manager (Level 2).

Supranational

As of June 30, 2020 and 2019, the Authority held positions in Supranational bonds and the fair values were $108.2 million and $35.5 million. The fair values of the bonds are based on a market approach valued either by using pricing models maximizing the use of observable inputs for similar securities or valued by the investment manager (Level 2).

4. Capital Assets

Capital assets consisted of the following at June 30, 2020 and 2019 (in thousands):

	June 30, 2019	Additions and Transfers In	Deletions and Transfers Out	June 30, 2020
Capital assets not being depreciated				
Land	$ 230,600	$ —	$ —	$ 230,600
Construction in progress	260,888	537,187	298,206	499,869
Total capital assets not being depreciated	491,488	537,187	298,206	730,469
Capital assets being depreciated				
Buildings	4,176,228	162,270	—	4,338,498
Runway and other paving	990,046	20,163	—	1,010,209
Roadway	767,973	37,808	—	805,781
Machinery and equipment	749,744	76,075	2,023	823,796
Air rights	185,258	1,890	—	187,148
Parking rights	46,261	—	—	46,261
Total capital assets being depreciated	6,915,510	298,206	2,023	7,211,693
Less accumulated depreciation:				
Buildings	1,985,286	153,309	—	2,138,595
Runway and other paving	603,417	42,842	—	646,259
Roadway	451,388	31,551	—	482,939
Machinery and equipment	474,634	64,092	2,005	536,721
Air rights	139,243	5,997	—	145,240
Parking rights	27,756	1,542	—	29,298
Total accumulated depreciation	3,681,724	299,333	2,005	3,979,052
Total capital assets being depreciated, net	3,233,786	(1,127)	18	3,232,641
Capital assets, net	$ 3,725,274	$ 536,060	$ 298,224	$ 3,963,110

Depreciation and amortization for fiscal year 2020 and 2019 was $299.3 million and $288.3 million, respectively.

	June 30, 2018	Additions and Transfers In	Deletions and Transfers Out	June 30, 2019
Capital assets not being depreciated				
Land	$ 230,600	$ —	$ —	$ 230,600
Construction in progress	192,782	797,292	729,186	260,888
Total capital assets not being depreciated	423,382	797,292	729,186	491,488
Capital assets being depreciated				
Buildings	3,564,259	611,969	—	4,176,228
Runway and other paving	948,048	41,998	—	990,046
Roadway	767,054	919	—	767,973
Machinery and equipment	676,895	74,173	1,324	749,744
Air rights	185,131	127	—	185,258
Parking rights	46,261	—	—	46,261
Total capital assets being depreciated	6,187,648	729,186	1,324	6,915,510
Less accumulated depreciation:				
Buildings	1,836,530	148,756	—	1,985,286
Runway and other paving	558,966	44,451	—	603,417
Roadway	421,173	30,215	—	451,388
Machinery and equipment	418,832	57,126	1,324	474,634
Air rights	132,988	6,255	—	139,243
Parking rights	26,214	1,542	—	27,756
Total accumulated depreciation	3,394,703	288,345	1,324	3,681,724
Total capital assets being depreciated, net	2,792,945	440,841	—	3,233,786
Capital assets, net	$ 3,216,327	$ 1,238,133	$ 729,186	$ 3,725,274

5. Bonds and Notes Payable

Long-term debt at June 30, 2020 consisted of the following and represents maturities on the Authority's fiscal year basis (in thousands):

	June 30, 2019	Additions	Reductions	June 30, 2020	Due within one year
Revenue Bonds:					
Senior Debt-1978 Trust Agreement:					
2008, Series C, 4.60% to 4.70%, issued July 9, 2008 due 2021	$ 2,555	$ —	$ 1,250	$ 1,305	$ 1,305
2010, Series A, 4.00% to 5.00%, issued August 5, 2010 due 2021 to 2041	85,805	—	41,370	44,435	2,400
2010, Series B, 3.00% to 5.00%, issued August 5, 2010 due 2034 to 2041	124,390	—	78,110	46,280	9,180
2012, Series A, 3.50% to 5.00%, issued July 11, 2012 due 2021 to 2043	88,770	—	13,810	74,960	1,705
2012, Series B, 3.00% to 5.00%, issued July 11, 2012 due 2021 to 2034	149,255	—	63,700	85,555	7,375
2014, Series A, 3.00% to 5.00%, issued July 17, 2014 due 2021 to 2045	43,785	—	875	42,910	900
2014, Series B, 4.00% to 5.00%, issued July 17, 2014 due 2021 to 2045	46,485	—	925	45,560	965
2014, Series C, 3.00% to 5.00%, issued July 17, 2014 due 2021 to 2036	129,440	—	5,010	124,430	5,210
2015, Series A, 5.00%, issued July 15, 2015 due 2021 to 2046	104,480	—	1,910	102,570	2,005
2015, Series B, 5.00%, issued July 15, 2015 due 2021 to 2046	67,005	—	1,225	65,780	1,290
2015, Series C, 2.12% to 2.83%, issued June 30, 2015 due 2026 to 2030	128,525	—	11,900	116,625	12,160
2016, Series A, 4.00% to 5.00%, issued July 20, 2016 due 2021 to 2039	48,360	—	1,300	47,060	1,460
2016, Series B, 4.00% to 5.00%, issued July 20, 2016 due 2041 to 2047	180,285	—	—	180,285	—
2017, Series A, 3.25% to 5.00%, issued July 19, 2017 due 2021 to 2048	163,935	—	6,095	157,840	6,880
2019, Series A, 3.00% to 5.00%, issued February 13, 2019 due 2021 to 2041	315,240	—	3,310	311,930	8,735
2019, Series B, 3.00% to 5.00%, issued July 17, 2019 due 2022 to 2050	—	157,680	—	157,680	—
2019, Series C, 3.00% to 5.00%, issued July 17, 2019 due 2021 to 2050	—	297,365	—	297,365	1,110
Subtotal Senior Debt	1,678,315	455,045	230,790	1,902,570	62,680

	June 30, 2019	Additions	Reductions	June 30, 2020	Due within one year
Subordinated debt- 1978 Trust Agreement:					
2000, Series A,B & C, 6.45%, issued December 29, 2000 due 2031	40,000	—	—	40,000	—
2001, Series A,B & C, 6.45%, issued January 2, 2001 due 2031	34,000	—	—	34,000	—
Subtotal Subordinate Debt	74,000	—	—	74,000	—
Senior Debt - CFC Trust Agreement:					
2011, Series A, 5.125%, issued June 15, 2011 due 2038 to 2042	58,030	—	58,030	—	—
2011, Series B, 4.85% to 6.352%, issued June 15, 2011 due 2021 to 2038	132,765	—	8,345	124,420	4,165
Subtotal CFC Senior Debt	190,795	—	66,375	124,420	4,165
Total Bonds Payable	1,943,110	455,045	297,165	2,100,990	66,845
Less unamortized amounts:					
Bond premium (discount), net	193,090	89,137	25,509	256,718	11,333
Total Bonds Payable, net	$ 2,136,200	$ 544,182	$ 322,674	$ 2,357,708	$ 78,178

The following summarizes the Authority's revenue bonds activity at June 30 (in thousands):

	June 30, 2019	Additions	Reductions	June 30, 2020	Due within one year
Senior Debt-1978 Trust Agreement:	$ 1,678,315	$ 455,045	$ 230,790	$ 1,902,570	$ 62,680
Subordinated Debt- 1978 Trust Agreement	74,000	—	—	74,000	—
Senior Debt - CFC Trust Agreement:	190,795	—	66,375	124,420	4,165
	$ 1,943,110	$ 455,045	$ 297,165	$ 2,100,990	$ 66,845

	June 30, 2018	Additions	Reductions	June 30, 2019	Due within one year
Senior Debt-1978 Trust Agreement:	$ 1,415,400	$ 315,240	$ 52,325	$ 1,678,315	$ 53,565
Subordinated Debt- 1978 Trust Agreement	74,000	—	—	74,000	—
Senior Debt - CFC Trust Agreement:	194,575	—	3,780	190,795	3,960
	$ 1,683,975	$ 315,240	$ 56,105	$ 1,943,110	$ 57,525

Debt service requirements on revenue bonds (1978 Trust and CFC Trust) outstanding at June 30, 2020 are as follows (in thousands):

	Principal	Interest	Total
Year ending June 30:			
2021	$ 66,845	$ 105,903	$ 172,748
2022	44,405	99,521	143,926
2023	63,415	97,682	161,097
2024	68,390	94,966	163,356
2025	71,500	91,904	163,404
2026 – 2030	372,300	406,930	779,230
2031 – 2035	419,645	306,445	726,090
2036 – 2040	389,775	199,890	589,665
2041 – 2045	354,145	106,454	460,599
2046 – 2050	250,570	28,010	278,580
Total	$ 2,100,990	$ 1,537,705	$ 3,638,695

a) *Senior Debt - 1978 Trust Agreement*

On July 17, 2019, the Authority issued $455.0 million of Massachusetts Port Authority Revenue Bonds in two series. The Series 2019 B Revenue Bonds were issued in the principal amount of $157.7 million with a net original issue premium of approximately $26.8 million and interest rates ranging from 3.0% to 5.0%. The Series 2019 C Revenue Bonds were issued in the principal amount of $297.4 million with an original issue premium of approximately $62.4 million and interest rates ranging from 3.0% to 5.0%. The 2019 B and C Bonds were issued to finance a portion of the Authority's FY19-23 Capital Program. Due to the "private activity" nature of a portion of the construction projects, the Series 2019 C bonds were sold as AMT bonds.

On February 13, 2019, the Authority issued $315.2 million of Massachusetts Port Authority Revenue Bonds in one series. The Series 2019 A Bonds were issued in the principal amount of $315.2 million with an original issue premium of approximately $49.5 million and interest rates ranging from 3.0% to 5.0%. The 2019 A Bonds were issued to currently refund all of the Terminal A outstanding Special Facilities Revenue Bonds (Delta Air Lines, Inc. Project), Series 2001 A (AMT), Special Facilities Revenue Bonds (Delta Air Lines, Inc. Project), Series 2001 B (Auction Rate Securities) and Special Facilities Revenue Bonds (Delta Air Lines, Inc. Project), Series 2001 C (Auction Rate Securities) (collectively, the "Terminal A Special Facility Bonds"), previously disclosed as conduit debt. The Authority achieved significant interest rate savings compared to rates on the Terminal A Special Facility Bonds.

The Authority, through its 1978 Trust Agreement, has covenanted to maintain a debt service coverage ratio of not less than 1.25. Debt service coverage is calculated based on a formula set forth in the 1978 Trust Agreement. Historically, the Authority has maintained a debt service coverage ratio higher than its Trust Agreement requirement to maintain its investment grade bond ratings. As of June 30, 2020 and 2019, the Authority's debt service coverage under the 1978 Trust Agreement was 3.52 and 3.66, respectively.

b) *Subordinate Debt - 1978 Trust Agreement*

Subordinate debt is payable solely from funds on deposit in the Improvement and Extension Fund and is not subject to the pledge of the 1978 Trust Agreement or the CFC Trust Agreement. The Authority invested $12.0 million in January 2001 which at maturity will provide for the $74.0 million principal payments of the subordinate debt at their respective maturities on December 29, 2030 and January 2, 2031. As of June 30, 2020, the value of the two GICs was approximately $48.5 million as compared to $46.7 million as of June 30, 2019.

c) *Senior Debt - CFC Trust Agreement*

The Authority's outstanding CFC debt continues to be backed by a pledge of the $6.00 CFC collections. The Authority earned CFC Revenues, as defined in the CFC Trust Agreement, of approximately $25.8 million and $33.5 million during fiscal years 2020 and 2019, respectively. The CFC Trust Agreement requires that the Authority maintain a debt service coverage ratio of at least 1.30. As of June 30, 2020 and 2019, the CFC debt service coverage ratio was 2.42 and 2.86, respectively. On June 24, 2020, the Authority deposited $65.6 million into an irrevocable trust with the CFC trustee to provide for all future debt service payments in an in-substance defeasance of all of the outstanding CFC Revenue Bonds, Series 2011 A ($58.0 million) and the 2021 maturity ($4.4 million) of its CFC Revenue Bonds, Series 2011 B (collectively the "Defeased CFC Bonds") plus interest thereon of $3.2 million. This transaction satisfies the criteria for an in-substance defeasance and allows for future debt service savings. Accordingly, the trust fund assets and the liability for the Defeased CFC Bonds are not included in the Authority's financial statements at June 30, 2020.

d) *Senior Debt – Direct Placement*

On April 3, 2020, the Authority entered into a direct purchase agreement with Bank of America, NA ("BAML") for the sale of up to $258.0 million of Massachusetts Port Authority Revenue Bonds in two series. The Series 2020 A Revenue Refunding Bonds ("2020 A Bonds") were issued in the principal amount of $95.6 million at an interest rate of 1.57%. The Series 2020 B Revenue Bonds (2020 B Bonds) were issued in the principal amount of $162.4 million and an interest rate of 2.08%. The 2020 A and 2020 B Bonds were issued to refund portions of the Series 2010 Bonds, the Series 2012A Bonds and the Series 2012B Bonds and to finance a portion of the Authority's Capital Program. Due to the "private activity" nature of a portion of the construction projects, the 2020 A Bonds were sold as AMT bonds. The 2020 A Bonds consist of a single bond maturing on July 1, 2031 and the 2020 B Bonds consist of a single bond maturing on July 1, 2032.

e) *Subordinate Debt – Direct Placement*

On November 20, 2018, the Authority entered into a direct purchase agreement with Bank of America, NA ("BAML") for sale of up to $107.5 million in aggregate principal amount of the Subordinated Obligations, Series 2018 A (AMT), (the "2018 Subordinated Obligations"). The 2018 Subordinated Obligations are issued as a "draw-down loan" to provide financing for capital projects at the Authority's Port properties. The principal of the 2018 Subordinated Obligations is expected to be paid from funds provided pursuant to a Memorandum of Understanding (the "MOU") between the Authority and the Commonwealth to provide grant funds in the amount of $107.5 million, which equals 50% of the expected construction costs of the new Berth 10 and the purchase of three new ship to shore cranes at Conley Terminal. The 2018 Subordinated Obligations will bear interest at variable rates with a final maturity on July 1, 2028. The 2018 Subordinated Obligations are subject to mandatory tender on July 1, 2023 (the "Tender Date"). If not repaid in full on the Tender Date, the remaining outstanding principal amount of the 2018 Subordinated Obligations must be repaid over a three-year term in equal semi-annual principal installments, plus interest. Although the Authority expects to repay the principal of the 2018 Subordinated Obligations in full on or before July 1, 2022 from the Commonwealth's payments under the MOU, the 2018 Subordinated Obligations are secured by the moneys on deposit in the Improvement and Extension Fund available for such purpose and by a pledge of the Authority's Revenues, subordinate to the pledge securing bonds issued under the 1978 Trust Agreement. As of June 30, 2020 and 2019, the outstanding principal balance of the 2018 Subordinated Obligations was $72.5 million and $40.0 million, respectively.

Direct Placement Long-term debt at June 30, 2020 consisted of the following and represents maturities on the Authority's fiscal year basis (in thousands):

	June 30, 2019	Additions	Reductions	June 30, 2020	Due within one year
Revenue Bonds Direct Placement:					
Senior Debt-1978 Trust Agreement:					
2020, Series A, 1.57%, issued April 3, 2020 due 2023 to 2032	$ —	$ 95,620	$ —	$ 95,620	$ —
2020, Series B, 2.08%, issued April 3, 2020 due 2024 to 2033	—	162,380	—	162,380	—
Subtotal Senior Debt	—	258,000	—	258,000	—

	June 30, 2019	Additions	Reductions	June 30, 2020	Due within one year
Subordinated debt- 1978 Trust Agreement:					
2018, Series A, variable rate, issued November 20, 2018 due 2024	40,000	67,500	35,000	72,500	—
Subtotal Subordinate Debt	40,000	67,500	35,000	72,500	—
Total Direct Placement Bonds Payable	$ 40,000	$ 325,500	$ 35,000	$ 330,500	$ —

The following summarizes the Authority's direct placement bond activity at June 30 (in thousands):

		June 30, 2019		Additions		Reductions		June 30, 2020		Due within one year
Revenue Bonds Direct Placement:										
Senior Debt-1978 Trust Agreement:	$	—	$	258,000	$	—	$	258,000	$	—
Subordinated debt- 1978 Trust Agreement:		40,000		67,500		35,000		72,500		—
Total Direct Placement Bonds Payable	$	40,000	$	325,500	$	35,000	$	330,500	$	—

		June 30, 2018		Additions		Reductions		June 30, 2019		Due within one year
Senior Debt-1978 Trust Agreement:	$	—	$	—	$	—	$	—	$	—
Subordinated debt- 1978 Trust Agreement:		—		40,000		—		40,000		—
Total Direct Placement Bonds Payable	$	—	$	40,000	$	—	$	40,000	$	—

Debt service requirements on direct placement bonds outstanding at June 30, 2020 are as follows (in thousands):

		Principal		Interest		Total
Year ending June 30:						
2021	$	—	$	1,307	$	1,307
2022		—		7,378		7,378
2023		6,425		6,186		12,611
2024		22,465		6,085		28,550
2025		19,450		5,689		25,139
2026 - 2030		184,445		17,849		202,294
2031 - 2033		97,715		4,016		101,731
Total	$	330,500	$	48,510	$	379,010

f) Special Facility Bonds

To provide for the construction and improvement of various facilities at Logan Airport, the Authority has one outstanding series of special facilities revenue bonds as of June 30, 2020 and 2019. The Authority's special facilities revenue bonds are special limited obligations of the Authority, and are payable and secured solely from and by certain revenues of a separate trustee. The Authority's special facilities revenue bonds do not constitute a debt or pledge of the full faith and credit of the Authority, or the Commonwealth of Massachusetts or any subdivision thereof and, accordingly, have not been reflected in the accompanying financial statements.

On September 26, 2019, the Authority issued $143.7 million of Massachusetts Port Authority Special Facilities Revenue Bonds (BOSFUEL Project) in two series. The tax-exempt Series 2019A BOSFUEL Bonds were issued in the principal amount of $135.9 million with a net original issue premium of approximately $24.1 million and interest rates ranging from 4.0% to 5.0%. The taxable Series 2019B BOSFUEL Bonds were issued in the principal amount of $7.9 million at par with interest rates ranging from 2.7% to 3.7%. A portion of the proceeds of the Series 2019A BOSFUEL Bonds was used to refund the entire $81.1 million principal amount outstanding of the Series 2007 BOSFUEL Bonds and the remaining proceeds, along with the proceeds of the Series 2019B BOSFUEL Bonds, will be used to enhance the Fuel Facilities at Logan Airport to ensure the ability to meet current and future demands. Due to the “private activity” nature of a portion of the construction projects, the Series 2019A BOSFUEL Bonds were sold as AMT bonds.

As of June 30, 2020 and 2019, the aggregate principal amount of the Authority's special facilities revenue bonds outstanding were related to BOSFUEL Projects and were approximately $143.7 million and $83.8 million, respectively. The Authority has no obligation for the $143.7 million of Special Facility Bonds related to BOSFUEL Corporation, a Delaware non-stock membership corporation (BOSFUEL), the members of which are certain air carriers serving the Airport. The Authority leases to BOSFUEL all of the on Airport jet fuel storage and distribution system owned by the Authority that provides jet fuel to the terminals and jet fuel uses at the Airport.

g) Commercial Notes Payable

The Authority's commercial notes payable as of June 30, 2020 and 2019 were as follows (in thousands):

	2020	2019
Commercial paper notes	$ 104,000	$ 142,000
Commercial paper notes issued	—	—
Principal paid on commercial paper notes	(82,000)	(38,000)
Commercial paper notes	$ 22,000	$ 104,000

Commercial notes payable have been issued under the terms of the 1978 Trust Agreement and are backed by the proceeds of the Improvement and Extension Fund or anticipated bond funds. The allowable maximum principal amount outstanding at any time, in the aggregate principal amount, cannot exceed the lesser of 10% of the Authority's outstanding long-term debt or $150.0 million, and is backed by a Letter of Credit Agreement with the TD Bank N.A. expiring in June 2022.

The $22.0 million and $104.0 million of the commercial notes payable as of June 30, 2020 and 2019, respectively, have been used to fund PFC eligible projects; therefore, the Authority anticipates that PFC revenues will be the source to pay such redemptions. The blended interest rate on the Series 2012 A Notes was 1.659% and 2.170% during fiscal years 2020 and 2019, respectively. The blended interest rate on the Series 2012 B Notes was 1.846% and 2.179% during fiscal years 2020 and 2019, respectively. The Authority's commercial notes payable mature in July, August and September of the respective years.

During fiscal year 2020 and fiscal year 2019, the Authority did not have any interest rate swaps or other interest rate hedging arrangements.

h) *Arbitrage – Rebate Liability*

The United States Treasury has issued regulations on calculating the rebate due to the United States Government on arbitrage liability and determining compliance with the arbitrage rebate provisions of the Tax Reform Act of 1986. Arbitrage liability arises when the Authority temporarily invests the proceeds of tax-exempt debt in securities with higher yields. The Authority has no estimated liability as of June 30, 2020 and 2019, respectively.

6. Pension Plan

a) *Plan Description*

The Massachusetts Port Authority Employees' Retirement System (the Plan) is a single employer plan established on July 18, 1978, effective January 1, 1979, by enactment of Chapter 487 (an amendment to Chapter 32) of the General Laws of The Commonwealth of Massachusetts to provide retirement benefits for substantially all employees of the Authority, and incidental benefits for their surviving spouses, beneficiaries and contingent annuitants. Prior to this enactment, Authority employees were members of the Commonwealth of Massachusetts Contributory Retirement System and the funding of the pension liability was on a "pay-as-you-go" method. Pursuant to this enactment, the employees' then present rights and benefits were transferred to the new retirement system. The Plan is a contributory defined benefit plan to which the Authority and its employees contribute such amounts as are necessary to provide assets sufficient to meet benefits to be paid to plan participants. The Plan is administered by the Massachusetts Port Authority Employees' Retirement System Board (the Board).

Detailed information about the Plan's fiduciary net position is available in a separately issued report. The report may be obtained by writing to the Massachusetts Port Authority

Employees' Retirement System, One Harborside Drive, Suite 200S, East Boston, MA 02128-2909 or please see the Authority's website, www.massport.com.

b) Benefits provided

Benefits are paid by the Plan from plan assets available for plan benefits. Plan participants are entitled at normal retirement age to benefit payments based upon length of service and earnings levels. Vesting occurs after 10 years of service.

Benefits to participants who retired prior to January 1, 1979 are paid by the Massachusetts State Board of Retirement. The Massachusetts State Board of Retirement is reimbursed for all such benefits paid after December 31, 1978 as these benefits represent obligations of the Plan.

Under Chapter 32, Section 3(8) (c), of the General Laws of The Commonwealth of Massachusetts (Chapter 32), the Plan is reimbursed for benefits paid to participants entitled to receive benefits for previous participation in other Massachusetts Chapter 32 plans. The Plan is also obligated to pay a proportionate share of benefits to participants entitled to receive benefits for subsequent participation in other Massachusetts Chapter 32 plans.

Also under Chapter 32, for members leaving the Authority's employment to work for other Massachusetts governmental units, the Plan transfers their accumulated account balances and creditable service to the retirement system of the new employer. Other such retirement systems are in turn required to make comparable transfers to the Plan for employees coming to work for the Authority.

Optional payment methods may be elected, including the contingent annuitant method, which provides for reduced payments during the life of the plan participant and continued payments to the participant's beneficiary after the death of the participant.

At January 1, 2019 and 2018, the Plan's membership consisted of:

	2019	2018
Retirees and beneficiaries receiving benefits	858	826
Terminated employees entitled to benefits but not yet receiving them	68	66
Current members:		
Active	1,304	1,288
Inactive	146	142
Total membership	2,376	2,322

c) Contributions required and contributions made

Contributions are made by the Authority based on amounts required to be funded as determined by annual actuarial valuations and are designed to fund the Plan on a level cost basis, as a percentage of pay, over the average remaining working lifetime of the active participants and to fund operating costs of the Plan. For the years ended June 30, 2020 and 2019, the Authority was required and did contribute to the Plan $12.0 million and $13.0 million, respectively. The Authority's annual contribution is made in July of each fiscal year; therefore, eliminating any deferred outflows related to the timing of contributions. The Authority bears the risk that plan assets might decline due to fluctuations in the fair value of the Plan's investments and contributions by the Authority will increase as part of its annual assessment.

Employees who became members prior to January 1, 1975 contribute 5% of their regular compensation through payroll deductions. Employees whose membership commenced on or after January 1, 1975 but prior to January 1, 1984 contribute 7%. Those employees whose membership began on or after January 1, 1984 but prior to July 1, 1996 contribute 8%. Employees hired after July 1, 1996 contribute 9% of their regular compensation. Employees who are hired after December 31, 1978 contribute an additional 2% of regular compensation over $30,000. These contributions accumulate and, subject to certain restrictions set forth in Chapter 32, are refundable to employees upon termination of employment by the Authority or payable to another retirement system should the employee transfer to another government unit covered by Chapter 32 of the General Laws of The Commonwealth of Massachusetts.

Contributions totaling $24.6 million ($12.0 million employer and $12.6 million employee) and $24.6 million ($13.0 million employer and $11.6 million employee) were recognized by the Plan for plan years 2019 and 2018, respectively.

d) Net Pension Liability

The Authority's net pension liability at June 30, 2020 and 2019 was measured as of December 31, 2019 and 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019 and 2018 and update procedures were used to roll forward the total pension liability to December 31, 2019 and 2018, respectively.

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (a) - (b)**
Balance at December 31, 2017	$ 683,483	$ 648,556	$ 34,927
Service cost	16,774	—	16,774
Interest	49,569	—	49,569
Changes between expected and actual experience	749	—	749
Changes in benefit terms	(4,891)	—	(4,891)
Contributions – employer	—	13,043	(13,043)
Contributions – employees	—	11,559	(11,559)
Net investment (loss)	—	(31,212)	31,212
Benefits payments	(33,087)	(33,087)	—
Administrative expenses	—	(1,182)	1,182
Balance at December 31, 2018	$ 712,597	$ 607,677	$ 104,920
Service cost	17,529	—	17,529
Interest	51,734	—	51,734
Changes between expected and actual experience	15	—	15
Changes in assumptions	(13,789)	—	(13,789)
Contributions – employer	—	12,029	(12,029)
Contributions – employees	—	12,576	(12,576)
Net investment income	—	118,235	(118,235)
Benefits payments	(33,101)	(33,101)	—
Administrative expenses	—	(1,216)	1,216
Balance at December 31, 2019	$ 734,985	$ 716,200	$ 18,785

e) *Actuarial Assumptions*

The total pension liability in the January 1, 2019 and 2018 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

- *Inflation – 3.0%*
- *Salary increases – 4.5%*
- *Investment rate of return – 7.25%, net of plan investment expense*
- *Cost–of–living increases – 3.0% on a maximum base of $14,000*
- *Mortality*:

  2019:

  – Healthy – RP 2014 at Table Healthy Employees (sex-distinct) projected with MP 2018 Generational Mortality. Post-retirement the RP 2014 healthy annuitant Table (sex-distinct) projected with MP 2018 Generational Mortality.

  – Disabled-RP 2014 at 2006 healthy annuitant Table (sex-distinct) projected with MP 2018 Generational Mortality set-forward 2 years. Mortality for accidental disability is assumed to be 50% from the same cause as the disability.

  2018:

  – Healthy – RP 2000 Table (sex-distinct) projected with Scale BB and Generational Mortality. Post-retirement the RP 2000 healthy annuitant Table (sex-distinct) projected with Scale BB Generational Mortality.

  – Disabled-RP 2000 healthy annuitant Table (sex-distinct) projected with Scale BB, a base year of 2000 and Generational Mortality set-forward 2 years. Mortality for accidental disability is assumed to be 50% from the same cause as the disability.

- Long-term Expected Rate of Return:

  The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of geometric long-term expected real rates of return for each major asset class are summarized in the following table:

Asset class	Long-term expected real rate of return 2019*	2018*
Domestic equity	4.92 %	5.35 %
International equity	5.30	5.72
Fixed income	2.18	2.53
Real estate	5.17	5.20
Private equity	7.49	8.20

* amounts are net of inflation assumption of 2.36% and 2.23% in fiscal years 2019 and 2018, respectively

f) Investment Policy

The provisions of Massachusetts General Laws (M.G.L.) Chapter 32, Section 23(2) and the Board approved investment policy govern the Plan's investment practice.

Diversification is attained through varied investment management styles that comply with Massachusetts state law. This is accomplished through the retention of investment managers that adhere to M.G.L. Chapter 32, Section 23(3), and the "Prudent Person" rule.

The Plan has retained an investment consultant to work with the Board in a fiduciary capacity to assure that strategic investment diversification is attained, to employ investment managers with expertise in their respective asset classes, and to closely monitor the implementation and performance of the respective investment strategies.

The Plan is currently invested in stocks (domestic and international), fixed income securities (domestic and international), real estate and private equity.

The target allocation for each major asset class is summarized in the following table:

Asset class	Target Allocation
Domestic equity	27.50%
International equity	27.50%
Fixed income	30.00%
Real estate	7.50%
Private equity	7.50%
Total	100.00%

g) *Changes in Benefit Terms*

In 2019, there were three changes to plan provisions resulting in a $13.8 million reduction of the net pension liability.

The assumed rate of retirement, withdrawal, and disability was revised based on the results of an experience study, the mortality tables being used were updated as noted in the actuarial assumptions and an additional $500,000 was added to the vacation buyback liability representing interest.

In 2018, there were two changes to plan provisions resulting in a $4.9 million reduction of the net pension liability.

In 2018, due to a decision by the Contributory Retirement Appeal Board, vacation buybacks are currently not included in pensionable earnings when estimating the projected benefits payments, resulting in a reduction of the net pension liability totaling $7.9 million.

h) *Discount Rate*

The discount rate used to measure the total pension liability was 7.25% as of both December 31, 2019 and 2018. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected further benefit payments of current plan members. Therefore, the long-term expected rate of return on the plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

i) *Sensitivity of the net pension liability to changes in the discount rate*

The following presents the net pension liability of the Plan as of December 31, 2019 and 2018, calculated using the discount rate of 7.25% as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage point lower or one-percentage point higher than the current rate (in thousands):

Fiscal Year End	1% decrease (6.250%)	Current discount rate (7.250%)	1% increase (8.250%)
2020	$ 102,414	$ 18,785	$ (51,964)

Fiscal Year End	1% decrease (6.250%)	Current discount rate (7.250%)	1% increase (8.250%)
2019	$ 188,970	$ 104,920	$ 35,765

j) Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

For the years ended June 30, 2020 and 2019, the Authority recognized pension expense of $13.5 million and $22.2 million, respectively.

At June 30, 2020 and 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,120	$ 1,263	$ 2,843	$ 1,672
Differences arising from the recognition of changes in assumptions	7,592	12,208	10,894	879
Net difference between projected and actual earnings on pension Plan investments	—	34,464	38,158	—
Total	$ 9,712	$ 47,935	$ 51,895	$ 2,551

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

Year ended June 30:	
2021	$ (9,400)
2022	(8,649)
2023	(611)
2024	(17,167)
2025	(2,170)
Thereafter	(226)

7. Other Postemployment Benefits (OPEB)

a) Plan Description

In addition to providing the pension benefits described in Note 6, the Authority provides post-employment health care and life insurance benefits (“OPEB”) for retired employees. The OPEB Plan is a single-employer plan and offers retirees a choice of medical plans, as well as two dental plans, and basic life insurance. The benefit levels, employer contributions and future employee contributions are governed by the Authority and can be amended by the Authority.

In June 2009, the Board made changes to the plan benefits to be paid by the Authority for certain existing and future retirees. All current retired members of the Authority and all existing Authority employees who were vested as of October 1, 2009 would be eligible to have 100% of their premium cost subsidized. Employees not yet vested but employed by the Authority on October 1, 2009 would, upon retirement be eligible to receive 85% of the premium cost for benefits with the balance paid for by the retiree. For employees hired on or after October 1, 2009, the Board voted to implement a sliding scale subsidy for retiree health care premiums (ranging from 0%-85%) based on creditable service at retirement age (retirees must be age 60 or older to receive the subsidy), and whether or not the employee retired within sixty days after leaving the Authority. The Board also voted to eliminate retiree dental and life insurance coverage, as well as Medicare Part B premium subsidy for this group of employees.

In May 2016, the Board made changes to the plan benefits to be paid by the Authority for certain future retirees. Persons who commenced employment with the Authority during the period from October 1, 2009 through May 25, 2016, and who, as of the date such employment commenced, had accrued ten (10) years or more of creditable service pursuant to M.G.L.c. 32, would upon retirement, be eligible to receive 80% of the premium cost for those benefits with the balance paid for by the retiree; provided, however, that employees who retire with at least thirty (30) years of creditable service would be eligible to receive 85% of the premium cost of such benefits with the balance paid for by the retiree. For purposes of calculating the percentage of the subsidy (80% or 85%), years of creditable service shall be calculated at separation from employment with the Authority. The spouse and dependents of eligible retirees will qualify for the same premium subsidy and retiree health benefits as the retiree. Eligible retirees, but not their spouse or dependents, will also qualify for a 100% subsidy from the Authority for retiree basic life insurance.

During fiscal year 2020, the Board voted to change the fiscal year end of the Trust from June 30 to December 31.

The Authority issues publicly available audited financial statements for the Trust. The report may be obtained by writing to the Massachusetts Port Authority, Attn: John P. Pranckevicius, CPA, Director of Administration and Finance and Secretary-Treasurer, One Harborside Drive, Suite 200S, East Boston, MA 02128-2909. Those statements are prepared with an “economic resources” measurement focus on the accrual basis of accounting in accordance with U.S generally accepted accounting principles. Employer contributions are recognized when the employer has made formal commitments to provide the contributions and benefits are recorded when due and payable in accordance with the terms of the Trust. Investments are reported at fair value. Mutual funds and commingled funds are valued based on fair value and alternative investments are valued based on net asset or unit value at year-end. The Trust did not own any individual securities and no long-term contracts for contributions to the Trust existed at December 31, 2019 or June 30, 2019.

b) *Benefits provided*

The medical plans are either HMOs, PPOs or indemnity plans, and some are designed to work with Medicare benefits, such as Medicare supplement or Medicare HMO plans. The basic life insurance provides a $5,000 death benefit to the retiree. Spouses and dependents are not eligible for this death benefit upon their death.

At December 31, 2019 and June 30, 2019, the Trust's membership consisted of:

	December 31, 2019	June 30, 2019
Active Employees		
Pre-Medicare (hired prior to 3/31/1986)	42	47
Post-Medicare (hired after 3/31/1986)	1,306	1,283
Total	1,348	1,330
Inactive Participants (Vested)	74	65
Retired, Disabled, Survivors and Beneficiaries	868	966
Total Membership	2,290	2,361

c) *Contributions required and contributions made*

The Trust has adopted a funding policy that allows for the contributions to attempt to minimize the volatility from year to year and is the sum of the employees normal cost and expenses plus a payment to amortize the unfunded accrued liability as of the date of the valuation. The annual employer contribution rate goal shall be 100% of the Actuarial determined contribution. For the years ended June 30, 2020 and 2019, the Authority contributed to the Trust $13.3 million and $18.4 million, respectively, and $4.4 million and $18.4 million are recorded in the Statement of Net Position as a deferred outflow of resources as of June 30, 2020 and July 1, 2019, respectively. The Authority's annual contribution is made monthly throughout the fiscal year. The Authority bears the risk that trust assets might decline due to fluctuations in the fair value of the Trust's investments and contributions by the Authority will increase as part of its annual assessment.

d) Net OPEB liability

The Authority's net OPEB liability at June 30, 2020 and 2019 was measured as of December 31, 2019 and June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined using an actuarial valuation as of January 1, 2019 and 2018 and update procedures were used to roll forward the total OPEB liability to December 31, 2019 and June 30, 2018, respectively

		Total OPEB Liability (a)		Trust Fiduciary Net Position (b)		Net OPEB Liability (a) - (b)
Balance at June 30, 2018	$	329,274	$	185,416	$	143,858
Service cost		6,692		—		6,692
Interest		23,870		—		23,870
Difference between expected and actual experience		(17,359)		—		(17,359)
Change in assumption		8,575		—		8,575
Contributions – employer		—		17,237		(17,237)
Contributions – employees		—		279		(279)
Net investment income		—		13,755		(13,755)
Benefits payments		(13,428)		(13,428)		—
Administrative expenses		—		(184)		184
Balance at June 30, 2019	$	337,624	$	203,075	$	134,549
Service cost		9,022		—		9,022
Interest		37,032		—		37,032
Difference between expected and actual experience		(7,968)		—		(7,968)
Change in assumption		(3,552)		—		(3,552)
Contributions – employer		—		29,669		(29,669)
Contributions – employees		—		469		(469)
Net investment income		—		31,460		(31,460)
Benefits payments		(20,432)		(20,901)		469
Administrative expenses		—		(333)		333
Balance at December 31, 2019	$	351,726	$	243,439	$	108,287

e) Actuarial Assumptions

The following actuarial assumptions were applied to the periods included in the measurement for as of December 31, 2019 and June 30, 2018:

- *Inflation – 3.0%*
- *Salary increases – 4.5%*
- *Investment rate of return – 7.00%, net of Trust investment expenses, as of December 31, 2019, and 7.25%, net of Trust investment expenses, as of July 1, 2019.*
- *Health care trend rates-Initial annual health care cost trend rates range from 2.7% to 9.0% which decreases to a long-term trend rate between 5.0% and 6.0% for all health care benefits after six years. The initial annual dental cost trend rates range from 5.0% to 7.0% which decrease to a long-term trend rate of 5.0% for all dental benefits after two years.*
- *Mortality*:
  - Actives – RP-2014 Table adjusted to 2006, (sex-distinct) for employees projected using Generational Mortality and scale MP-2018.
  - Retirees – RP 2014 Table adjusted to 2006, (sex-distinct), for Healthy Annuitants projected using Generational Mortality and scale MP-2018.
  - Disabled - RP 2014 Table adjusted to 2006, (sex-distinct), for Healthy Annuitants projected using Generational Mortality and scale MP-2018. Set forward 2 years.
- Other Information
  - As of January 1, 2019, the effect of eliminating the "Cadillac Tax" on liabilities was recognized.
  - As of January 1, 2018, the scales used to convert the premiums to age weighted claim costs were updated and the effect of the "Cadillac Tax" on liabilities was recognized.
  - As of January 1, 2016, employees hired after September 30, 2009 are not eligible for post –retirement medical insurance until age 60, and retirement age begins at age 60 with 10 years of service.
- Long-term Expected Rate of Return:

  The long-term expected rate of return on Trust investments was using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB Trust investment expense and inflation) are developed for each major asset class and fund. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The best estimates of arithmetic long-term expected real rates of return for each major asset class are summarized in the following table:

	Long-term expected real rate of return	
Asset class	**December 31, 2019***	**June 30, 2018***
Domestic equity		
Vanguard Total Stock Market Index	6.18 %	6.48 %
Fixed income		
Baird Core Plus	2.53	—
VOYA Intermediate Bond	2.53	—
Vanguard Total Bond Market Fund	2.53	3.13
Vanguard Short Term Bond Index Fund	2.53	3.13
Vanguard Intermediate Term Investment Grade	3.55	4.00
Alliance Bernstein High Income	4.31	4.75
PL Floating Rate Income Fund	2.98	2.89
TCW Emerging Markets Income	4.50	5.25
International equity		
WCM Focused International Growth Fund	6.25	—
Acadian All Country World ex-US Fund	6.25	—
Vanguard Total International Stock Index	6.25	6.65
Vanguard Developed Market Stock Index	6.25	6.65
Aberdeen Emerging Markets Fund	6.90	7.20
Cash and cash equivalents	0.81	0.76
Alternatives		
REIT index fund	—	4.72
Real estate private equity	6.13	6.43

* amounts are net of inflation assumption of 2.5 %

f) Discount Rate

The discount rate used to measure the total OPEB liability as of December 31, 2019 was 7.00% and as of June 30, 2019 was 7.25%. The projection of cash flows used to determine the discount rate assumed that Trust member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Trust's fiduciary net position was projected to be available to make all projected further benefit payments of current Trust members. Therefore, the long-term expected rate of return on the plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

g) Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the Authority as of June 30, 2020 and 2019, calculated using the discount rate of 7.00% for 2020 and 7.25% for 2019, as well as what the net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage point lower (6.00% in 2020 and 6.25% for 2019) or one-percentage point higher (8.00% in 2020 and 8.25% for 2019) than the current rate (in thousands):

Fiscal Year End	1% decrease (6.00%)	Current discount rate (7.00%)	1% increase (8.00%)
2020	$ 155,806	$ 108,287	$ 69,385

Fiscal Year End	1% decrease (6.25%)	Current discount rate (7.25%)	1% increase (8.25%)
2019	$ 180,667	$ 134,549	$ 96,719

h) Sensitivity of the Net OPEB Liability to Changes in Health Care Cost Rates

The following presents the net OPEB liability of the Authority as of June 30, 2020 and 2019, calculated using healthcare cost trend rates of 9.0% decreasing to 5.0% as well as what the net OPEB liability (asset) would be if it were calculated using a health care cost trend rate that is one-percentage point lower or one-percentage point higher than the current rate:

Fiscal Year End	1% decrease (8.0% decreasing to 4.0%)	Healthcare Cost Trend rate (9.0% decreasing to 5.0%)	1% increase (10.0% decreasing to 6.0%)
2020	$ 63,266	$ 108,287	$ 163,650

Fiscal Year End	1% decrease (8.0% decreasing to 4.0%)	Healthcare Cost Trend rate (9.0% decreasing to 5.0%)	1% increase (10.0% decreasing to 6.0%)
2019	$ 93,499	$ 134,549	$ 186,885

i) OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the years ended June 30, 2020 and 2019, the Authority recognized OPEB expense of $22.6 million and $18.6 million, respectively.

At June 30, 2020 and 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 6,354	$ 16,764	$ 10,517	$ 14,761
Changes in assumptions	6,453	4,587	7,291	—
Net difference between projected and actual earnings on OPEB investments	—	8,811	—	1,220
OPEB contribution subsequent to measurement date	4,447	—	18,398	—
Total	$ 17,254	$ 30,162	$ 36,206	$ 15,981

In accordance with GASB Statement No. 75, the Authority reported $4.4 million and $18.4 million as deferred outflows of resources related to the Authority's OPEB contribution subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the years ended June 30, 2020 and 2019, respectively.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (in thousands):

Year ended June 30:	
2021	$ (2,928)
2022	(3,054)
2023	(4,213)
2024	(4,911)
2025	(2,090)
Thereafter	(159)

j) OPEB Trust deposits and investments

i) OPEB Trust Investment Policy

The Trust's investments are made in accordance with the provisions of the Trust Investment Policy (the "Investment Policy") which was adopted on May 8, 2009 and amended on December 8, 2014 by the Retiree Benefits Trust Committee (the "Committee"). The goals of the Investment Policy are to invest for the sole purpose of funding the OPEB Plan obligation of the Authority in a prudent manner, and to conserve and enhance the value of the Trust assets through appreciation and income generation, while maintaining a moderate investment risk. In addition, the investment policy was developed to achieve a long-term return commensurate with contemporary economic conditions and equal to or exceed the investment objectives set forth in the investment policy, currently set at 7.00%, reduced from 7.25% effective December 31, 2019.

The Trust has retained an investment consultant to work in a fiduciary capacity to ensure that strategic investment diversification is attained, to employ investment managers with expertise in their respective asset classes, and to closely monitor the implementation and performance of the respective investment strategies.

The Trust is currently invested in commingled funds which hold stocks (domestic and international) and fixed income securities and three private equity real estate funds.

The exposure limits per the Trust Investment Policy are as follows:

			Asset Weightings (as of December 8, 2014)		
Asset Class	**December 31, 2019 Exposure**	**June 30, 2018 Exposure**	**Minimum Exposure**	**Maximum Exposure**	**Target Allocation**
Domestic equity	40.5%	41.6%	28%	48%	38.0%
Fixed income	29.3%	27.6%	17%	47%	32.0%
International equity	19.7%	19.5%	10%	30%	20.0%
Cash and cash equivalents	2.0%	1.1%	0%	20%	0.0%
Alternatives:			0%	15%	10.0%
REIT index fund	0.0%	2.6%			
Real estate private equity	8.5%	7.6%			
Total Alternatives	8.5%	10.2%			

The current investment philosophy represents a long-term perspective. When asset weightings fall outside the Investment Policy Range, the investment advisor shall advise the Committee on potential investment courses of action and the Committee may elect to rebalance the Trust asset mix.

The following summarizes the Trust's cash, cash equivalents and investments by type held at December 31, 2019 and June 30, 2018 (in thousands):

	Credit Rating		December 31, 2019 Fair Value	Credit Rating		June 30, 2018 Fair Value
Cash and Cash Equivalents						
MMDT	Unrated	$	4,906	Unrated	$	1,967
First American Government Fund	Unrated		112	Unrated		252
Total Cash and Cash Equivalents		$	5,018		$	2,219
Investments						
Vanguard Index Funds	Unrated	$	117,735	Unrated	$	121,606
Acadian All Country World ex US Fund	Unrated		13,289	n/a		—
WCM Focused International Growth Fund	Unrated		10,850	n/a		—
Vanguard Intermediate Term Investment Grade Fund	A		9,191	A		8,176
Aberdeen Emerging Markets Fund	Unrated		5,937	Unrated		8,203
Alliance Bernstein High Income	BB		7,171	BBB		6,476
TCW Emerging Markets Income	BB		5,824	BB		4,331
PL Floating Rate Income Fund	B		8,214	B		5,704
Baird Core Plus Fund	A		20,867	A		15,769
Voya Intermediate Bond Fund	A		20,878	A		15,750
Real Estate Private Equity Funds	Unrated		20,775	Unrated		15,550
Total Investments		$	240,731		$	201,565

The following discusses the Trust's exposure to common deposit and investment risks related to custodial credit, credit, concentration of credit, interest rate and foreign currency risks as of December 31, 2019 and June 30, 2018.

ii) Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure of a depository financial institution, the Trust's deposits may not be returned. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Trust and are held by either the depository financial institution or the depository financial institution's trust department or agent but not in the Trust's name.

The Trust manages custodial credit risk by limiting its investments to highly rated institutions and or requiring high quality collateral be held by the Trustee in the name of the Trust. All investments are held by a third party in the Trust's name. These investments are recorded at fair value.

Additionally, the Trust is authorized to invest in the Massachusetts Municipal Depository Trust (MMDT), a pooled money market like investment fund managed by the

Commonwealth of Massachusetts, established under the General Laws, Chapter 29, Section 38A. MMDT investments are carried at amortized cost, which approximates fair value which is the same as the value of the pool. The Trust can purchase and sell its investments in this fund at any time without penalty.

iii) Credit Risk

Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations.

For the six months ended December 31, 2019 and the year ended June 30, 2018, the Trust's fixed income investments totaled $72.1 million and $56.2 million, respectively. At December 31, 2019 and June 30, 2018, these investments were split between six commingled mutual funds. The investment policy limits fixed income securities of any one issuer to below 5% of the total bond portfolio at the time of purchase and this limitation does not apply to issues of the U.S. Treasury or other Federal Agencies. The diversification restrictions for individual stocks and fixed income securities purchased and held in the total portfolio shall not apply to similar investment instruments held in a commingled fund or an SEC registered mutual fund specifically approved by the Committee. The Trust invests primarily commingled funds and SEC registered mutual funds. The overall rating of the fixed income assets, as calculated by the Advisor, shall be investment grade, based on the rating of one Nationally Recognized Statistical Rating Organization. In cases where the yield spread adequately compensates for additional risk, investments classified at below investment grade can be purchased or held to maturity up to a maximum of 30% of the total market value of the fixed income securities of the Fund. The total percentage of the fixed income investments subject to this provision at December 31, 2019 and June 30, 2018 was 28.45% and 26.14%, respectively.

iv) Concentration of Credit Risk

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of the Trust's investment in a single issuer. Investments of Trust assets are diversified in accordance with the Investment Policy that defines rules for the funds, including having no stock holding or fixed income holding with a 5% or greater portfolio weighting (except U.S. Treasury or securities backed by the federal government), holding no more than 2% of the outstanding shares of an individual stock, and holding no more than 25% of the portfolio in any one industry. Trust assets were in compliance with the Investment Policy at December 31, 2019 and June 30, 2018, respectively.

v) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. This risk is confined to the fixed income and cash portions of the portfolio and is managed within the portfolio using the effective duration methodology. This methodology is widely used in the management of fixed income portfolios in that it quantifies to a much greater degree the risk of interest rate changes. The weighted duration of the fixed income portfolio at December 31, 2019 and June 30, 2018 was 5.06 and 5.11 years, respectively.

The individual fund durations are as follows at December 31, 2019 and June 30, 2018, respectively:

		December 31, 2019 Fair Value	Effective Duration		June 30, 2018 Fair Value	Effective Duration
Fixed Income Investments						
Vanguard Intermediate Term Investment Grade Fund	$	9,191	5.40	$	8,176	5.50
Alliance Bernstein High Income		7,171	3.68		6,476	4.77
TCW Emerging Markets Income		5,824	7.60		4,331	6.01
PL Floating Rate Income Fund		8,214	0.28		5,704	0.30
Baird Core Plus		20,867	5.68		15,769	5.79
Voya Intermediate Bond		20,878	5.94		15,750	5.85
Total Fixed Income Investments	$	72,145		$	56,206	

vi) Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. The Trust invests in funds that hold stocks in either emerging or developed markets outside of the United States that may have an impact on the fair value of the investments and thus contribute currency risk due to their international equity holdings.

vii) Rate of Return

As required per GASB Statement 74, the annual money weighted rate of return on trust investments, net of trust expenses was 14.12% and 7.32% for the six months December 31, 2019 and the year ended June 30, 2018, respectively. The money weighted rate of return expresses investment performance net of investment expenses adjusted for the changing amounts actually invested. The Trust’s annual rate of return, measured for financial performance purposes, gross of fees, was 6.9% for the six months ended December 31, 2019 and 7.8% for fiscal year ended June 30, 2018, respectively.

viii) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available; for others, it might not be available. However, the objective of a fair value measurement in both cases is the same—that is, to determine the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. Fair value is an exit price at the measurement date from the perspective of a market participant that controls the asset or is obligated for the liability.

The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels. Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for an asset or liability. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

The Trust has the following fair value measurements for investments at December 31, 2019 and June 30, 2018:

Investments Measured by Fair Value Level ($ 000)

As of December 31, 2019	Fair Value	Level 1	Level 2	Level 3
Investments				
Vanguard Index Funds	$ 117,735	$ 117,735	$ -	$ -
Baird Core Plus	20,867	20,867	-	-
Vanguard Intermediate Term Investment Grade Fund	9,191	9,191	-	-
Voya Internediate Bond	20,878	20,878	-	-
Aberdeen Emerging Markets Fund	5,937	5,937	-	-
AllianceBernstein High Income	7,171	7,171	-	-
TCW Emerging Markets Income	5,824	5,824	-	-
PL Floating Rate Income Fund	8,214	8,214	-	-
WCM Total International Stock Index	10,850	10,850	-	-
Acadian All Country World ex-USFund	13,289	13,289	-	-
Total investments measured by fair value level	219,956	219,956	-	-
Investments measured at the net asset value (NAV)				
Real Estate Private Equity Funds:				
Boyd Watterson GSA Fund	7,356			
Equus Fund X	7,661			
PRISA LP	5,758			
Total investments measured at the NAV	20,775			
Total Investments	$ 240,731	$ 219,956	$ -	$ -

Investments Measured by Fair Value Level ($ 000)

As of June 30, 2018	Fair Value	Level 1	Level 2	Level 3
Investments				
Vanguard Index Funds	$ 121,606	$ 121,606	$ -	$ -
Baird Core Plus	15,769	15,769	-	-
Vanguard Intermediate Term Investment Grade Fund	8,176	8,176	-	-
Voya Internediate Bond	15,750	15,750	-	-
Aberdeen Emerging Markets Fund	8,203	8,203	-	-
AllianceBernstein High Income	6,476	6,476	-	-
TCW Emerging Markets Income	4,331	4,331	-	-
PL Floating Rate Income Fund	5,704	5,704	-	-
Total investments measured by fair value level	186,015	186,015	-	-
Investments measured at the net asset value (NAV)				
Real Estate Private Equity Funds:				
Boyd Watterson GSA Fund	6,062			
Equus Fund X	9,488			
Total investments measured at the NAV	15,550			
Total Investments	$ 201,565	$ 186,015	$ -	$ -

Commingled Mutual Funds

As of December 31, 2019 and June 30, 2018, the Authority held positions in several commingled mutual funds as noted above and the fair values were $220.0 million and $186.0 million, respectively. The fair values of the commingled mutual funds were valued using quoted market prices (Level 1).

The valuation method for investments measured at the net asset value (NAV) per share or its equivalent is presented in the following table:

	Investments Measured at NAV ($000)				
	December 31, 2019	**June 30, 2018**	**Unfunded Commitments**	**Redemption Frequency**	**Redemption Notice Period**
Real Estate Private Equity Funds					
Boyd Watterson GSA Fund (1)	$ 7,356	$ 6,062	—	Quarterly	60 days
Equus Fund X (2)	7,661	9,488	—	—	—
PRISA LP (3)	5,758	—	—	Quarterly	90 days
Total investments measured at the NAV	$ 20,775	$ 15,550			

1 This fund invests primarily in real estate leased to the U.S. federal government. The fair value of the investment has been determined using the NAV per share (or its equivalent) of the Fund's ownership interest in partners' capital. The Trust can withdraw from the fund with 60 days notice prior to a calendar quarter end and the minimum withdrawal of $250,000.

2 This fund invests in U.S. commercial real estate. The fair value of the investment has been determined using the NAV per share (or its equivalent) of the Fund's ownership interest in partners' capital. The Partnership agreement stipulates a partnership dissolution on a date five years after the end of the Investment Period; provided, however, that the General Partner may, at its sole discretion, extend the term of the for up to two additional one year periods.

3 This fund invests primarily in commerial real estate. The fair value of the investment has been determined using the NAV per share (or its equivalent) of the Fund's ownership in partners' capital. The Trust can withdraw from the fund quarterly with one full quarter notice.

8. Leases

a) *Commitments*

The Authority has commitments under various operating leases, which contain escalation clauses, as lessee. The following is a schedule by years of minimum rental payments under noncancelable operating leases as of June 30, 2020 (in thousands):

Years	Amount	Years	Amount
2021	$ 8,472	2041 – 2045	$ 5,129
2022	8,358	2046 – 2050	5,129
2023	8,331	2051 – 2055	4,923
2024	3,036	2056 – 2060	4,880
2025	2,500	2061 – 2065	4,880
2026 – 2030	7,158	2066 – 2070	4,880
2031 – 2035	5,076	2071 – 2075	651
2036 – 2040	5,088		
		Total	$ 78,491

Rent expense and other operating lease related payments were $10.1 million and $7.9 million for fiscal years 2020 and 2019, respectively.

b) *Rental Income*

The Authority leases a major portion of its Aviation and Port properties to various tenants. Many of these operating leases provide for periodic adjustments to rental rates, including certain provisions for contingent payments based on specified percentages of the tenant's gross revenue.

The following is a schedule by years of minimum future rental income on noncancelable operating leases as of June 30, 2020 (in thousands):

Years	Amount	Years	Amount
2021	$ 95,284	2056 – 2060	$ 64,075
2022	86,877	2061 – 2065	68,016
2023	76,073	2066 – 2070	69,735
2024	51,948	2071 – 2075	74,459
2025	42,458	2076 – 2080	76,545
2026 – 2030	154,595	2081 – 2085	78,509
2031 – 2035	108,648	2086 – 2090	68,842
2036 – 2040	102,763	2091 – 2095	74,916
2041 – 2045	89,669	2096 – 2100	42,326
2046 – 2050	71,099	2101 – 2105	2,619
2051 – 2055	62,768	2106 – 2108	771
		Total	$ 1,562,997

Rental income and concession income, including contingent payments received under these provisions, were approximately $443.1 million and $441.7 million for the fiscal years 2020 and 2019, respectively.

9. Risk Management

The Authority, as mandated by the 1978 Trust Agreement, maintains a self-insurance account for general liability and workers compensation within the Operating Fund. The self-insurance accruals are determined based on insurance claim history and actuarial estimates needed to pay prior and current-year claims. The accrued liability was approximately $9.3 million and $8.9 million as of June 30, 2020 and 2019, respectively, and is included as a component of accrued expenses in the accompanying financial statements. This liability is fully funded as of June 30, 2020 and 2019.

Changes in the accrued liability accounts, related to self-insurance, in fiscal year 2020, 2019 and 2018 were as follows (in thousands):

	2020	2019	2018
Liability balance, beginning of year	$ 8,890	$ 8,075	$ 8,053
Provision to record estimated losses	3,594	3,972	3,538
Payments	(3,216)	(3,157)	(3,516)
Liability balance, end of year	$ 9,268	$ 8,890	$ 8,075

As part of its normal operations, the Authority encounters the risk of accidental losses stemming from third party liability claims, property loss or damage, and job related injuries and illnesses. In managing these loss exposures, a combination of risk management measures is applied, including safety and loss prevention programs, emergency planning, contractual risk transfer, self-insurance, and insurance.

In connection with the self-insurance and insurance programs, the Authority retains part of the losses incurred and internally manages the self-insured claims. The self-insured retention currently includes: $1.0 million for worker's compensation per job related accident for Massport employees and International Longshoreman's Association Members; $5,000 per occurrence for automobile liability; aviation general liability and airport terrorism insurance; $0.25 million for airside incidents and for non-airside auto losses; $25 thousand for Comprehensive Marine Liability, Terminal Operator's Liability, Stevedore's liability; and $0.25 million for property losses per occurrence. Insurance is purchased above the self-insured amounts, subject to availability and the reasonableness of cost. Liabilities for self-insured claims are reported if it is probable that a loss has been incurred and the amount can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported at year-end and are based on the historical cost of settling similar claims. The Authority records such liabilities as accrued expenses. The Authority from time to time is engaged in various matters of routine litigation. These matters include personal injury and property damage claims for which the Authority's liability is covered in whole or in part by insurance. The Authority does not expect that these matters will require any amounts to be paid which in the aggregate would materially affect the financial statements.

Settled claims resulting from the risks discussed above have not exceeded the amount of insurance coverage in force in any of the past three fiscal years. Further, insurance maintained in fiscal years 2020 and 2019 has not changed significantly from prior periods.

10. Payments in Lieu of Taxes

The Authority's Enabling Act and the 1978 Trust Agreement authorize and directs the Authority, subject to certain standards and limitations, to enter into agreements to make annual payments in lieu of taxes to the City of Boston and the Town of Winthrop (collectively, the "PILOT Agreements").

The PILOT Agreements provide that annual payments may not exceed the balance of revenues remaining after deposits to pay operating expenses, required deposits to the Interest and Sinking Fund and required deposits to the Maintenance Reserve Fund.

Pursuant to the terms of the amended payment–in-lieu-of-taxes agreement between the Authority and the City of Boston (the "Boston PILOT Agreement"), the Boston PILOT Agreement terminates on June 30, 2022; provided, however, that absent an annual election by either party to terminate the Boston PILOT Agreement, the term is subject to automatic one-year extensions of the term on each July 1. In November 2016, the City of Boston notified the Authority of its election to terminate the Boston PILOT Agreement on June 30, 2022, and the parties expect to commence negotiations on a successor agreement or an amendment to the existing agreement. The Boston PILOT Agreement provides for the Authority to pay an annual base amount (the "Base Amount") of $14.0 million, which, commencing in fiscal year 2007, increases annually by the annual percentage change in the consumer price index, provided that such increase shall be no less than 2% nor greater than 8% per year and a community portion (the "Community Portion").

Pursuant to the terms of the amended and restated payment-in-lieu-of-taxes agreement between the Authority and the Town of Winthrop (the "Winthrop PILOT Agreement"), the Winthrop PILOT Agreement expires June 30, 2025. The Winthrop PILOT Agreement was amended in November 2018, and pursuant thereto the Authority expects to make adjusted annual payments for the remainder of the term, commencing with a payment of $1.4 million in fiscal year 2019 and increasing annually to $2.0 million by fiscal year 2025, as well as an additional community portion.

PILOT expenses to the City of Boston for fiscal years 2020 and 2019 were $19.7 million and $20.0 million, respectively. PILOT expenses to the Town of Winthrop for fiscal years 2020 and 2019 were $1.4 million for each year.

11. Commitments

a) Contractual Obligations for Construction

The Authority enters into construction contracts with various construction and engineering companies. Construction contracts outstanding were approximately $330.7 million and $600.9 million as of June 30, 2020 and 2019, respectively.

b) Seaport Bond Bill

The Seaport Bond Bill was enacted in 1996 and among other things, provides for funding improvements to the Massachusetts rail transportation network allowing rail shipment of double stack cargo from Allston Yards in Boston to points west, which is anticipated to encourage expanded container shipments through the Port of Boston. The Seaport Bond Bill requires that the Authority provides up to fifty percent (50%) of the cost of improvements to the rail line from Framingham to the Allston Yard in Boston permitting double stack shipments. Expenditure of funds will not occur until the execution of a Master Agreement, as defined by the statute, between the Commonwealth and the participating railroads. The Authority believes that the likelihood that any such Master Agreement will be executed and Authority funds committed for double stack improvements within the next fiscal year is remote.

c) Boston Harbor Dredging Project

During fiscal year 2018, the Authority entered into an agreement with the Department of the Army and The Commonwealth of Massachusetts, Department of Transportation related to the Boston Harbor Deep Draft Improvement Project and the construction of the Dredged or excavated Material Facility at Boston Harbor, Massachusetts. This project includes the deepening and widening of the Broad Sound North Channel to 51 feet, the deepening and widening of the Main Ship Channel (MSC) and Reserve Channel Turning Basin to 47 feet. The non-federal share is split between the Authority and the Commonwealth. The project is expected to be completed in fiscal year 2022.

12. Litigation

The Authority is engaged in numerous matters of routine litigation. These matters include personal injury and property damage claims for which the Authority's liability is covered in whole or in part by insurance. Others include such matters as disputes with contractors, subcontractors, engineers and others arising out of construction and maintenance of the Authority's properties; disputes over leases and concessions; property, theft and damage claims arising from the Authority's operations, employment matters and workers compensation, as to which the Authority is self-insured. The Authority does not expect that these matters will require any amounts to be paid which, in the aggregate, will be material to the results of operations.

13. Federal Grants

The Authority participates in a number of federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. In the opinion of the Authority's management, liabilities resulting from such disallowed expenditures, if any, will not be material to the accompanying financial statements.

In fiscal year 2020, the Authority was awarded $143.7 million of federal CARES Act funding to help offset the financial impact of the COVID-19 pandemic. The Authority recognized $57.1 million at June 30, 2020 and it is reported as a component of other non-operating revenue.

14. Pollution Remediation Obligation

The Authority is currently involved in six separate pollution remediation obligations that meet the requirements for accounting treatment under GASB Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations ("GASB No. 49"). These obligations are generally related to the removal and/or treatment of contaminated soil, groundwater and petroleum products associated with fuel storage and conveyance. GASB No. 49 dictates that for each obligating event, an estimate of the expected pollution remediation outlays is required to be accrued as a liability and expensed in the current period. Re-measurement of the liability is required when new information indicates increases or decreases in estimated outlays.

The estimated liability as of June 30, 2020 and 2019 is $1.3 million and $3.2 million, respectively, which represents the approximate amounts the Authority expects to pay for future remediation activities. The Authority paid approximately $1.4 million and $1.9 million in fiscal years 2020 and 2019, respectively. This estimate was generated using input and guidance from internal management and professional consultants, and represents a wide array of remediation activities ranging from onetime events to longer-term sustained monitoring activity. The Authority will continue to closely monitor each of these obligations, working toward regulatory closure, and will make any necessary adjustments to the potential liability as new information becomes available.

15. Interagency Agreements

a) Investment in Joint Venture

In May 1996, the Authority entered into an interagency agreement with the Massachusetts Highway Department ("MHD") and Massachusetts Bay Transportation Authority ("MBTA") for the construction of a Regional Transportation Center ("RTC") in Woburn, Massachusetts ("Interagency Agreement"). Under the terms of the Interagency Agreement, the Authority has paid one third of the costs of acquiring the site and constructing the RTC and will share in a like proportion in the profits and losses of the RTC. During fiscal years 2020 and 2019, the Authority recognized income of approximately $0.2 million and $0.4 million, respectively, representing its share of the earnings of the RTC.

b) Logan Airport Silver Line Transportation Agreement

The Authority entered into an agreement with the MBTA to provide public transportation between South Station in Boston, Massachusetts and Logan Airport along a route called the Silver Line. The Authority is responsible for paying the FAA approved rate of 76.06% of the costs to operate and maintain the Silver Line buses and 76.06% of the costs of the future rebuild of the Silver Line buses. During fiscal years 2020 and 2019, the estimated costs to operate and maintain the Silver Line buses was $2.82 million and $2.88 million, respectively. This agreement is scheduled to expire in August 2020.

16. Subsequent Events

An outbreak of COVID-19, a new coronavirus first detected in China in December 2019, spread internationally in the first quarter of 2020 causing widespread disruption of the global economy and a rise in market volatility. Health officials have declared this to be a pandemic. The course of the pandemic and its ultimate effect on the United States, the global economy and markets are not fully known at this time. Management's evaluation is ongoing and it is not possible to predict the extent of the effect that the pandemic may have on the Authority's financial position as the financial environment continues to change.

MASSACHUSETTS PORT AUTHORITY

Required Supplementary Information (Unaudited)

Schedule of Pension Contributions

June 30, 2020

(In thousands)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	$ 12,029	$ 13,043	$ 13,362	$ 13,552	$ 10,845	$ 11,146	$ 11,960	$ 9,594	$ 5,710	$ 4,924
Actual contribution in relation to the actuarially determined contribution	12,029	13,043	13,362	13,552	10,845	11,146	11,960	9,594	5,710	4,924
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 119,262	$ 114,541	$ 110,173	106,444	$ 99,190	$ 94,340	$ 90,042	$ 87,476	$ 85,941	$ 89,950
Contributions as a percentage of covered payroll	10.1%	11.4%	12.1%	12.7%	10.9%	11.8%	13.3%	11.0%	6.6%	5.5%

Notes to Schedule

Valuation date: Actuarially determined contribution rates are calculated annually as of January 1, 18 months prior to the end of the fiscal year in which the contributions are reported. Contributions are made on July 1, of each year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Frozen entry age
Amortization method	20 Level dollar, closed
Remaining amortization period	Multiple bases with remaining periods from 4 to 20 years
Asset valuation method	Beginning in 2008, fair value of assets using a five year smoothing period. Prior to 2008, used four year asset smoothing period
Inflation rate	3.0%
Salary increases	2013 valuation: 4.5%; 2009 valuation: 4.75; prior to 2009: 5.00%
Investment rate of return	2016 valuation 7.25%; 2015 valuation: 7.5%; 2012 valuation: 7.625%; 2010 valuation: 7.75%; 2009 valuation: 8.0%; prior to 2009: 7.75%
Retirement age	In the 2013 valuation, additional retirement assumptions were added for employees hired after April 1, 2012 and subject to pension reform and the assumption was changed due to an experience study. In the 2008 valuation the retirement assumption was extended to age 70 for Group 1 employees.
Disability and withdrawal	Changed in the 2019 valuation to;
Mortality	Healthy – RP 2014 at Table Healthy Employees (sex distinct) projected with MP 2018 Generational Mortality Post-retirement the RP 2014 healthy annuitant Table (sex distinct) projected with MP 2018 Generational Mortality Disabled-RP 2014 at 2006 healthy annuitant Table (sex-distinct) projected with MP 2018 Generational Mortality set forward 2 years. Mortality for accidental disability is assumed to be 50% from the same cause as the disability. Changed in the 2018 valuation to; Healthy – RP 2000 Table (sex-distinct) projected with Scale BB and Generational Mortality. Post retirement the RP 2000 healthy annuitant Table (sex distinct) projected with Scale BB Generational Mortality. Disabled-RP 2000 healthy annuitant Table (sex-distinct) projected with Scale BB, a base year of 2000 and Generational Mortality for accidental disability is assumed to be 50% from the same cause as the disability.
Other information	Changed in the 2013 valuation due to an experience study. In the 2013 valuation, mortality was changed to RP2000 projected generationally with scale BB. In the 2012 valuation, mortality was changed to RP2000 projected 22 years using scale AA. In the 2009, 2010 and 2011 valuations mortality was changed to RP2000 projected nine, ten and eleven years, respectively, using scale AA. As of January 1, 2016, employees hired after September 30, 2009 are not eligible for post-retirement medical insurance until age 60, retirement age begins at age 60 with 10 years of service. As of January 1, 2013, the mortality assumption was changed to the RP2000 Generational Table and the retirement, disability and withdrawal assumptions were changed based on an experience study. As of January 1, 2012, the mortality assumption was changed to the RP2000 Table projected forward 22 years with Scale AA, interest rate changed to 7.625% (from 7.75%) and salary rate to 4.50% (from 4.75%). Vacation buyback factor was increased from 1.00% to 1.25%. As of January 1, 2011, the mortality assumption was changed to the RP2000 Table projected forward 11 years with Scale AA.

MASSACHUSETTS PORT AUTHORITY

Required Supplementary Information (Unaudited)

Schedule of Changes in the Net Pension Liability and Related Ratios

June 30, 2020

(In thousands)

	2020	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY							
Service cost	$ 17,529	$ 16,774	$ 16,419	$ 15,920	$ 14,875	$ 13,056	$ 12,516
Interest	51,734	49,569	47,341	44,962	41,160	40,956	38,660
Change in benefit terms	-	(4,891)	-	-	-	-	-
Differences between expected and actual experience	15	749	(1,474)	2,592	(1,395)	1,929	-
Change of assumptions	(13,789)	-	-	(1,479)	24,098	-	-
Benefit payments , including refunds of employee contributions	(33,101)	(33,087)	(30,731)	(28,604)	(26,106)	(24,357)	(22,708)
Net change in total pension liability	22,388	29,114	31,555	33,391	52,632	31,584	28,468
Total pension liability - beginning	712,597	683,483	651,928	618,537	565,905	534,321	505,853
Total pension liability - ending	$ 734,985	$ 712,597	$ 683,483	$ 651,928	$ 618,537	$ 565,905	$ 534,321
PLAN FIDUCIARY NET POSITION							
Contributions - employer	$ 12,029	$ 13,043	$ 13,362	$ 13,552	$ 10,845	$ 11,146	$ 11,960
Contributions - employee	12,576	11,559	11,242	10,660	9,948	9,628	9,112
Net Investment Income	118,235	(31,212)	92,226	42,565	(4,572)	32,062	65,818
Benefit payments , including refunds of employee contributions	(33,101)	(33,087)	(30,731)	(28,604)	(26,106)	(24,357)	(22,707)
Administrative expense	(1,216)	(1,182)	(1,149)	(1,189)	(1,189)	(1,417)	(957)
Net change in plan fiduciary net position	108,523	(40,879)	84,950	36,984	(11,074)	27,062	63,226
Plan fiduciary net position - beginning	607,677	648,556	563,606	526,622	537,696	510,634	447,408
Plan fiduciary net position - end	$ 716,200	$ 607,677	$ 648,556	$ 563,606	$ 526,622	$ 537,696	$ 510,634
Massport net pension liability - ending	$ 18,785	$ 104,920	$ 34,927	$ 88,322	$ 91,915	$ 28,209	$ 23,687
Plan fiduciary net position as a percentage of the total pension liability	97.4%	85.3%	94.9%	86.5%	85.1%	95.0%	95.6%
Covered payroll	119,262	114,541	114,385	112,167	99,190	99,113	90,042
Massport's net pension liability as a percentage of covered payroll	15.8%	91.6%	30.5%	78.7%	92.7%	28.5%	26.3%

This schedule is intended to present 10 years of data. Additional years will be presented when available.

Note to Schedule
This schedule is presented based on a measurement date that is 6 months in arrears.

Benefit changes — None

Changes in assumptions — Mortality Tables

Changed in the 2019 valuation to;
Healthy – RP 2014 at Table Healthy Employees (sex distinct) projected with MP 2018 Generati
Post-retirement the RP 2014 healthy annuitant Table (sex distinct) projected with MP 2018 Gen
Disabled-RP 2014 at 2006 healthy annuitant Table (sex-distinct) projected with MP 2018 Gener
set forward 2 years. Mortality for accidental disability is assumed to be 50% from the same cau

Changed in the 2018 valuation to;
Healthy – RP 2000 Table (sex-distinct) projected with Scale BB and Generational Mortality. Pos
the RP 2000 healthy annuitant Table (sex distinct) projected with Scale BB Generational Mortal
Disabled-RP 2000 healthy annuitant Table (sex-distinct) projected with Scale BB, a base year o
and Generational Mortality for accidental disability is assumed to be 50% from the same cause

Mortality table changes from Scale AA to BB in fiscal year 2017.

MASSACHUSETTS PORT AUTHORITY
Required Supplementary Information (Unaudited)
Schedule of OPEB Contributions

	2020	2019	2018	2017	2016
Actuarially determined contribution	$ 9,741	15,725	$ 15,177	$ 18,084	$ 14,390
Authority contribution	8,894	18,398	15,682	14,300	12,000
Contribution deficiency (excess)	$ 847	(2,673)	$ (505)	$ 3,784	$ 2,390
Covered - employee payroll	$ 125,822	140,995	$ 135,585	$ 131,477	$ 119,153
Contributions as a % of covered employee payroll	7.1%	13.0%	11.6%	10.9%	10.1%

	2015	2014	2013	2012	2011
Actuarially determined contribution	$ 13,187	14,738	$ 14,006	$ 18,444	$ 17,229
Authority contribution	12,000	14,000	20,851	13,807	17,100
Contribution deficiency (excess)	$ 1,187	738	$ (6,845)	$ 4,637	$ 129
Covered - employee payroll	$ 117,277	110,167	$ 102,487	$ 98,201	$ 99,457
Contributions as a % of covered employee payroll	10.2%	12.7%	20.3%	14.1%	17.2%

Methods and assumptions used to determine contribution rates:

Valuation date:
During FY 2020 the Trust changed its fiscal year end to December 31.
Actuarially determined contribution rates are calculated as of January 1, six months prior to the beginning of the fiscal year in which contributions are reported. The January 1, 2017 valuation established the rate for the fiscal year 2018 contribution and the January 1, 2018 valuation established the fiscal year 2019 contribution. The following assumptions were used for the periods included in the funding for 2020 and 2019:

Actuarial cost method:	Contribution: Projected Unit Credit Net OPEB Liability: Entry Age Normal
Amortization method:	30 year level, closed, 18 years remaining
Asset valuation method:	Fair value
Inflation:	3.0%
Salary increases:	4.5%, including inflation 2013 forward 4.75%, including inflation 2009 to 2012
Investment rate of return:	7.00% annually, net of plan investment expenses for funded program 2016 forward 7.25% annually, net of plan investment expenses for funded program 2016 forward 7.50% annually, net of plan investment expenses for funded program 2015 7.75% annually, net of plan investment expenses for funded program pre 2013 4.00% annually, net of plan investment expenses for unfunded program 2013 on 4.25% annually, net of plan investment expenses for unfunded program pre 2013
Health care trend rates	Initial annual health care cost trend rate range of 2.7% to 9.0% which decreases to a long-term trend rate between 5.0% and 6.0% for all health care benefits after ten years. The initial annual dental cost trend rates range from 5.0% to 7.0% which decrease to a long term trend rate of 5.0% for all dental benefits after ten years.
Mortality:	Actives - RP 2014 Table adjusted to 2006, (sex distinct), for Employees projected using Generational Mortality and scale MP - 2018. Retirees - RP 2014 Table adjusted to 2006, (sex distinct), for Healthy Annuitants projected using Generational Mortality and scale MP - 2018. Disabled - RP 2014 Table adjusted to 2006, (sex distinct), for Healthy Annuitants projected using Generational Mortality and scale MP - 2018. Set forward 2 years.
Notes to Schedule	
Benefit changes	None
Changes in assumptions	Mortality table changes from RP2000 with Scale BB to RP 2014. Prior valuation mortality was as follows: Actives - RP 2000 Mortality Tables, (sex distinct), for Employees projected using generational mortality and scale BB using a base year of 2000 . Retirees - RP 2000 Mortality Tables, (sex distinct), for Healthy Annuitants projected using generational mortality and scale BB using a base year of 2000 . Disabled - RP 2000 Tables (sex distinct), for Healthy Annuitants projected using generational mortality and scale BB. Set forward 2 years.
Other information	As of January 1, 2019, the effects of the "Cadillac Tax" on liabilities was eliminated. As of January 1, 2018, the scales used to convert the premiums to age weighted claim costs were updated and the effect of the “Cadillac Tax” on liabilities was recognized. As of January 1, 2017, the mortality assumption was changed to the RP 2000 Table with Scale AA to Scale BB. As of January 1, 2016, employees hired after September 30, 2009 are not eligible for post-retirement medical insurance until age 60, retirement age begins at age 60 with 10 years of service. As of January 1, 2013, the mortality assumption was changed to the RP 2000 Generational Table and the retirement, disability and withdrawal assumptions were changed based on an experience study. As of January 1, 2012, the mortality assumption was changed to the RP 2000 Table projected forward 22 years with Scale AA. As of January 1, 2011, the mortality assumption was changed to the RP 2000 Table projected forward 11 years with Scale AA.

MASSACHUSETTS PORT AUTHORITY
Required Supplementary Information (Unaudited)
Schedule of Changes in the Net OPEB Liability and Related Ratios
June 30, 2020
(in thousands)

	2020	2019	2018	2017
Total OPEB liability:				
Service cost	$ 9,022	$ 6,692	$ 6,405	$ 5,891
Interest	37,032	23,870	22,693	20,285
Differences between expected and actual experience	(7,968)	(17,359)	—	18,841
Change of assumptions	(3,552)	8,575	—	—
Benefits payments	(20,432)	(13,428)	(12,643)	(11,987)
Net change in total OPEB liability	14,102	8,350	16,455	33,030
Total OPEB liability – beginning	337,624	329,274	312,819	279,789
Total OPEB liability – ending (a)	$ 351,726	$ 337,624	$ 329,274	$ 312,819
Trust fiduciary net position:				
Contributions – employer	29,668	17,237	15,787	13,340
Contributions – employees	468	279	248	209
Net investment income	31,460	13,755	19,829	2,348
Benefits payments	(20,900)	(13,428)	(12,643)	(11,987)
Administrative expenses	(332)	(184)	(173)	(172)
Net change in fiduciary net position	40,364	17,659	23,048	3,738
Trust fiduciary net position – beginning	203,075	185,416	162,368	158,630
Trust fiduciary net position – ending (b)	$ 243,439	$ 203,075	$ 185,416	$ 162,368
Authority's net OPEB liability – end of year (a-b)	$ 108,287	$ 134,549	$ 143,858	$ 150,451
Trust fiduciary net position as a percentage of the total OPEB liability	69.2%	60.1%	56.3%	51.9%
Covered payroll	$ 125,822	$ 140,995	$ 135,585	$ 131,477
Net OPEB liability as a percentage of covered payroll	86.1%	95.4%	106.1%	114.4%

This schedule is intended to present 10 years of data. Additional years will be presented when available.

Notes to Schedule

During FY 2020 the Trust changed its fiscal year end to December 31.
The measurement date for 2020 is 6 months in arrears and previous periods are 1 year in arrears.

Benefit changes - none

Changes in assumptions :

As of January 1, 2019, the mortality assumptions for Actives and Retirees were changed to the RP-2014 Table adjusted to 2006, sex distinct, using generational mortality and scale MP-2018 and the disability assumptions were changed as above, set forward 2 years.

As of January 1, 2019, the effect of the "Cadillac Tax" on liabilities was eliminated.

As of January 1, 2018, the scales used to convert the premiums to age weighted claim costs were updated and the effect of the “Cadillac Tax” on liabilities was recognized.

MASSACHUSETTS PORT AUTHORITY

Required Supplementary Information (Unaudited)

Schedule of Investment Returns

	2020	2019	2018	2017	2016
Annual money-weighted rate of return, net of investment expense	14.12 %	7.64 %	7.32 %	11.88 %	1.53 %

Note: This schedule is intended to present 10 years of data. Additional years will be presented when available.

Schedule I

MASSACHUSETTS PORT AUTHORITY

Combining Schedule of Net Position

June 30, 2020

(In thousands)

	Authority Operations	PFC Program	CFC Program	Combined Totals
Current assets:				
Cash and cash equivalents	$ 82,623	$ —	$ —	$ 82,623
Investments	142,427	—	—	142,427
Restricted cash and cash equivalents	368,560	37,648	11,974	418,182
Restricted investments	411,386	12,928	51,263	475,577
Accounts receivable				
Trade, net	72,426	1,401	577	74,404
Grants	39,229	—	—	39,229
Total receivables, net	111,655	1,401	577	113,633
Prepaid expenses and other assets	10,306	—	43	10,349
Total current assets	1,126,957	51,977	63,857	1,242,791
Noncurrent assets:				
Investments	254,683	—	—	254,683
Restricted investments	325,531	—	—	325,531
Prepaid expenses and other assets, long-term	5,802	—	620	6,422
Investment in joint venture	3,147	—	—	3,147
Capital assets-not being depreciated	730,375	—	94	730,469
Capital assets-being depreciated-net	2,592,589	416,629	223,423	3,232,641
Total noncurrent assets	3,912,127	416,629	224,137	4,552,893
Total assets	5,039,084	468,606	287,994	5,795,684
Deferred outflows of resources				
Deferred loss on refunding of bonds	13,304	—	—	13,304
Deferred outflows of resources related to pensions	9,712	—	—	9,712
Deferred outflows of resources related to OPEB	17,254	—	—	17,254
Total deferred outflows of resources	40,270	—	—	40,270
Current liabilities:				
Accounts payable and accrued expenses	231,403	400	49	231,852
Compensated absences	1,462	—	—	1,462
Contract retainage	11,007	—	—	11,007
Current portion of long-term debt	74,013	—	4,165	78,178
Commercial notes payable	22,000	—	—	22,000
Accrued interest payable	48,437	—	5,476	53,913
Unearned revenues	5,462	—	—	5,462
Total current liabilities	393,784	400	9,690	403,874
Noncurrent liabilities				
Accrued expenses	9,669	—	356	10,025
Compensated absences	18,698	—	—	18,698
Net pension liability	18,785	—	—	18,785
Net OPEB liability	108,287	—	—	108,287
Contract retainage	10,233	—	—	10,233
Long-term notes payable,	330,500	—	—	330,500
Long-term debt, net	2,159,275	—	120,255	2,279,530
Unearned revenues	27,730	—	—	27,730
Total noncurrent liabilities	2,683,177	—	120,611	2,803,788
Total liabilities	3,076,961	400	130,301	3,207,662
Deferred inflows of resources				
Deferred gain on refunding of bonds	9,847	—	—	9,847
Deferred inflows of resources related to pensions	47,935	—	—	47,935
Deferred inflows of resources related to OPEB	30,162	—	—	30,162
Total deferred inflows of resources	87,944	—	—	87,944
Net investment in capital assets	1,014,177	416,629	117,824	1,548,630
Restricted for other purposes				
Bond funds	259,893	—	—	259,893
Project funds	328,897	—	—	328,897
Passenger facility charges	—	51,577	—	51,577
Customer facility charges	—	—	39,869	39,869
Other purposes	34,416	—	—	34,416
Total restricted	623,206	51,577	39,869	714,652
Unrestricted	277,066	—	—	277,066
Total net position	$ 1,914,449	$ 468,206	$ 157,693	$ 2,540,348

See accompanying independent auditors' report.

MASSACHUSETTS PORT AUTHORITY

Combining Schedule of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2020

(In thousands)

	Authority Operations	PFC Program	CFC Program	Combined Totals
Operating revenues:				
Aviation rentals	$ 275,271	$ —	$ —	$ 275,271
Aviation parking	136,951	—	—	136,951
Aviation shuttle bus	17,013	—	—	17,013
Aviation fees	139,239	—	—	139,239
Aviation concessions	111,130	—	—	111,130
Aviation operating grants and other	2,762	—	—	2,762
Maritime fees, rentals and other	92,952	—	—	92,952
Real estate fees, rents and other	49,196	—	—	49,196
Total operating revenues	824,514	—	—	824,514
Operating expenses:				
Aviation operations and maintenance	295,748	—	—	295,748
Maritime operations and maintenance	61,089	—	—	61,089
Real estate operations and maintenance	14,971	—	—	14,971
General and administrative	68,083	—	—	68,083
Payments in lieu of taxes	21,030	—	—	21,030
Pension and other post-employment benefits	36,058	—	—	36,058
Other	9,684	—	—	9,684
Total operating expenses before depreciation and amortization	506,663	—	—	506,663
Depreciation and amortization	233,992	51,013	14,329	299,334
Total operating expenses	740,655	51,013	14,329	805,997
Operating income (loss)	83,859	(51,013)	(14,329)	18,517
Nonoperating revenues and (expenses):				
Passenger facility charges	—	59,875	—	59,875
Customer facility charges	—	—	25,884	25,884
Investment income	32,375	1,101	2,455	35,931
Net increase in the fair value of investments	8,076	14	117	8,207
Other revenues	65,203	—	49	65,252
Settlement of claims	(22)	—	—	(22)
Terminal A debt service contribution	11,572	(11,572)	—	—
Other expenses	—	—	(187)	(187)
Gain on sale of equipment	264	—	—	264
Interest expense	(92,361)	(1,451)	(15,629)	(109,441)
Total nonoperating revenue, net	25,107	47,967	12,689	85,763
Increase in net position before capital contributions	108,966	(3,046)	(1,640)	104,280
Capital contributions	59,899	—	—	59,899
Increase in net position	168,865	(3,046)	(1,640)	164,179
Net position, beginning of year	1,745,584	471,252	159,333	2,376,169
Net position, end of year	$ 1,914,449	$ 468,206	$ 157,693	$ 2,540,348

See accompanying independent auditors' report.

Schedule III

MASSACHUSETTS PORT AUTHORITY

Combining Schedule of Net Position

June 30, 2019

(In thousands)

	Authority Operations	PFC Program	CFC Program	Combined Totals
Current assets:				
Cash and cash equivalents	$ 74,191	$ —	$ —	$ 74,191
Investments	195,967	—	—	195,967
Restricted cash and cash equivalents	164,149	20,482	31,522	216,153
Restricted investments	262,304	12,716	35,956	310,976
Accounts receivable				
Trade, net	70,460	13,358	3,497	87,315
Grants	7,123	—	—	7,123
Total receivables, net	77,583	13,358	3,497	94,438
Prepaid expenses and other assets	10,354	—	57	10,411
Total current assets	784,548	46,556	71,032	902,136
Noncurrent assets:				
Investments	142,665	—	—	142,665
Restricted investments	292,560	14,668	45,456	352,684
Prepaid expenses and other assets, long-term	6,619	—	972	7,591
Investment in joint venture	3,495	—	—	3,495
Capital assets-not being depreciated	491,488	—	—	491,488
Capital assets-being depreciated-net	2,585,781	410,253	237,752	3,233,786
Total noncurrent assets	3,522,608	424,921	284,180	4,231,709
Total assets	4,307,156	471,477	355,212	5,133,845
Deferred outflows of resources				
Deferred loss on refunding of bonds	14,674	—	—	14,674
Deferred outflows of resources related to pensions	51,895	—	—	51,895
Deferred outflows of resources related to OPEB	36,206	—	—	36,206
Total deferred outflows of resources	102,775	—	—	102,775
Current liabilities:				
Accounts payable and accrued expenses	196,041	225	220	196,486
Compensated absences	1,299	—	—	1,299
Contract retainage	10,021	—	—	10,021
Current portion of long-term debt	62,892	—	3,909	66,801
Commercial notes payable	104,000	—	—	104,000
Accrued interest payable	39,945	—	5,572	45,517
Unearned revenues	9,597	—	—	9,597
Total current liabilities	423,795	225	9,701	433,721
Noncurrent liabilities				
Accrued expenses	9,533	—	405	9,938
Compensated absences	16,618	—	—	16,618
Net pension liability	104,920	—	—	104,920
Net OPEB liability	134,549	—	—	134,549
Contract retainage	7,494	—	—	7,494
Long-term notes payable,	40,000	—	—	40,000
Long-term debt, net	1,883,626	—	185,773	2,069,399
Unearned revenues	20,037	—	—	20,037
Total noncurrent liabilities	2,216,777	—	186,178	2,402,955
Total liabilities	2,640,572	225	195,879	2,836,676
Deferred inflows of resources				
Deferred gain on refunding of bonds	5,243	—	—	5,243
Deferred inflows of resources related to pensions	2,551	—	—	2,551
Deferred inflows of resources related to OPEB	15,981	—	—	15,981
Total deferred inflows of resources	23,775	—	—	23,775
Net investment in capital assets	1,007,430	410,253	72,126	1,489,809
Restricted for other purposes				
Bond funds	242,702	—	—	242,702
Project funds	267,656	—	—	267,656
Passenger facility charges	—	60,999	—	60,999
Customer facility charges		—	87,207	87,207
Other purposes	31,401	—	—	31,401
Total restricted	541,759	60,999	87,207	689,965
Unrestricted	196,395	—	—	196,395
Total net position	$ 1,745,584	$ 471,252	$ 159,333	$ 2,376,169

See accompanying independent auditors' report.

Schedule IV

MASSACHUSETTS PORT AUTHORITY

Combining Schedule of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2019

(In thousands)

	Authority Operations	PFC Program	CFC Program	Combined Totals
Operating revenues:				
Aviation rentals	$ 267,055	$ —	$ —	$ 267,055
Aviation parking	182,135	—	—	182,135
Aviation shuttle bus	21,196	—	—	21,196
Aviation fees	153,194	—	—	153,194
Aviation concessions	130,801	—	—	130,801
Aviation operating grants and other	2,034	—	—	2,034
Maritime fees, rentals and other	102,774	—	—	102,774
Real estate fees, rents and other	46,334	—	—	46,334
Total operating revenues	905,523	—	—	905,523
Operating expenses:				
Aviation operations and maintenance	305,596	—	—	305,596
Maritime operations and maintenance	64,412	—	—	64,412
Real estate operations and maintenance	16,898	—	—	16,898
General and administrative	67,273	—	—	67,273
Payments in lieu of taxes	21,331	—	—	21,331
Pension and other post-employment benefits	40,740	—	—	40,740
Other	8,631	—	—	8,631
Total operating expenses before depreciation and amortization	524,881	—	—	524,881
Depreciation and amortization	225,056	48,959	14,329	288,344
Total operating expenses	749,937	48,959	14,329	813,225
Operating income (loss)	155,586	(48,959)	(14,329)	92,298
Nonoperating revenues and (expenses):				
Passenger facility charges	—	84,824	—	84,824
Customer facility charges	—	—	33,517	33,517
Investment income	26,235	1,246	2,304	29,785
Net increase in the fair value of investments	5,977	196	816	6,989
Other revenues	21,003	—	49	21,052
Settlement of claims	1,469	—	—	1,469
Terminal A debt service contribution	3,358	(10,852)	—	(7,494)
Other expenses	(2,749)	—	(191)	(2,940)
Gain on sale of equipment	203	—	—	203
Interest expense	(62,263)	(2,496)	(11,251)	(76,010)
Total nonoperating (expense) revenue, net	(6,767)	72,918	25,244	91,395
Increase in net position before capital contributions	148,819	23,959	10,915	183,693
Capital contributions	28,143	—	—	28,143
Increase in net position	176,962	23,959	10,915	211,836
Net position, beginning of year	1,568,622	447,293	148,418	2,164,333
Net position, end of year	$ 1,745,584	$ 471,252	$ 159,333	$ 2,376,169

See accompanying independent auditors' report.

APPENDIX C

REVIEW OF AIRPORT PROPERTIES NET REVENUES PROJECTION

related to the proposed issuance of

MASSACHUSETTS PORT AUTHORITY

REVENUE REFUNDING BONDS, SERIES 2021-A (Non-AMT),
REVENUE REFUNDING BONDS, SERIES 2021-B (AMT), and
REVENUE REFUNDING BONDS, SERIES 2021-C (Taxable)

Prepared for

Massachusetts Port Authority
Boston, Massachusetts

Prepared by
LeighFisher
San Francisco, California

January 25, 2021

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CONTENTS

TABLES

EXHIBITS

LeighFisher

January 25, 2021

Ms. Lisa S. Wieland
Chief Executive Officer and Executive Director
Massachusetts Port Authority
One Harborside Drive, Suite 200S
East Boston, Massachusetts 02128

Re: **Review of Airport Properties Net Revenues Projection**
Massachusetts Port Authority
Revenue Refunding Bonds, Series 2021-A (Non-AMT), Series 2021-B (AMT), and Series 2021-C (Taxable)

Dear Ms. Wieland:

LeighFisher is pleased to submit this review of the Airport Properties Net Revenues Projection in connection with the proposed issuance of Revenue Refunding Bonds, Series 2021-A (Non-AMT), Series 2021-B (AMT), and Series 2021-C (Taxable) (collectively the 2021 Refunding Bonds), by the Massachusetts Port Authority (the Authority). The 2021 Refunding Bonds are being issued pursuant to the Trust Agreement by and between the Authority and U.S. Bank National Association, as successor-in-interest to State Street Bank and Trust Company, as trustee, dated as of August 1, 1978, as amended and supplemented (the 1978 Trust Agreement). Capitalized terms not otherwise defined have the meanings given to such terms in the 1978 Trust Agreement.

The Authority is a multipurpose agency that owns, operates and manages Boston-Logan International Airport (the Airport or Logan Airport); L.G. Hanscom Field (Hanscom Field), a general aviation reliever airport; and Worcester Regional Airport (Worcester Airport, and collectively with Logan Airport and Hanscom Field, the Airport Properties); and certain Port Properties. As described in the Official Statement, to which this review is attached as an appendix, the 2021 Refunding Bonds are payable solely from Revenues of the Authority, which include revenues from both the Airport Properties and the Port Properties. However, this review focuses solely on the Airport Properties, which in Fiscal Year (FY) 2019 – the last full fiscal year before the onset of the COVID-19 pandemic – generated 81.6% of total Authority Revenues. In FY 2020, Airport Properties represented 80.5% of total Authority Revenues. (The FY of the Authority ends June 30.)

The Authority intends to issue the 2021 Refunding Bonds under the terms of its 1978 Trust Agreement to refund, or pay at maturity, as the case may be, certain currently outstanding Bonds of the Authority, as well as to pay for the funding of a debt service reserve and costs of issuance.

The Authority has prepared certain financial projections in connection with the issuance of the 2021 Refunding Bonds, which are included in Appendix A to the Official Statement for the 2021 Refunding Bonds, to which this review is attached as Appendix C.

COVID-19 PANDEMIC

The emergence of the highly contagious novel coronavirus, COVID-19, at the end of 2019 caused the steepest traffic decline in aviation history and continues to present significant challenges to the world economy and airline industry compared with past public health crises and unexpected major negative events. In March 2020, the World Health Organization (WHO) declared COVID-19 a global pandemic, prompting governmental actions to slow the spread of the disease, including mandates for businesses to close and for people to stay at home. These mandates have contributed to a major contraction of the global economy and substantial job losses. This severe economic contraction, combined with continuing fears about contagion and the safety of air travel, have resulted in the collapse of demand for air travel, the grounding of a significant number of the world's commercial airline fleets, and drastic cuts in air service.

According to the American Medical Association, by October 2020, COVID-19 was the third leading cause of death in the U.S. among persons aged between 45 and 84, after heart disease and cancer. Worldwide cases of COVID-19 leveled off in April after physical distancing measures were put in place. However, as countries began to reopen in May and June, a resurgence of the virus led to an increasing number of new cases of COVID-19 and associated deaths, particularly in the United States. New cases began spiking again in November 2020 and continued into December 2020, reflecting a "second wave" of the virus, with mini-outbreaks occurring globally, even in countries that were previously relatively successful in containing the virus (such as South Korea, Australia, and Japan). Demand for air travel globally is expected to remain suppressed until a widely accepted COVID-19 treatment or vaccine is widely available.

On December 11, 2020 and December 18, 2020, the U.S. Food and Drug Administration issued emergency use authorizations for two COVID-19 vaccines. These vaccines, and others currently undergoing the drug trial process, are expected to be rolled out to the general public over the next six months or more, potentially leading to a return to more normal economic activity (and possibly more normal conditions in the aviation industry) during the latter half of calendar year 2021.

The global economic disruption caused directly and indirectly by the COVID-19 pandemic far exceeds the effects of earlier public health scares and will have far-reaching implications for the global airline industry and airline travel, likely extending for several years. Nationally, according to the Transportation Security Administration (TSA), the number of passengers screened at all U.S. airports decreased by 52% in March 2020 and by 95% in April 2020 relative to the same months in 2019. April figures represented the trough and screenings have gradually increased since then, reaching 35% of 2019 levels by the first half of November 2020 (a reduction of 65%). This sharp and deep decline in passenger activity is unprecedented. By contrast, the largest monthly decrease in the United States prior to COVID-19 (33.4%) occurred in September 2001 as a result of the terrorist attacks of September 11, 2001. For the nation as a whole, passenger traffic took three years to recover after 9/11 and seven years to recover after the 2008-2009 financial crisis.

At Logan Airport, passenger traffic declined by 53% in March 2020 and 97% in April 2020 (which was the trough) with the rate of decline gradually improving over succeeding months. October 2020 passenger traffic was 79.3% below October 2019 levels.

In reaction to the pandemic, the U.S. Congress enacted and the President signed into law the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) on March 27, 2020, which included measures to provide economic relief to both U.S. airports and airlines. The Authority was awarded a $143.6 million grant under the CARES Act for reimbursement of operating expenses, debt service, and/or capital expenditures for the Airport, Hanscom Field, and Worcester Airport, which must be used within four years. Airport operators using CARES Act grants must comply with certain obligations, including, but not limited to, employing at least 90% of their full-time staff (subject to adjustments for retirements or voluntary employee separations) as of March 27, 2020 through December 31, 2020. The Authority complied with this obligation.

On December 27, 2020, the "Consolidated Appropriations Act, 2021" became law, under which an additional $2 billion in federal COVID-19 relief will be provided to airports and airport concessionaires nationwide. At this time, the Authority estimates that it will receive approximately $30 million of Airport Coronavirus Response Grant funds under this legislation that can be used for operating and debt expenses.

In reaction to the pandemic and the resulting significant decline in passengers and passenger-related revenues, the Authority has implemented a number of financial and operational measures, including:

- Reducing operating expenses, including an approximately 25% reduction in total Authority staffing levels, which is expected to occur by the end of the first quarter of calendar year 2021
- Deferring and reducing non-critical capital expenditures
- Reducing frequencies of shuttle buses
- Requiring mask wearing for anyone entering an Airport facility or using Airport transportation
- Formulating a plan to apply the CARES Act grant funds
- Providing temporary financial relief to tenants, including deferring airline terminal rentals and landing fees, and deferring terminal concessionaire minimum annual guarantees (MAGs)
- Formulating plans to refund and restructure certain outstanding Bonds as part of the current financing
- Increasing the cleaning of all touched public spaces, equipment, public restrooms, holdroom seating in terminals, and transportation buses
- Adding physical distancing reminder signs throughout all facilities

Given the unprecedented nature of, and continuing uncertainty regarding, the COVID-19 pandemic and its impact on the aviation industry and worldwide economies, this report does not include a forecast of aviation activity, revenues, expenses, airline cost per enplaned passenger, or debt service coverage.

Rather, the report presents a hypothetical scenario of enplaned passengers showing recovery to FY 2019 activity levels at the Airport over approximately a six year period, based upon an ensemble of traffic recovery projections developed by Fitch Ratings, Moody's Investors Service, and S&P Global Ratings. These are indicative of possible paths for traffic recovery. Revenues were extrapolated from the indicative traffic recovery scenarios and are presented as a range of projections.

The level of uncertainty regarding the recovery of traffic to its pre-pandemic levels is extremely high and dependent upon numerous variables, including among other things, when and if the United States can achieve some degree of control of the virus, the potential for breakthroughs in COVID-19 treatments, the likelihood and timing of successful vaccines that can be deployed on a large scale basis and the willingness for people to get vaccinated, the near-term and long-term damage to the economy brought about from the pandemic, the potential for the U.S. Congress to pass another economic stimulus package, the resilience of the U.S. airline industry, the duration of lockdowns and travel restrictions, and the potential for a structural shift in industry and consumer behaviors. The COVID-19 pandemic has had and will continue to have material adverse effects on passenger traffic and Airport Properties operations and financial performance for the foreseeable future.

SCOPE OF STUDY

In conducting our study, we reviewed:

- The estimated costs and funding sources for Airport Properties capital improvements included in the Authority's current capital program, as in effect as of December 31, 2020 (the Capital Program). The Authority is continuing to review projects proposed for funding with monies from the Authority's Improvement & Extension Fund for potential additional revisions and deferments.

- The estimated sources and uses of funds for the 2021 Refunding Bonds, and associated estimated annual debt service requirements for the 2021 Refunding Bonds, as prepared by the Authority and its financial advisor, PFM Financial Advisors LLC, as well as the Authority's preliminary plans for future bond issues during the period FY 2021 through FY 2025. (As part of separate services provided to the Authority under LeighFisher's contract with the Authority, we assisted the Authority and its financial advisor in formulating a plan of finance for implementing the Capital Program).

- The Authority's initiatives, actions, and proposed and planned approaches for addressing the impact of the COVID-19 pandemic on its business operations, including the FY 2021-2023 Financial Sustainability Plan.

- The Authority's grant award under the CARES Act, and the allocation of CARES Act grant funds to Revenues during FY 2020 and FY 2021. (CARES Act grant funds may be included in the definition of Revenues pursuant to the 1978 Trust Indenture as Available Funds, upon approval by the Authority's Board.)

- The Authority's approved passenger facility charge (PFC) program, including the Authority's twelfth PFC application currently under review with, and pending approval by, the FAA. We also reviewed the Authority's preliminary plans for future PFC applications during the period FY 2021 through FY 2025. PFC revenues of the Authority are not pledged to the payment of debt service on the 2021 Refunding Bonds or any of the Authority's Bonds issued under the 1978 Trust Agreement. However, the Authority anticipates, and the projections described herein assume, that the Authority will apply PFCs to pay a portion of the debt service on the Authority's Series 2019A Bonds, Series 2019C Bonds, and Series 2021C Bonds expected to be issued as part of this transaction, as well as to pay a portion of the debt service on certain future Bonds of the Authority, including the new money Series 2021 bonds currently expected to be issued by the Authority by Summer 2021 (the 2021 New Money Bonds).

- The Authority's projected deposits to the Payment in Lieu of Taxes (PILOT), Self-Insurance, Maintenance Reserve, Capital Budget, and Improvement and Extension funds or accounts.

- The Authority's policies and rate-making procedures relating to the calculation of airline terminal rents and landing fees, as documented in the Authority's financial model for calculating annual airline rates and charges, the Authority's document titled "Preliminary FY21 Commercial Aviation Rates," which was adopted as the rate schedule in effect for FY 2021, and documentation of Authority Board votes related to airline rates and charges.

- The Authority's Temporary Airline Cost Center Relief (TACCR) program related to airlines' FY 2021 rates and charges.

- Contractual agreements relating to the use and occupancy of the Airport Properties (as affected by the Authority's efforts to provide temporary relief to tenants related to COVID-19) focusing on those that materially contribute to Airport Properties revenue totals, including the Delta Air Lines leases for portions of Terminal A; the American Airlines, United Airlines, Southwest Airlines, Air Canada, Alaska Airlines, and Spirit Airlines leases for portions of Terminal B; the JetBlue Airways lease for portions of Terminal C and one gate in Terminal E; as well as agreements governing the operation of concession privileges in the terminal area, agreements related to the operation of rental car activities at the Airport, and agreements with transportation network companies (e.g., Uber and Lyft) providing services using mobile phone app-based technology (Ride App companies) operating at the Airport.

- The Authority's procedure for allocating general and administrative expenses and PILOT costs as documented in the Authority's financial model for calculating annual airlines rates and charges.

- Historical correlations between and among Airport Properties revenues, Airport Properties operating expenses, and passenger enplanements at the Airport.

- The Authority's actual Airport Properties operating expenditures for FY 2020, the Authority's estimated operating expenditures for FY 2021 based on trends in actual data for the first three months of FY 2021 and budgeted amounts for the remaining nine months of FY 2021, and the Authority's projected of operating expenses for FY 2022 through FY 2025.

- The Authority's actual Airport Properties operating revenues for FY 2020, the Authority's estimated revenues for FY 2021 based on trends in actual data for the first three months of FY 2021 and budgeted amounts for the remaining nine months of FY 2021, and the Authority's projected revenues for FY 2022 through FY 2025.

- The Authority's rental car customer facility charge (CFC) program, including its history of CFC collections. CFC revenues of the Authority are not pledged to the payment of debt service on the 2021 Refunding Bonds.

- The Authority's business arrangements related to the development and operation of the Rental Car Center, as well as the concession agreements between the Authority and the rental car companies related to rental car operations at the Airport.

- The Authority's Comprehensive Annual Financial Reports (CAFR) for FY 2019 and FY 2020, and voluntary disclosure filings related to the impact of and response to COVID-19.

We have relied upon the information listed above and other information provided to us without validating the accuracy, completeness, or reliability of such information. While we have no reason to believe that the information does not provide a reasonable basis for the financial projections set forth in this review, we offer no assurances as to the accuracy or reliability of such information.

We have relied upon the estimates of project costs and construction schedules for projects included in the Capital Program, as in effect as of December 31, 2020, as prepared by the Authority. We did not conduct an independent review of the cost estimates or the construction schedules, and offer no opinion on the reasonableness of such costs or the achievability of such schedules.

We reviewed the key factors upon which the Airport Properties Net Revenues may depend, and assisted the Authority in formulating certain assumptions about those factors. Specifically, we assisted the Authority in formulating assumptions regarding passenger enplanements, airline revenues, and operating expenses including incremental operating expenses for new Airport Properties facilities; and we reviewed the Authority's projections of parking, rental car, Ride App company, and terminal concession revenues.

KEY FACTORS AFFECTING THE NET REVENUES PROJECTIONS

The projection of Airport Properties Net Revenues under a hypothetical case where aviation activity at Logan Airport returns to approximately 80% of FY 2019 levels by FY 2025; on a trajectory to return to 90% or more of FY 2019 activity levels by FY 2026 (the "Recovery Planning Scenario") is set forth in the accompanying Exhibit A. Achievement of the financial projections will depend particularly on achievement of the assumptions regarding the key factors described below.

Aviation Activity Projections

As shown in Table 1, the Authority's Recovery Planning Scenario is based on the assumption that total passengers at the Airport will decrease by 74.1% in FY 2021 compared to FY 2020, to 7.9 million passengers for the full FY 2021. This represents an 81.2% reduction in total passengers compared to actual FY 2019 levels. During the first four months of FY 2021, total passengers decreased by 81.6%.

Table 1
ACTUAL AND PROJECTED PASSENGERS – RECOVERY PLANNING SCENARIO
Boston-Logan International Airport
(For the 12 months ending June 30, in thousands)

	Actual		**Projection**				
	FY 2019	**FY 2020**	**FY 2021 (b)**	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**
Total passengers (a)	41,752	30,290	7,856	12,536	21,292	27,254	34,067
Percentage change							
From prior year		*-27.5%*	*-74.1%*	*59.6%*	*69.8%*	*28.0%*	*25.0%*
From FY 2019		*-27.5%*	*-81.2%*	*-70.0%*	*-49.0%*	*-34.7%*	*-18.4%*

(a) Excludes general aviation passengers.
(b) Reflects actual data for the three months ending September 30, 2020, and estimated data for the remaining nine months of FY 2021.

Source: Massachusetts Port Authority.

Further, the Authority's Recovery Planning Scenario reflects a 59.6% annual year-over-year increase in FY 2022, followed by a 69.8% increase in FY 2023, and annual increases in the range of 25% to 28% during FY 2024 and FY 2025, to reach 34.1 million passengers in FY 2025. Under this recovery trajectory, the Airport would be on a pace to attain approximately the total number of passengers last observed in FY 2019 by FY 2026. The Authority's assumptions for projected passenger growth were developed in coordination with LeighFisher and were based upon partial year actual results, discussions with individual airlines and advance airline schedules, and assumptions regarding future air travel demand. The Authority and LeighFisher believe the passenger projection provides a reasonable basis for financial planning under the Recovery Planning Scenario; however, any projection is subject to risk, volatility, and uncertainty, such as that described in more detail within this section of the report.

Aviation Activity Projection Risk Factors

In the near-term to medium-term, the impact of the COVID-19 pandemic and the speed of recovery of both the economy and public confidence in the aviation system will significantly affect aviation activity levels at the Airport and, as of the date of this report, there is great uncertainty regarding the length of time it will take for aviation activity levels to recover to FY 2019 levels. As the Airport predominantly serves origin and destination activity (and has limited connecting passenger activity), future long-term growth in aviation activity at the Airport (subsequent to recovery from the COVID-19 pandemic) will occur largely as a function of the growth in the population and recovery and then growth of the economy of the Boston area, as well as regional, national, and international economic performance.

Several factors will play a role in the long-term growth in aviation activity at the Airport, including:

- The COVID-19 pandemic and public health concerns
- Local demographic and economic conditions
- Structural changes in the travel market
- Airline service at the Airport and other regional airports, particularly Manchester-Boston Regional Airport in Manchester, New Hampshire (Manchester) and T.F. Green Airport in Warwick, Rhode Island (T.F. Green)
- Aviation safety and security concerns
- The financial health of the airline industry
- Airline service, competition, routes, and fares
- Demand for air cargo
- Availability and price of aviation fuel
- Capacity of the national air traffic control system, and
- Capacity of Boston-Logan International Airport

COVID-19 Pandemic and Public Health Concerns. From time to time, public health concerns and associated restrictions on travel have reduced airline travel demand to and from various parts of the world. Examples are Severe Acute Respiratory Syndrome (SARS) in 2002-2003, the H1N1 influenza virus in 2009, Middle East Respiratory Syndrome (MERS) in 2013, Ebola Virus Disease (EVD) in 2014-2016, and the Zika virus in 2016-2017. In all these historical examples, reductions in airline travel were geographically localized and fairly short-lived, with travel soon recovering to pre-health-scare trends.

The COVID-19 pandemic is having far more serious and far-reaching effects on airline travel worldwide. At the end of 2019, the highly contagious novel coronavirus that causes the COVID-19 respiratory illness emerged in Asia, soon spreading to most parts of the world. COVID-19 was declared a global pandemic by the World Health Organization in March 2020 and has yet to be contained.

Governmental actions to slow the spread of the disease, including the mandated closure of businesses and offices, work-at-home requirements, prohibitions of public gatherings, quarantines, and travel restrictions have contributed to a recession in the global economy and widespread job losses. The economic recession, combined with continuing fears about contagion, has resulted in a severe reduction in the demand for air travel, the grounding of much of the world's airline fleets, and cuts in airline service. Since April 2020, airline service in the United States has gradually been restored and airline travel has recovered, but as of December 2020, data from the TSA indicates that the number of passengers enplaned at U.S. airports was still only approximately 38% of the number of passengers enplaned in December 2019.

The global economic disruption and reduction in airline travel caused directly and indirectly by the COVID-19 pandemic dwarfs the effects of earlier public health scares and will have far-reaching implications for the global airline industry, perhaps extending for several years. Until governments and public health authorities are able to contain the spread of the disease, eventually eliminate it through the widespread availability of effective vaccines, and reverse the associated economic impacts, COVID-19 is likely to overshadow all other factors affecting future airline travel.

Questions also remain about how some determinants of travel demand may change even once control of the pandemic and economic recovery eventually allow a "new normal" travel environment to be restored. For example, permanent reductions in some business travel for in-person meetings may result from the widespread adoption of videoconferencing by workers who have become accustomed to working from home.

Local demographic and national economic conditions. Both the demographics of the region in which the Airport operates as well as national economic conditions generally impact the level of passenger traffic at the Airport. The national economic recession experienced in 2008 and 2009 had a negative effect on passenger traffic at the Airport. Passenger numbers (enplaned plus deplaned passengers) for FY 2009 totaled 25.0 million, representing a 10.4% decline from the 27.9 million passengers that traveled through the Airport in FY 2007 (which at that time was a record number). Traffic levels at the Airport began to recover starting in late 2009 and increased in each year through FY 2019, when they reached a new high of 41.8 million (excluding general aviation passengers).

In FY 2020, passenger numbers decreased 27.5% to 30.3 million, as air travel fell significantly due to COVID-19. Passenger numbers decreased 52.7% in March 2020 and 97.4% in April 2020, year-over-year. Although decreases have lessened in each subsequent month since April, October 2020 levels at the Airport were still 79.3% below October 2019.

The Boston metropolitan area* was the 11th largest metropolitan area in the United States in terms of population as of July 2019** (the most recent data available), and it ranked 10th in the nation with 2.5 million employees as of June 2020. It had an unemployment rate of 2.1% in December 2019, below the national average of 3.4% at that time, and below the previous peak of 9.8% in June 2010. Because of the COVID-19 pandemic and associated economic disruption, however, the unemployment rate increased to 17.0% by June 2020, higher than the national average of 11.2% at that time. The Boston metropolitan area has historically had one of the nation's lowest unemployment rates, when compared to other large metropolitan areas, but that trend reversed when the COVID-19 pandemic began. While the unemployment rate in the Boston metropolitan area was the second lowest rate among the nation's 51 largest metropolitan areas (i.e., those with a 2010 Census population of one million or more) as of December 2019***, according to information from the U.S. Census website and the Bureau of Labor Statistics, it became one of the regions with the highest unemployment by June 2020.

In the greater Boston area, the following six major sectors have contributed to the Boston region's economic growth since the early 1990s and currently account for approximately one half of the Boston area employment base: high technology, biotechnology, health care, financial services, higher education, and tourism.

The Boston metropolitan area's average per capita personal income in calendar year 2019 (the most recent data available) was 44.3% above the national average and 16.8% above the New England average. During the 2002 to 2019 period, Massachusetts per capita income grew slightly faster than the national average****. Prior to the COVID-19 pandemic, it was projected to grow at a rate of 1.2% annually from 2017 to 2032, which would be just above the projected nationwide growth rate of 1.1%, according to Woods & Poole data.

As the nation's 11th largest metropolitan area, the Boston metropolitan area provides a large pool of potential travelers using the Airport in "normal" times. Moreover, increases in employment and per capita income translate into an increased likelihood of that population's propensity to travel by air. In addition, the Boston metropolitan area's status as a major business, tourism, and education destination serves as a draw for visitors, many of whom arrive by air. The return to "normal" passenger volumes at the Airport remains highly uncertain due to the complex interaction of variables affecting air travel demand, e.g., traveler comfort with new public health guidelines, economic dislocation, corporate reductions of business travel, and governmental barriers to international travel.

Structural changes in the travel market. With the globalization of business and the increased importance of international trade and tourism (prior to the onset of COVID-19), international economics, trade balances, currency exchange rates, government policies, and political relationships

*The Boston metropolitan area, as defined here, includes the counties of Essex, Middlesex, Norfolk, Plymouth, and Suffolk counties in Massachusetts and Rockingham and Strafford counties in New Hampshire.
**Source: census.gov, accessed January 22, 2021.
***Source: bls.gov, accessed January 22, 2021.
****Source: bea.gov, accessed January 22, 2021.

all influence passenger traffic at major U.S. airports. Concerns about hostilities and other perceived security and public health risks and associated travel restrictions also affect travel demand to and from particular international destinations. Once the economy and the aviation system recover from the effects of the COVID-19 pandemic, it is once again expected that sustained future increases in passenger traffic at the Airport will depend on global economic growth, stable and secure international conditions, and government policies that do not materially restrict international travel.

Airline service at the Airport and other regional airports. The Airport is estimated to have an average of 184 scheduled daily nonstop departures to destinations throughout the United States during December 2020 (compared to 454 in December 2019). Additionally, there were approximately 20 average daily international departures (compared to 65 in December 2019). Historically, the Airport's international service has primarily been to Canadian and European destinations, but has also included destinations in Central America, the Caribbean, Asia, the Middle East, South America, and Africa. The Airport's limited international service in December 2020 was primarily to European and Caribbean destinations.

Several foreign flag carriers have commenced service at the Airport since 2015 and continued to serve the Airport through March 2020 (prior to COVID-19 service cancellations), including Alitalia, Austrian, Cathay Pacific, Cabo Verde, El Al, KLM, Korean Air, LATAM Airlines, Norwegian Air Shuttle, Qatar, Royal Air Maroc, SAS, SATA, TAP Portugal, and WestJet. As of October 2020, 14 foreign flag airlines provided scheduled service to the Airport (compared to 31 in October 2019).

All passenger airlines have reduced or suspended service to the Airport during calendar year 2020. Nearly all foreign flag carriers operating from the Airport, including Air France, Emirates, Lufthansa, Qatar, WestJet, and Virgin Atlantic, reduced or suspended passenger operations in March 2020. During this time, the Airport was designated by the Department of Homeland Security as one of only 13 U.S. airports permitted to receive Americans returning to the U.S. As such, several airlines, including Air Canada, British Airways, Aer Lingus, and Icelandair continued to offer a minimal level of scheduled service between April and June 2020. Scheduled international departures for all carriers fell 90% between February and May 2020. Published airline schedules indicate that almost two-thirds of the foreign-flag airlines that suspended service in spring 2020 have resumed service at the Airport, although at drastically reduced frequencies compared to pre-COVID-19 levels. Only one domestic airline, Hawaiian, fully suspended operations during calendar year 2020; and as of December 2020, Hawaiian has resumed some operations at the Airport. Overall, domestic service has been reduced to a lesser extent than international service. In September 2020, Allegiant initiated service at the Airport and has averaged eight weekly flights to four destinations since initiating service. Future published schedules have not been reliable predictors of airline intentions. The published seat capacity outlook for future months has fallen with each passing month as airlines continue to grapple with the uncertainties of air travel demand and the pace at which it might recover.

There was no significant market share concentration among either domestic or foreign flag carriers at the Airport in FY 2019 (prior to the COVID-19 pandemic). JetBlue had the largest share of total Airport passengers with approximately 29% in FY 2020 (the same as in FY 2019), but four different airlines had more than an approximately 7% share of the international market at the Airport (Air Canada, British Airways, Delta, and JetBlue). The Airport is primarily an origin-destination airport, with approximately 94% of passengers beginning or ending their travel at the Airport.

The Airport is the second largest focus airport in JetBlue's network based on passengers. In April 2019, JetBlue announced plans to expand into Europe, with service from Logan Airport and New York-Kennedy to London. The new Trans-Atlantic service is slated to begin in late 2021. In July 2020, JetBlue and American announced a strategic partnership which includes code-sharing on flights and sharing of loyalty benefits. According to a July 16, 2020 JetBlue press release, the partnership will pair JetBlue's domestic network with American's international network, creating additional connectivity in the Northeast and enhancing each carrier's offerings in New York and Boston.

JetBlue places emphasis on routing international connecting traffic through its major East Coast airports (New York-Kennedy, Fort Lauderdale, and Logan Airport). JetBlue's strategy is to enter into alliances and agreements with foreign flag carriers to feed its domestic route network with international passengers. JetBlue has such agreements with Aer Lingus, Emirates Airlines, and TAP Portugal, among other airlines. While to date there has been no discernable impact on connecting passenger activity levels at Logan Airport resulting from these arrangements, there may be a resulting increase in connecting passenger activity at Logan Airport in the future. The Authority's passenger traffic projections described in this report do not incorporate increases in passenger hubbing activity that could potentially occur in the future, which would likely be accretive to the projected passenger numbers.

Of the three major airports serving the Boston area (which include T.F. Green and Manchester, in addition to Logan Airport), the Airport has always had by far the largest passenger market share in the region. The Airport's regional market share was 88% in calendar year 2019. In the first half of calendar year 2020, the number of enplaned passengers decreased sharply at T.F. Green, Manchester, and Logan airports, as passenger demand plummeted due to COVID-19. The Airport's regional market share remained stable, at 87%, during this period.

Aviation safety and security concerns. Concerns about the safety of airline travel and the effectiveness of security precautions influence passenger travel behavior and airline travel demand. Anxieties about the safety of flying and the inconveniences and delays associated with security screening procedures lead to both the avoidance of travel and the switching from air to surface modes of transportation for short trips.

Safety concerns in the aftermath of the September 2001 terrorist attacks were largely responsible for the steep decline in airline travel nationwide in 2002. Since 2001, government agencies, airlines, and airport operators worldwide have upgraded security measures to guard against changing threats and maintain confidence in the safety of airline travel. These measures include strengthened aircraft cockpit doors, changed flight crew procedures, increased presence of armed sky marshals, federalization of airport security functions under the TSA, more effective dissemination of information about threats, more intensive screening of passengers and baggage, and deployment of new screening technologies. The TSA has introduced “pre-check” service to expedite the screening of passengers who have submitted to background checks.

Following the fatal crashes of Boeing 737 MAX aircraft that are suspected to have been caused by the malfunction of the aircraft’s automated flight control system, all Boeing 737 MAX aircraft were grounded in March 2019. Among North American airlines, Air Canada, American, Southwest, and United are affected. At the time of the grounding, Boeing 737 MAX aircraft accounted for approximately 1.5% of U.S. airline seat capacity and 1.8% of the Airport’s seat capacity. In November 2020, the FAA rescinded its order grounding the aircraft, allowing it to return to service once design changes and revisions to pilot training programs are approved and the aircraft is recertified by the FAA and other regulatory agencies. The Boeing 737 MAX aircraft returned to providing passenger service on December 29, 2020.

Historically, airline travel demand has recovered after temporary decreases stemming from terrorist attacks or threats, hijackings, aircraft crashes, and other aviation safety concerns. Provided there are no major events and that precautions by government agencies, airlines, and airport operators serve to maintain confidence in the safety of commercial aviation without imposing unacceptable inconveniences for airline travelers, future demand for airline travel will depend primarily on economic, not safety, security, or public health factors.

The financial health of the airline industry. The number of passengers using the Airport will depend partly on the profitability of the U.S. airline industry and the associated ability of the industry and individual airlines to make the necessary investments to provide service. In 2015, the industry achieved record net income of $26 billion, as fuel prices decreased, demand remained strong, and capacity control allowed average fares and ancillary charges to remain high. Strong industry profitability continued in 2016 through 2019. U.S. passenger airline profits decreased by $5 billion during the first quarter of 2020 and by $10 billion during both the second and third quarters of 2020 as a result of the reduction in demand related to the COVID-19 pandemic.

Recent agreements between the major airlines and their unionized employees have resulted in increased labor costs. According to Airlines for America, U.S. airlines increased wages and benefits per full-time employee by 34% between 2013 and 2019. Contributing to the increased costs, a shortage of qualified airline pilots resulting from retirements and changed FAA qualification standards and duty and rest rules has required the airlines to increase salaries and improve benefits to attract and retain pilots.

Consolidation of the U.S. airline industry has resulted from the merger of Delta and Northwest (2009), the merger of United and Continental (2010), the acquisition of AirTran by Southwest (2011), the merger of American and US Airways (2013), and the acquisition of Virgin America by Alaska (2016, which became effective in 2018). Such consolidation has resulted in four airlines (American, Delta, Southwest, and United) and their regional affiliates accounting for approximately 80% of domestic seat-mile capacity prior to the onset of COVID-19. The consolidation had contributed to the increase in airline industry profitability over the past several years. However, any resumption of financial losses could cause U.S. airlines to seek bankruptcy protection or liquidate. The liquidation of any of the large network airlines could significantly affect airline service at certain connecting hub airports, present business opportunities for the remaining airlines, and change airline travel patterns nationwide. The COVID-19 pandemic has forced five U.S. airlines to cease operations due to reduced demand (none of which provided regular service at Logan Airport) and 13 foreign-flag airlines to restructure or cease operations as of August 2020.*

Because Logan Airport is predominantly an origin and destination airport, with limited connecting passenger activity, it is expected that if JetBlue or another carrier serving the Airport were to liquidate or were to significantly reduce service at the Airport as a result of a merger with another airline, there would be no material long-term reduction in the number of passengers using the Airport, because other airlines would be expected to increase service to accommodate passengers who would otherwise have traveled on the liquidated carrier. In the event of such an occurrence, however, there could be a material reduction in passenger numbers at the Airport in the short term.

The CARES Act provided for $50 billion in aid for passenger airlines, including $25 billion for the Payroll Support Program (PSP) and $25 billion in loans. Under the PSP, direct grants accounted for 70% of an airline's total support payment, with the remaining 30% made in the form of a loan. PSP funding ended on September 30, 2020. Passenger airlines were also eligible to apply for $25 billion in loans under the CARES Act.** Several U.S. airlines have received loans under the CARES Act, including Alaska, American, Frontier, Hawaiian, JetBlue, Mesa, Republic, Sky West, and United airlines.*** U.S. passenger airlines also offered voluntary separation programs and extended non-paid leave to maintain an appropriately sized workforce in response to the decreased demand for air travel related to the pandemic. Such programs provided employees with the opportunity to voluntarily end their employment in exchange for severance, healthcare coverage, and travel privileges and to voluntarily take extended emergency time off. Several airlines have taken other measures to bolster liquidity, including debt issuances and stock offerings. After the conditions of the CARES Act expired, approximately 32,000 airline employees were furloughed. In December 2020, a second stimulus package was passed which included an additional $15 billion in payroll support for passenger airlines. As a condition of the package, airlines will have to put furloughed workers back on the payroll through March 2021.

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* Airlines for America, www.airlines.org, accessed August 2020. Defunct U.S. airlines: Compass Airlines, ExpressJet, Miami Air International, Ravn Alaska, and Trans States Airlines. Defunct/restructured foreign-flag airlines: Aeromexico, Air Mauritius, Alitalia, Avianca, Comair (South Africa), Flybe, German Airways, Germanwings, LATAM, South African, Thai Airways, TAME, and Virgin Australia.
** National Law Review, "Passenger Airlines and U.S. Treasury Department Reach Agreement on CARES Act Payroll Support Program," April 17, 2020, www.natlawreview.com. "In accordance with the CARES Act, all aid recipients must use the payroll support payments exclusively to cover the cost of payroll and benefits. Each passenger airline must comply with the required terms and conditions of the CARES Act, such as (1) refraining from imposing involuntary furloughs on US-based employees or reducing employee pay or benefits through September 30; (2) maintaining certain limitations on executive compensation through March 24, 2022; (3) suspending the payment of dividends or other distributions and cease stock buybacks through September 30, 2021; and (4) continuation of service as is reasonable and practicable under Department of Transportation regulations."
*** Congressional Research Service, "Treasury and Federal Reserve Financial Assistance in Title IV of the CARES Act (P.L. 116-136)", updated January 6, 2021.

Airline service, competition, routes, and fares. The number of origin and destination passengers traveling through the Airport depends on the propensity of Boston region residents to travel by air and the intrinsic attractiveness of the region as a business and leisure destination. Although passenger demand at an airport depends primarily on the population and economy of the region served, airline service and the number of passengers enplaned also depend on the route networks of the airlines serving that airport. Major network airlines have emphasized the development of hub-and-spoke route networks as a means of increasing their service frequencies, passenger numbers, and profitability. Logan Airport almost exclusively serves origin-destination passengers. It does not serve as a hub for any airline (although Boston is JetBlue's second largest focus city) and, consequently, is not dependent on connecting passengers.

Airline fares have an important effect on passenger demand, particularly for relatively short trips for which the automobile and other travel modes are potential alternatives, and for price-sensitive "discretionary" travel. The price elasticity of demand for airline travel increases in weak economic conditions when the disposable income of potential airline travelers is reduced. Airfares are influenced by airline capacity and yield management; passenger demand; airline market presence; labor, fuel, and other airline operating costs; taxes, fees, and other charges assessed by the airlines themselves as well as governmental and airport agencies; and competitive factors. Future passenger growth – globally, nationwide, and at the Airport – will depend partly on the level of airfares.

Overcapacity in the industry, the ability of consumers to compare airfares and book flights easily via the internet, and other competitive factors combined to reduce airfares between 2000 and 2005. From 2006 through 2008, as airlines reduced capacity and were able to sustain fare increases, the average domestic yield increased. In 2009, yields again decreased, but, beginning in 2010, as airline travel demand increased and seat capacity was restricted, yields increased through 2014. Between 2015 and 2016, domestic yields decreased again, reflecting lower aviation fuel prices and increased airline competition, and yields have been fairly stable since then, through 2019 (i.e., up to the onset of COVID-19). Yields decreased in the first half of 2020 as passenger demand dropped drastically.

Beginning in 2006, charges were introduced by most airlines for optional services such as checked baggage, preferred seating, in-flight meals, and entertainment, thereby increasing the effective price of airline travel.

LCCs, including ultra-low cost carriers (ULCCs), have aggressively expanded their operations throughout the nation. LCCs are carriers that take advantage of an operating cost structure that is significantly lower than the cost structure of the legacy carriers. These advantages can include lower labor costs, greater labor flexibility, a streamlined aircraft fleet (i.e., fewer different types of aircraft in a given airline's fleet), and a generally more efficient operation. ULCCs are carriers that disaggregate the various services and amenities involved in an air trip and charge passengers for them separately on an a la carte basis. The price of a ticket quoted by a ULCC carrier is typically just for the seat on the aircraft. These low costs suggest that the LCCs and ULCCs can offer a low fare structure to the traveling public while still maintaining profitability. In calendar year 2019, LCCs (including ULCCs) provided approximately 31% of the airline seat capacity in the U.S. market.

Prior to the COVID-19 pandemic, LCCs had significantly increased their service at the Airport, in common with many large hub airports* nationwide. Five domestic LCCs currently operate at the Airport—Frontier, JetBlue, Southwest, Spirit, and Sun Country (of those, Frontier, Spirit, and Sun Country are considered ULCCs). These airlines collectively lease 33 of the 86 gates currently operational at the Airport.

In addition, four foreign flag LCCs—Level, Norwegian (including Air Shuttle and UK), Porter, and WestJet, provided international service to seven destinations during FY 2020. Each of these airlines ceased service at the Airport due to the COVID-19 pandemic and it remains uncertain when or if service will resume. The foreign flag LCCs operate from the common use gates in Terminal E, with the exception of WestJet, which subleases a gate in Terminal A from Delta. Collectively, LCCs – including a tenth, Allegiant Airlines, which has since stopped service at the Airport – provided 59 daily departures as of October 2020 (compared to 218 daily departures in October 2019). The nine LCCs accounted for 40.9% of Airport-wide passengers during FY 2020, significantly higher than the national average, and up from 27% in FY 2010.

Notwithstanding these trends, to some extent, there is now a blurring of the distinction between the major network airlines and the traditional LCCs. As the LCCs have started to serve airports in major metropolitan areas (such as JetBlue at Logan Airport and New York-Kennedy; Southwest at Logan Airport and New York-LaGuardia, etc.), and some LCCs have faced increases in labor costs (e.g., unionized labor and maturing crews with increased pay), the cost base of the traditional LCC has trended upwards. At the same time, the network carriers have been striving to adopt some of the practices and operational norms of the LCCs, resulting in a general downward trend for major network airline costs.

Demand for air cargo. Although economic activity is the primary factor affecting world air cargo demand, there are other important factors, some of which are influenced by airline actions. Air cargo development is influenced by such airline actions as the acquisition of new aircraft, increased capacity in certain regions or on specific routes, and expansion of air cargo provider products and services. Factors beyond the control of airlines and the cargo industry as a whole (freight forwarders, warehouse operators, local trucking companies) include changing inventory management techniques, globalization of trade, market liberalization, electronic delivery of documents, increased security screening requirements, continuing introduction of new products that are conducive to shipment by air (e.g., lightweight but high-value electronics, computer equipment, pharmaceuticals), evolving modes of product delivery and advanced techniques of product manufacturing (e.g., 3D printing).

During calendar year 2019, 324,932 tons of cargo and mail were shipped through Logan Airport. Logan Airport was the 22nd busiest cargo airport in the U.S. during that period, according to Airports Council International (ACI). During the first nine months of calendar year 2020, cargo and mail volumes at the Airport are down by 17.5% compared to the same period in calendar year 2019, reflecting the impact of COVID-19. By comparison, cargo and mail volumes handled at all U.S. airports decreased an average of 4.9% during the first eight months of calendar year 2020 (the most recent data available), as

*Large hub airports are defined by the FAA as those that represent at least 1% of total enplanements nationwide.

compared to the same period of 2019. (For FY 2020, cargo and mail volumes at the Airport fell 10.3% compared to FY 2019.) Cargo is considered a significant contributor to operations at the Airport.

Historically, the financial performance of the air cargo and cargo transportation industry has experienced periods of growth and decline, but generally speaking, the financial health and performance has been more stable and consistent than that of the U.S. passenger airline industry. Sustained profitability will depend on, among other factors, economic growth to support air cargo demand, continued growth in online retail sales, continued control over air package pricing, and stable fuel prices. Prior to the onset of COVID-19, Boeing and Airbus forecast worldwide growth in air cargo tonnage of approximately 4% per year over the next 20 years, driven primarily by growth in emerging markets.

Availability and price of aviation fuel. The price of aviation fuel is a critical and uncertain factor affecting airline operating economics. Fuel prices are particularly sensitive to worldwide political instability and economic uncertainty.

Between 2011 and 2014, aviation fuel prices were relatively stable, partly because of increased oil supply from U.S. domestic production, made possible by the hydraulic fracturing of oil-bearing shale deposits and other advances in extraction technology. As of mid-2014, average fuel prices were approximately three times those prevailing at the end of 2003, and accounted for between 30% and 40% of expenses for most airlines.

Beginning in mid-2014, an imbalance between worldwide supply and demand resulted in a precipitous decline in the price of oil and aviation fuel through the end of 2015. Fuel prices increased through 2019, but dropped sharply again in 2020 during the COVID-19 pandemic. The average price of aviation fuel in October 2020 was almost 40% lower than it was in January 2020 and was at the lowest point since early 2004. Lower fuel prices have a positive effect on airline profitability as well as far-reaching implications for the global economy.

Airline industry analysts hold differing views on how oil and aviation fuel prices may change in the near term, although, absent unforeseen disruptions, prices are expected to remain relatively low. However, there is widespread agreement that fuel prices are likely to increase over the long term as global energy demand increases in the face of finite oil supplies that are becoming more expensive to extract. Some economists predict that the development of renewable sources of energy, pressures to combat global climate change, the widespread use of electric cars, and other trends will eventually result in a decline in the demand for oil and resulting downward pressure on fuel prices in the long term. Aviation fuel prices will continue to affect airfares, passenger numbers, airline profitability, and the ability of airlines to provide service. Airline operating economics will also be affected if regulatory costs are imposed on the airline industry as part of efforts to reduce aircraft emissions contributing to global climate change.

Capacity of the national air traffic control system. Demands on the national air traffic control system have, in the past, caused delays and operational restrictions affecting airline schedules and passenger traffic. The FAA is gradually implementing its Next Generation Air Transportation

System (NextGen) air traffic management programs to modernize and automate the guidance and communications equipment of the air traffic control system and enhance the use of airspace and runways through improved air navigation aids and procedures. Since 2007, airline traffic delays nationwide have decreased as a result of reduced numbers of aircraft operations (down approximately 15% between 2007 and 2018), but, as airline travel increases in the future and recovers from the impact of the COVID-19 pandemic, flight delays and restrictions can be expected.

Capacity of Boston-Logan International Airport. In addition to any future constraints that may be imposed by the national air traffic control and national airport systems, future growth in airline traffic at the Airport will depend in part on the capacity of the Airport itself. Authority management believes that current facilities at the Airport (i.e., airfield, terminal, landside, and Airport access facilities), will provide sufficient airside, terminal, and landside capacity to accommodate the assumed level of passenger traffic that underlies the financial projections through FY 2025 (the final year of the projection period described in this report).

Airport Properties Revenues – Recovery Planning Scenario

As shown in Table 2, the Authority's Airport Properties Revenues fell from $755.4 million in FY 2019 to $681.1 million in FY 2020, reflecting the impact of COVID-19 during the final four months of FY 2020, and are projected to decline further to $523.8 million in FY 2021 (based on three months of actual data and nine month of budgeted data). The FY 2020 and FY 2021 totals exclude CARES Act grants, which can be included in Revenues as Available Funds pursuant to the 1978 Trust Indenture.

The Authority designated $57.1 million of CARES Act grant funding as Available Funds in FY 2020, and expects to designate the remainder ($85.9 million), plus an additional $30 million of Airport Coronavirus Response Grant funds expected to be received by the Authority (for $115.9 million in total), as Available Funds in FY 2021.

In FY 2022 and thereafter, Airport Properties revenues are projected to gradually recover with aviation activity, reaching $780.0 million in FY 2025 – equivalent to a compound annual growth rate (CAGR) of 0.5% from FY 2019 to FY 2025. During the five-year period from FY 2014 to FY 2019, Airport Properties revenues increased at a CAGR of 7.2% per year.

Logan airline revenues. The Authority expects to continue to calculate airline rents and fees generally on the basis of existing rate-making procedures, as documented in the Authority's financial model for calculating annual airlines rates and charges, and the Authority's document titled "Preliminary FY21 Commercial Aviation Rates." Terminal rentals are calculated using a "commercial compensatory" methodology, with the Authority recovering a portion of the allocated operating expenses and capital costs for each terminal through terminal rental revenues. Where applicable, the Authority's lease agreements with air carriers for terminal space at the Airport state that the Authority may revise rental rates periodically, at the Authority's discretion, to recover the actual direct and indirect capital and operating costs for such leased space. The landing fee rate is calculated on a "cost center residual" basis, with the allocated operating and capital costs for the airfield area,

Table 2

ACTUAL AND PROJECTED AIRPORT PROPERTIES REVENUES – RECOVERY PLANNING SCENARIO

Massachusetts Port Authority

(For the 12 months ending June 30, dollars in thousands)

	Actual (a)		Projection				
	FY 2019	FY 2020	FY 2021 (b)	FY 2022	FY 2023	FY 2024	FY 2025
Logan Revenues							
Landing fees	$ 119,847	$ 110,490	$ 113,059	$ 104,306	$ 115,041	$ 132,913	$ 155,083
Automobile parking fees	181,478	136,436	53,578	53,888	82,549	104,216	130,224
Utility fees	13,541	11,126	9,990	11,158	12,937	13,112	13,839
Terminal rentals	203,861	211,136	206,070	206,946	226,544	268,553	283,284
Non-Terminal building & ground rents							
Hangar/cargo rentals	$ 21,513	$ 21,926	$ 22,792	$ 23,320	$ 23,861	$ 24,416	$ 24,985
Other building rentals	7,586	7,776	8,286	8,495	8,710	8,930	9,156
Ground rent	19,622	19,765	17,058	18,181	20,692	21,153	21,626
Fuel farm	1,635	1,650	1,671	1,696	1,721	1,747	1,773
Ramp & apron	4,432	4,608	4,496	4,586	4,678	4,771	4,867
	$ 54,788	$ 55,725	$ 54,303	$ 56,278	$ 59,661	$ 61,017	$ 62,407
Concessions							
Terminal concessions	$ 67,097	$ 55,616	$ 18,795	$ 18,983	$ 25,612	$ 32,783	$ 40,979
Rental car	34,858	30,481	30,755	23,892	24,744	31,672	39,590
Taxi	3,732	2,399	472	1,411	2,397	3,068	3,835
Ride App companies	10,716	11,909	3,848	3,886	5,243	6,711	8,389
Other landside concessions (d)	12,954	10,264	3,949	3,989	5,382	6,888	8,610
	$ 129,356	$ 110,669	$ 57,819	$ 52,161	$ 63,377	$ 81,123	$ 101,404
Other							
Shuttle bus	$ 21,196	$ 17,013	$ 8,068	$ 8,068	$ 8,068	$ 8,068	$ 8,068
Tenant aircraft parking	2,824	2,396	1,486	1,486	1,486	1,486	1,486
Security checkpoint reimbursement	1,842	2,722	1,133	1,133	1,133	1,133	1,133
Miscellaneous revenues	8,734	6,871	4,211	4,294	4,379	4,469	4,562
	$ 34,596	$ 29,001	$ 14,898	$ 14,981	$ 15,067	$ 15,156	$ 15,250
Subtotal: Logan revenues	$ 737,467	$ 664,583	$ 509,717	$ 499,718	$ 575,175	$ 676,090	$ 761,489
Hanscom and Worcester revenues	17,931	16,546	14,129	15,438	16,902	18,039	18,451
Airport Properties Revenues	$ 755,398	$ 681,129	$ 523,846	$ 515,156	$ 592,077	$ 694,129	$ 779,939
Percentage change		*-9.8%*	*-23.1%*	*-1.7%*	*14.9%*	*17.2%*	*12.4%*
Logan airline revenues (c)	$ 326,532	$ 324,022	$ 320,615	$ 312,738	$ 343,070	$ 402,952	$ 439,852
Percentage change		*-0.8%*	*-1.1%*	*-2.5%*	*9.7%*	*17.5%*	*9.2%*
Airline payments per enplaned passenger	$ 14.63	$ 20.21	$ 80.06	$ 48.98	$ 31.65	$ 29.07	$ 25.36

(a) Revenue subtotals may differ from Appendix A: Information Statement of the Authority, due to alternate groupings of terminal rentals, other, and concessions subtotals. Revenue totals for FY 2020 and FY 2021 do not reflect CARES Act grants.
(b) Reflects actual data for three months ended September 30, 2020, and estimated data for the remaining nine months of FY 2021.
(c) Logan Airline Revenues include Landing Fees, Terminal Rentals, and Tenant Aircraft Parking.
(d) Other landside concessions include bus and limousine, ground service, and customer amenity services.
Source: Massachusetts Port Authority.

net of certain revenues generated from miscellaneous activities on the airfield, divided by the scheduled airlines' landed weights.

Logan airline revenues, including landing fees, terminal rentals, and tenant aircraft parking, accounted for 43.2% of Airport Properties revenues in FY 2019, or $326.5 million, and declined to $324.0 million in FY 2020. Airline revenues are projected to further decline to $320.6 million in FY 2021, and thereafter to increase to $439.9 million in FY 2025, equivalent to a CAGR of 5.1% between FY 2019 and FY 2025. The projected increase in annual airline revenues through FY 2025 is primarily driven by increases to the airline cost base associated with capital projects, including the Terminal E Modernization project.

Under the Recovery Planning Scenario, airline cost per enplaned passenger is projected to increase from $14.63 in FY 2019 (the last full Fiscal Year prior to the onset of COVID-19) to $80.06 in FY 2021, before declining to $25.36 in FY 2025, reflecting the abnormally low aviation activity levels during the projection period and the Authority's cost recovery airline ratemaking methodology.

Automobile parking fees. Automobile parking fees accounted for 24.0% of Airport Properties Revenues in FY 2019, or $181.5 million, and declined to $136.4 million in FY 2020 primarily due to the impact of COVID-19. Automobile parking fees are projected to further decline to $53.6 million in FY 2021, mirroring the substantial projected decline in passenger throughput, before gradually increasing with increasing aviation activity, reaching $130.2 million in FY 2025. This represents a CAGR of negative 5.4% between FY 2019 and FY 2025. In response to COVID-19, the Authority has closed certain public parking facilities, including the economy garage, on a temporary basis.

An increase of $3 in the daily parking rates for all of Logan Airport's parking facilities went into effect on July 1, 2019 (the start of FY 2020), with a similar increased approved for implementation on July 1, 2021. No further parking rate increases are assumed through the projection period. Parking rates are not expected to be adjusted at the Authority's off-Airport Logan Express lots during the projection period.

Concessions. Concessions accounted for 17.1% of Airport Properties revenues in FY 2019, or $129.4 million, and declined to $110.7 million in FY 2020. Concessions revenues are projected to decrease further to $57.8 million in FY 2021, before increasing to $101.4 million by FY 2025, representing a CAGR of negative 4.0% between FY 2019 and FY 2025. Concessions include retail, duty free and food and beverage concessions in the terminals, rental car privilege fees and certain ground transportation fees and charges (including Ride App company revenues).

Terminal concession revenues totaled $67.1 million in FY 2019 and $55.6 million in FY 2020, and are projected to total $18.8 million in FY 2021. Thereafter terminal concession revenues are projected to increase to $41.0 million in FY 2025, reflecting the projected recovery in aviation activity under the Recovery Planning Scenario. This represents a CAGR of negative 7.9% between FY 2019 and FY 2025.

The Authority entered into a ten-year contract with MarketPlace Logan LLC for the management of the majority of terminal concession operations at the Airport. The development of enhanced concession facilities under the new contract began in FY 2018 and includes a new and higher MAG structure. Authority management expects that consolidating concessions management under a single contract with an industry leader will ensure consistency, continuity, and choice for the passengers traveling through the Airport once aviation activity recovers to long term trends post-COVID. Enhancements to per passenger spending rates on terminal concessions resulting from the new MarketPlace Logan LLC contract have been assumed for purposes of this projection.

Starting in December 2019, the Authority charges a fee of $3.25 per passenger pick-up and $3.25 per drop-off to Ride App companies operating on the Airport (an increase from the prior fee structure of $3.25 per pick-up with no drop-off charge). Ride App company revenues totaled $10.7 million in FY 2019 and $11.9 million in FY 2020, reflecting the impact of the pandemic (in spite of a new $3.25 drop-off charge being instituted during FY 2020), and are projected to decline to $3.8 million in FY 2021, before increasing to $8.4 million in FY 2025. This represents a CAGR of negative 4.0% between FY 2019 and FY 2025.

Non-terminal building and ground rents. Non-terminal building and ground rents accounted for 7.3% of Airport Properties Revenues in FY 2019, or $54.8 million, and increased to $55.7 million in FY 2020. This revenue source has been mostly unaffected by COVID-19, and is projected to increase to $62.4 million by FY 2025, reflecting primarily an increase in rental revenues associated with certain land use agreements and facility leases. Non-terminal building and ground rents are comprised of hangar/cargo rentals, other building rentals, ground rent, fuel farm, and ramp and apron revenues. Overall, non-terminal building and ground rent revenue is projected to increase at a CAGR of 2.2% from FY 2019 and FY 2025.

Utility fees. Utility fees accounted for 1.8% of Airport Properties revenues in FY 2019, or $13.5 million, declining to $11.1 million in FY 2020. Utility revenues are projected to be $10.0 million in FY 2021 before rising gradually to $13.8 million in FY 2025. These trends reflect the Authority's outlook for changing energy prices over time, and this source has been relatively unaffected by COVID-19.

Other. Other revenues accounted for 4.6% of Airport Properties revenues in FY 2019, or $34.6 million (including $2.8 million of tenant aircraft parking revenues), and $29.0 million in FY 2020. Other revenues include shuttle bus fees, security checkpoint reimbursement, and other miscellaneous revenues. When tenant aircraft parking (which is part of Logan airline revenues) is excluded, this revenue category is projected to decline from $26.6 million in FY 2020 to $13.4 million in FY 2021, before increasing to $13.8 million in FY 2025. The decline in revenues is primarily a result of significant reduction in off-Airport parking shuttle bus revenues.

Airport Properties Operating Expenses – Recovery Planning Scenario

The Authority incurs operating expenses when maintaining, repairing and operating the Airport Properties. Such expenses generally include salaries and benefits, materials and supplies, repair, maintenance, services, professional fees, utilities, insurance, and other miscellaneous expenses, as well as administrative expenses allocated to the Airport Properties. Operating expenses are allocated to each cost center, including airfield and terminal cost centers, for cost recovery purposes through, in the case of airfield and terminal expenses, the airline rentals and fees.

As shown in Table 3, Airport Properties operating expenses totaled $390.0 million in FY 2019 and $384.2 million in FY 2020. This figure is projected to decline to $348.5 million in FY 2021 (based on three months of actual data and nine months of budgeted data), as a result of operating expense reductions related to the Authority's response to COVID-19 reflected in the Authority's FY 2021 budget, before increasing to $388.1 million in FY 2025, approximately flat between FY 2019 and FY 2025. During the 5-year period from FY 2014 to FY 2019, Airport Properties operating expenses increased at a CAGR of 4.8% per year.

The estimated total operating expenses for FY 2022 and thereafter reflect the impact of a planned 25% reduction in overall Authority employee levels, expected to be implemented during FY 2021. Those reductions are expected to reduce total Authority operating expenses by approximately $25 million per year, beginning in FY 2022.

Logan Airport expenses. In FY 2019, the primary expense allocations for Logan operating expenses were Terminal Building (40.4% of Logan Airport operating expenses), Landing Field (21.8%), Automobile Parking (16.7%), and Non-aeronautical (13.6%). Logan Airport operating expenses were $361.2 million in FY 2019 and $352.4 million in FY 2020, and are projected to decline to $321.4 million in FY 2021 before increasing to $357.5 million in FY 2025. This represents a CAGR of negative 0.2% between FY 2019 and FY 2025. The projected increases reflect changes in baseline expenses, as well as incremental operating expenses for new capital facilities, including the Terminal E Modernization project.

Hanscom Field and Worcester Airport. Hanscom Field and Worcester Airport expenses accounted for 7.4% of total Airport Properties operating expenses in FY 2019, or $28.8 million, and increased to $31.9 million in FY 2020. Operating expenses for Hanscom Field and Worcester Airport are projected to decline to $27.1 million in FY 2021 before subsequently increasing to $30.6 million in FY 2025, reflecting a CAGR of 1.0% between FY 2019 and FY 2025.

Table 3
ACTUAL AND PROJECTED AIRPORT PROPERTIES OPERATING EXPENSES – RECOVERY PLANNING SCENARIO
Massachusetts Port Authority
(For the 12 months ending June 30, dollars in thousands)

	Actual		Projection				
	FY 2019	FY 2020	FY 2021 (a)	FY 2022	FY 2023	FY 2024	FY 2025
Logan Expenses							
Personnel Expenses	$ 150,249	$ 155,752	$ 139,662	$ 128,581	$ 145,018	$ 152,449	$ 158,097
Repair & Materials	21,397	16,617	12,300	12,546	12,797	13,053	13,314
Services	45,525	46,202	41,703	42,954	44,242	45,570	46,937
Professional Fees	50,889	47,643	33,478	34,483	35,517	36,583	37,680
Utilities	30,349	25,413	23,138	24,342	28,225	28,605	30,191
Other plus Authority-wide allocations	62,769	60,763	71,164	52,733	60,398	66,777	71,297
Subtotal: Logan Expenses	$ 361,177	$ 352,390	$ 321,445	$ 295,639	$ 326,197	$ 343,037	$ 357,517
Hanscom and Worcester Expenses	28,815	31,855	27,056	26,317	28,407	29,618	30,623
Airport Properties Operating Expenses	$ 389,992	$ 384,245	$ 348,502	$ 321,956	$ 354,604	$ 372,655	$ 388,140
Percentage change		*-1.5%*	*-9.3%*	*-7.6%*	*10.1%*	*5.1%*	*4.2%*
Logan Expenses by Cost Center							
Landing Field	$ 78,912	$ 79,042	$ 78,009	$ 76,128	$ 84,633	$ 87,827	$ 92,591
Terminal Buildings	145,969	141,925	131,954	128,801	144,584	153,719	159,944
Automobile Parking	60,392	63,571	57,950	56,532	62,886	65,237	67,597
Non-aeronautical (b)	49,265	40,192	27,885	9,245	6,200	7,411	7,421
Bag Screening Facilities	13,635	14,672	11,183	10,888	12,151	12,582	13,056
Rental Car Center	5,172	5,487	6,821	6,631	7,418	7,671	7,969
Airline Support	6,062	5,738	6,034	5,846	6,577	6,779	7,060
Regional Carrier & General Aviation Facilitie	1,770	1,764	1,609	1,567	1,747	1,810	1,877
Logan Expenses by Cost Center	$ 361,177	$ 352,390	$ 321,445	$ 295,639	$ 326,197	$ 343,037	$ 357,517

(a) Reflects actual data for the three months ended September 30, 2020, and budgeted data for the remaining nine months of FY 2021.
(b) Including expenses for other unrecoverable items such as budget contingency. The FY 2021 and future years figures reflect a full year of budget contingency and allowances for potential increases in certain operating expense items.

Source: Massachusetts Port Authority.

THE CAPITAL PROGRAM

In February 2019, the Authority approved a $4.4 billion capital program for the period FY 2019 to FY 2023 (the FY 2019-FY 2023 Capital Program) encompassing $2.6 billion of Authority funded projects (including $2.2 billion of Airport Properties spending) and $1.8 billion of third-party funded projects.

Because of the onset of the COVID-19 pandemic in March 2020, Authority management has made significant reductions to its expectations with respect to capital expenditures over the next several years. These revisions have included reducing the scope of certain projects, postponing projects, re-phasing projects, and reducing capital expenditure estimates. The current Capital Program reflects approximately $1.6 billion of spending during the five-year period FY 2021 to FY 2025, of which $1.3 billion represents Airport Properties capital spending; in both cases excluding private and third party financed facilities. The Authority Board has not yet formally voted on a new Capital Program to succeed the FY 2019-FY 2023 Capital Program. The Authority is continuing to review projects proposed for funding with monies from the Authority’s Improvement & Extension Fund for potential additional revisions and deferments.

Among the major adjustments has been the reduction of the scope of the Terminal E Modernization project – while originally anticipated to include seven new gates in Terminal E, the project has now been reduced to a Phase 1 encompassing four new gates. Phase 2 of the project (i.e., the completion of the other three gates) is expected to be undertaken in the future and will depend on activity trends and gate capacity.

The projection of Airport Properties Net Revenues described in the report reflects the Authority’s current expectation with regard to capital expenditures through FY 2025. It incorporates the impact on revenues and operating expenses of projects intended to be developed at the Authority’s Airport Properties (including projects that are proposed to be funded with the Authority’s 2021 New Money Bonds expected to be issued under the terms of the 1978 Trust Agreement). Other funding sources for capital projects include federal grants, PFCs, CFCs, the Authority’s internally generated capital, and tenant and third-party financing. The Authority’s current Capital Program for its Airport Properties is summarized in Table 4. This table reflects spending only during the period FY 2021 to FY 2025. (The Authority’s overall program, which includes non-Airport Properties, includes a total of $3.1 billion of projects during the period FY 2021 to FY 2025, $1.5 billion of which are associated with private and third party funded projects.)

In the event that some projects in the capital program are not implemented, the associated revenues and operating expenses would not be realized. See the section of Appendix A to the Official Statement titled “CAPITAL PROGRAM” for a detailed discussion of the capital program costs and funding sources.

Table 4

SUMMARY OF THE CAPITAL PROGRAM FOR AIRPORT PROPERTIES – FY 2021 TO FY 2025 SPENDING

Massachusetts Port Authority

(dollars in thousands)

	Funding Sources							
	Prior Bonds	**Future Bonds (a)**	**PFC Pay-Go**	**Grants (b)**	**Authority Capital & Other (c)**	**Subtotal excluding Private**	**Private capital**	**Total**
Logan Airport								
Logan Airside								
Runway 9-27 rehabilitation	$ -	$ -	$ 4,385	$ 22,616	$ 10,345	$ 37,346	$ -	$ 37,346
Taxiway M rehabilitation - full length	-	-	-	6,100	17,900	24,000	-	24,000
Other airside projects	-	-	39,554	11,357	102,122	153,033	-	153,033
Subtotal: Airside	$ -	$ -	$ 43,939	$ 40,073	$ 130,367	$ 214,379	$ -	$ 214,379
Logan Landside								
Terminal E modernization	$ -	$ 416,406	$ -	$ -	$ 45,596	$ 462,002	$ -	$ 462,002
Terminal C optimization and B to C Connector	47,545	40,316	-	-	69,992	157,853	-	157,853
Terminal B to C roadway improvements	40,810	62,558	-	-	51,828	155,196	-	155,196
Terminal C canopy and upper deck	33,518	-	-	-	15,091	48,609	-	48,609
Central Heating Plant upgrade	-	-	-	-	23,781	23,781	-	23,781
Marketplace Logan concessions development	-	-	-	-	-	-	99,650	99,650
Other landside projects	-	-	-	-	121,771	121,771	20,000	141,771
Subtotal: Landside	$ 121,873	$ 519,280	$ -	$ -	$ 328,059	$ 969,212	$ 119,650	$ 1,088,862
Logan Intermodal & Mitigation								
Miscellaneous intermodal & mitigation projects	-	-	-	3,717	50,935	54,652	-	54,652
Subtotal: Intermodal & Mitigation	$ -	$ -	$ -	$ 3,717	$ 50,935	$ 54,652	$ -	$ 54,652
Total: Logan Airport	**$ 121,873**	**$ 519,280**	**$ 43,939**	**$ 43,790**	**$ 509,361**	**$ 1,238,243**	**$ 119,650**	**$ 1,357,893**
Hanscom & Worcester	-	-	-	12,963	53,432	66,395	73,700	140,095
Total: Airport Properties	**$ 121,873**	**$ 519,280**	**$ 43,939**	**$ 56,753**	**$ 562,793**	**$ 1,304,638**	**$ 193,350**	**$ 1,497,988**

(a) Future bonds to be issued under the 1978 Trust Agreement, including bonds whose debt service would be paid from PFC revenues ($222.6 million for Terminal E Modernization – Phase 1, and $40.3 million for the Terminal C Optimization and B to C Connector project). Approximately $20.2 million of the estimated $436.6 million of 2021 New Money Bond net proceeds expected to be issued for Terminal E Modernization would apply to spending incurred prior to FY 2021.

(b) Including AIP entitlement and discretionary grants.

(c) Funding from the Authority's Improvement & Extension Fund and Maintenance Reserve Fund, CFCs, and other miscellaneous sources.

Source: Massachusetts Port Authority.

PASSENGER FACILITY CHARGES

PFC revenues of the Authority consist of PFCs paid by certain passengers enplaned at the Airport (and include interest income earned thereon). PFC revenues are not Revenues of the Authority as defined in the Authority's 1978 Trust Agreement, and thus, PFCs are not pledged to the payment of debt service on the 2021 Refunding Bonds or any of the Authority's other currently outstanding Bonds issued under the 1978 Trust Agreement, but may be used as Available Funds to pay debt service.

If PFCs or other revenues of the Authority that do not constitute Revenues pledged under the 1978 Trust Agreement (collectively, Available Funds) are pledged or irrevocably committed to or are held by a fiduciary and are to be set aside exclusively for the payment of principal of, interest or premium, if any, on specified Bonds pursuant to a resolution of the Authority (and are not otherwise required for payment of another Series of Bonds), then the principal, interest and/or premium to be paid from such Available Funds or from earnings thereon shall be disregarded and not included in calculating debt service coverage requirements under the 1978 Trust Agreement.

As of the date of this report, the Authority expects that each fiscal year, by resolution of the Authority's Board, it will irrevocably commit PFCs to pay for a portion of the principal of and interest on the 2019A Bonds, the 2019C Bonds, and the 2021C Bonds expected to be issued as part of this transaction, as well as the 2021 New Money Bonds expected to be issued by Summer 2021, and this projection includes such an assumption. However, there can be no assurance that the Authority will in fact realize sufficient PFC revenues or irrevocably commit PFCs in such amounts in each such year to the payment of such debt service.

PFC revenues at Logan Airport totaled $86.1 million in FY 2019 and $61.0 million in FY 2020, reflecting the impact of COVID-19 during the last four months of FY 2020. PFC revenues are projected to be $15.8 million (including associated restricted interest income) for FY 2021 under the Recovery Planning Scenario. The Authority is projecting PFC revenues of $67.1 million in FY 2025, reflecting the gradual recovery in aviation activity, as shown in Table 5.

The Authority has received approval from the FAA to levy a PFC at the $4.50 level per PFC-eligible enplaned passenger at the Airport. The Authority currently has approvals to collect and spend a total of $1.81 billion in PFC revenue under the terms of eleven separate FAA-approved PFC applications (as amended), with a projected PFC charge expiration date of December 1, 2027. PFC revenues are used to fund capital project costs on a pay-as-you-go basis, to pay debt service on a portion of the Authority's 2019A Bonds and 2019C Bonds, and to pay interest and repay principal on commercial paper issued to fund PFC-eligible project costs. From inception of the Authority's PFC program in 1993 through June 30, 2020, a total of $1.36 billion in PFC revenue has been collected by the Authority, including interest income.

On March 6, 2020, the Authority submitted its twelfth PFC application to the FAA, which includes a request for PFC funding for four projects, including the Terminal E Modernization project, and the Terminal C Optimization and Terminal B to C Connector project. The total PFC funding request for this application is $647.4 million, including PFC-funded financing and interest costs. This application is under review and pending approval by the FAA.

Table 5
ACTUAL AND PROJECTED PASSENGER FACILITY CHARGE REVENUES –RECOVERY PLANNING SCENARIO
Boston-Logan International Airport
(For the 12 months ending June 30, in thousands except percentages and net PFC collection level)

	Actual		Projection (b)				
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
PFC Revenues							
Enplaned passengers (a)	20,833	15,097	3,915	6,248	10,612	13,583	16,979
Percent of passengers paying a PFC	92.7%	90.3%	90.0%	90.0%	90.0%	90.0%	90.0%
Net PFC collection level	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39
Annual PFC collections from airlines	$ 84,824	$ 59,875	$ 15,470	$ 24,687	$ 41,928	$ 53,668	$ 67,085
PFC-restricted interest income	1,246	1,101	378	199	53	104	114
PFC revenues plus interest income	$ 86,070	$ 60,976	$ 15,848	$ 24,886	$ 41,981	$ 53,772	$ 67,199
Percentage change		*-29.2%*	*-74.0%*	*57.0%*	*68.7%*	*28.1%*	*25.0%*

(a) Excludes general aviation passengers.
(b) FY 2021 enplanement data reflects actual amounts for the three months ended September 30, 2020, and estimated data for the remaining nine months of FY 2021.

Source: Massachusetts Port Authority.

As noted above, the Authority intends to continue to leverage its PFC revenue stream, subject to FAA approval, and currently expects future leveraging of the PFC revenue stream to be partially or wholly undertaken under the terms of the 1978 Trust Agreement, as described in Appendix A to the Official Statement for the 2021 Refunding Bonds, to which this review is attached.

TENANT AND THIRD PARTY FUNDED PROJECTS

The Authority intends to fund certain capital projects using funds from tenants or third parties, or from revenue sources that are not included in Revenues, as defined in the 1978 Trust Agreement. There are 12 such projects in the Authority's capital program related to the Airport Properties; two projects at Logan Airport –a Marketplace Logan concessions development program ($99.7 million in spending during FY 2021 to FY 2025), and a vendor delivery inspection station by a third party concessionaire ($20 million) – and ten projects totaling $73.7 million at Worcester Airport and Hanscom Field. There are also third party funded projects in the Authority's non-aviation properties. Generally, the Authority would not undertake tenant and third-party projects if funding from those sources was not available.

THE AUTHORITY'S STRATEGIC PLAN

The Authority completed a unified Strategic Plan for all of its facilities, which was adopted by the Board in November 2014. With respect to its Airport Properties, the key goal of the Strategic Plan was to identify the necessary improvements to its airside, landside, and ground access facilities that would allow Logan Airport to serve the needs of what was then expected to be rapidly growing passenger base. Given the robust increase in aviation activity at the Airport in the years immediately after the Strategic Plan was completed and extending through calendar year 2019 (i.e., prior to the onset of COVID-19), there was a need to embark on a second phase of the Strategic Plan, leading to the implementation of certain of the strategic initiatives identified as part of the planning process on an expedited basis. Several of these initiatives are included in the current Capital Program, although the pandemic has led to a reevaluation of the scope and timing of implementation of these projects. With respect to Logan Airport, key initiatives include, among others, the implementation of terminal improvements (including additional gates and other improvements to accommodate international activity in Terminal E, and the provision of post-security connectivity for passengers among all Airport terminals), and ground access and curbside improvements at the Airport to accommodate the significant passenger growth.

Authority management and staff will continue to work to develop specific business plans designed to address and implement the strategic initiatives across all of its properties. As detailed business plans for each strategic initiative are developed, refined, and approved in the context of the then-current operating environment and aviation activity levels, those projects will become part of future five-year rolling capital programs to be approved by the Authority's Board.

WORCESTER AIRPORT AND HANSCOM FIELD

The Authority has owned and operated Worcester Airport, a commercial service airport located in Worcester, Massachusetts, since 2010. While historically this airport has been used for operations ranging from small single-engine aircraft to large corporate business jets, the Authority continues to actively engage in recruiting commercial airlines to the airport. JetBlue commenced scheduled air service at the airport in 2013, American Airlines commenced service in Fall 2018, and Delta Air Lines commenced service from Worcester Airport in Spring 2019. Subsequent to the onset of the COVID-19 pandemic, however, all scheduled commercial airline service at Worcester Airport ceased.

Hanscom Field, located principally in the Town of Bedford, Massachusetts, is a general aviation reliever airport for Logan Airport. The Authority has owned and operated Hanscom Field since 1974.

Taken together, Worcester Airport and Hanscom Field accounted for approximately 2.4% of the Authority's Airport Properties revenues and 7.4% of its Airport Properties operating expenses in FY 2019.

SUMMARY OF PROJECTIONS

Exhibit A presents projected total Logan Airport passengers, Airport Properties Revenues and operating expenses, the resultant projection of Airport Properties Net Revenues for FY 2021 through FY 2025 under the Authority's Recovery Planning Scenario, and the key assumptions that are significant to the projections, as prepared by Authority management. The projections shown in Exhibit A are consistent with the sections of the table entitled "Projected Operating Results and Debt Service Coverage Under the 1978 Trust Agreement" (as included in the "Selected Financial Data" section of Appendix A to the Official Statement), which relate to Airport Properties revenues and operating expenses. The information presented in Exhibit A is at a greater level of detail than that presented in the Official Statement and separately presents information for the Airport, Hanscom Field, and Worcester Airport. Additionally, Exhibit A relates only to the Authority's Airport Properties, while the table in the Official Statement encompasses all of the Authority's properties. To the extent that line items differ between Exhibit A and the Authority's table in Appendix A with respect to the Airport Properties, such variance is due to differences in the methods used to aggregate revenues and operating expenses.

The Authority prepared these financial projections on the basis of information and assumptions that were assembled by the Authority. As discussed earlier, LeighFisher assisted the Authority in formulating certain assumptions and developing the projections of Airport Properties Net Revenues. The projections reflect the Authority's expected course of action during the projection period in the context of an approximately six-year aviation activity recovery scenario from the impact of COVID-19 and, in the Authority's judgment, based upon the assumptions described herein, present fairly the Authority's projected financial results of the Airport Properties under that recovery scenario; however, there can be no assurance that such projected results will be realized. In particular, given the very high level of uncertainty related to future aviation activity levels at Logan Airport, future financial results are likely to materially differ from the projections.

In addition to the payment of debt service on the Authority's Bonds issued under the terms of the 1978 Trust Agreement, the Authority is required to make deposits to the Payments In Lieu of Taxes (PILOT) Fund and the Maintenance Reserve Fund and to pay subordinate debt service on private placement debt issued to fund: (1) the acquisition of certain parcels of land, and (2) the development of certain of the Authority's Port properties, as well as make principal and interest payments on the Authority's outstanding commercial paper notes. These amounts must be paid from the Net Revenues of the Airport Properties and other facilities. Our review does not address the amount of such payments nor assess the adequacy of the Authority's projected Net Revenues to make such payments, as they are subordinate to the payment of debt service on the 2021 Refunding Bonds and the Authority's other Bonds issued under the terms of the 1978 Trust Agreement.

ASSUMPTIONS UNDERLYING THE PROJECTIONS

The hypothetical financial projections in this report were prepared by Authority management. The projections reflect Authority management's expected course of action during the projection period through FY 2025 and, in Authority management's judgment, present fairly the expected financial results of the Airport associated with the respective hypothetical levels of aviation activity during the projection period.

In our opinion, the assumptions underlying the Authority's financial projections provide a reasonable basis for the projections of Airport Properties Net Revenues and we believe that such projections appropriately reflect such assumptions. To the best of our knowledge, we believe that the Authority has taken into account all relevant factors material to the Airport Properties Net Revenues projections. We offer no opinion with regard to the projections of non-Airport Properties Net Revenues.

Any projection is subject to uncertainties. Inevitably, some assumptions will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the projected and actual results, and those differences may be material. Neither LeighFisher nor any person acting on our behalf makes any warranty, expressed or implied, with respect to the information, assumptions, projections, opinions, or conclusions disclosed in this report. We have no responsibility to update this report for events and circumstances occurring after the date of our review.

* * * * *

We appreciate the opportunity to serve the Authority as the Airport Properties financial consultant on this financing.

Respectfully submitted,

LeighFisher

LEIGHFISHER

Attachment

KEY ASSUMPTIONS AND FACTORS UNDERLYING PROJECTED AIRPORT PROPERTIES REVENUES AND OPERATING EXPENSES

Massachusetts Port Authority

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KEY ASSUMPTIONS AND FACTORS UNDERLYING
PROJECTIONS OF AIRPORT PROPERTIES REVENUES AND OPERATING EXPENSES
Massachusetts Port Authority

Passenger Traffic and Airline Operations

1. The total number of passengers at Boston-Logan International Airport (the Airport) was 41.8 million in FY 2019 (excluding general aviation passengers) and declined to 30.3 million passengers in FY 2020. Passenger totals are projected to total 7.9 million in FY 2021, and to gradually recover to 34.1 million in FY 2025, the last year of the projection period.

2. The airlines currently providing significant levels of service at the Airport (including American, Delta, JetBlue, Southwest, and United) will continue to provide significant service at the Airport. The sudden, significant reduction in passenger levels at the Airport due to the COVID-19 pandemic will be reversed over a period of approximately six years.

Bond Issuance and Debt Service

3. The Authority's 2021 New Money Bonds – i.e., a new money issue expected to be undertaken by Summer 2021 – are assumed to be issued in the aggregate principal amount of approximately $611 million (yielding $539 million of net proceeds available to fund project costs).

   Approximately 50% of the annual debt service on the 2021 New Money Bonds is expected to be paid with PFC revenues, related to PFC-approved costs associated with the Terminal E Modernization and Terminal C Optimization and Terminal B to C Connector projects.

4. No further new money bond issues are assumed through FY 2025 (the end of the projection period).

The PFC Program

5. The PFC Program will continue to be implemented in accordance with the Authority's eleven approved PFC applications and its twelfth PFC application, which was filed with the FAA on March 6, 2020 and is currently pending FAA approval.

6. PFC revenues generated during the projection period will be sufficient to pay: (1) interest on, and principal of, outstanding commercial paper notes issued to finance certain PFC projects, (2) certain PFC project costs on a pay-as-you-go basis, (3) a portion of the debt service on the Authority's 2019A Bonds, 2019C Bonds, 2021C Bonds expected to be issued as part of this transaction, and the 2021 New Money Bonds expected to be issued by Summer 2021, as described above.

7. PFC revenues are not pledged to the payment of debt service on any of the Authority's Bonds issued under the 1978 Trust Agreement, including those Bonds to be issued as part of this transaction. Such Bonds are secured by a pledge of the Authority's general Revenues (which exclude PFC revenues). However, the Authority anticipates, and this projection assumes, that the Authority will apply PFCs to pay a portion of the debt service on the 2019A Bonds, the 2019C Bonds, the 2021C Bonds expected to be issued as part of this transaction, as well as on the 2021 New Money Bonds expected to be issued by Summer 2021, subject to FAA approval and Authority Board designation, as described above.

Grants

8. Based on discussions with the FAA, the Authority currently expects to receive $6.1 million in Airport Improvement Program (AIP) entitlement grants annually for Logan Airport, $1 million per year in AIP entitlement grants for Worcester Airport, and $1 million in AIP entitlement grants for Hanscom Field.

9. The Authority received $143.6 million in funding under the CARES Act, and designated $57.1 million of that amount as Available Funds in FY 2020. The Authority expects to designate the balance ($85.9 million), plus an additional $30 million of Airport Coronavirus Response Grant funds expected to be received by the Authority (for a total of $115.9 million) in a similar manner in FY 2021. In accordance with the 1978 Trust Agreement these amounts can be designated as Available Funds and added to Revenues.

Operating Expenses

10. Operating expenses at the Airport Properties are projected to show no increase during the projection period – going from $390.0 million in FY 2019 to $388.1 million in FY 2025. This incorporates a reduction to $348.5 million in FY 2021 reflecting reductions associated with COVID-19, followed by a gradual increase through FY 2025. The operating expense projections account for the impact of projects included in the capital program that enter service prior to the end of FY 2025, and also reflect the Authority's planned staffing reductions expected to be undertaken during the next several months, which are expected to lead to annual savings of approximately $25 million commencing in FY 2022.

Airline Revenues

10. The fees and charges paid by the airlines are primarily calculated on a cost recovery basis, reflecting both allocated capital and operating costs to facilities used by the airlines. The calculation of the landing fee, terminal rental rates for all four terminals, and the checked bag screening fee, would continue to reflect current rate-making practices.

11. The Authority would include allocable asset amortization related to projects in the capital program in the airline cost base for computing airline terminal rentals and landing fees.

Nonairline Revenues

12. An increase of $3 in the daily parking rates for all of Logan Airport's parking facilities, already approved by the Authority's Board, would go into effect on July 1, 2021 (the start of FY 2022). No further parking rate increases at Logan Airport or at the Authority's off-Airport Logan Express parking lots are assumed throughout the projection period.

13. The rental car privilege fee would remain at 10% of annual gross rental car revenues and minimum annual guaranteed payments would remain unchanged.

14. The current fee structure for Ride App companies operating at the Airport (i.e., $3.25 per pick-up and $3.25 per drop-off) would remain in effect through the projection period.

15. Terminal concession revenues are assumed to generally change in line with the change in passenger enplanements and as a result of price increases.

Rental Car Center and the CFC Program

16. The Authority incurs operating and routine maintenance expenses associated with the day-to-day operation of the Rental Car Center. Pursuant to its lease agreements with the rental car companies associated with the development of the Rental Car Center, the Authority collects building and ground rental revenues from the rental car companies operating in the Rental Car Center. The rental car companies also pay Common Airport Transit System (CATS) fees associated with their allocated share of the Authority's terminal-area busing system. The building and ground rental revenues, CATS fees, and the Authority's operating expenses for the Rental Car Center are all Revenues and operating expenses, as the case may be, under the terms of the 1978 Trust Agreement.

17. CFC revenues are not pledged to the payment of debt service on the 2021 Refunding Bonds or any other of the Authority's Bonds issued under the 1978 Trust Agreement. Such Bonds are payable from and secured by a pledge of the Authority's general Revenues (which exclude CFC revenues). Conversely, general Revenues of the Authority are not pledged to the payment of debt service on the Authority's bonds issued under the terms of its CFC Trust Agreement.

Exhibit A

PROJECTED AIRPORT PROPERTIES NET REVENUES

RECOVERY PLANNING SCENARIO

Massachusetts Port Authority Airport Properties

(for the 12 months ending June 30, passengers and dollars in thousands)

The projections presented in this exhibit were prepared by Authority management using information from the sources indicated and assumptions described in the accompanying text. Inevitably, some of the assumptions used to develop the Authority's projections will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the projected and actual results, and those differences may be material.

	Actual		Projection				
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Logan Airport Total Passengers (a)	41,752	30,290	7,856	12,536	21,292	27,254	34,067
Percentage change		*-27.5%*	*-74.1%*	*59.6%*	*69.8%*	*28.0%*	*25.0%*
Revenues							
Landing Fees	$ 119,847	$ 110,490	$ 113,059	$ 104,306	$ 115,041	$ 132,913	$ 155,083
Automobile Parking Fees	181,478	136,436	53,578	53,888	82,549	104,216	130,224
Utility Fees	13,541	11,126	9,990	11,158	12,937	13,112	13,839
Terminal Rentals (b)	203,861	211,136	206,070	206,946	226,544	268,553	283,284
Non-Terminal Building & Ground Rents	54,788	55,725	54,303	56,278	59,661	61,017	62,407
Concessions							
Terminal concessions	$ 67,097	$ 55,616	$ 18,795	$ 18,983	$ 25,612	$ 32,783	$ 40,979
Ground transportation	49,306	44,789	35,075	29,190	32,384	41,451	51,814
Other landside concessions	12,954	10,264	3,949	3,989	5,382	6,888	8,610
	$ 129,356	$ 110,669	$ 57,819	$ 52,161	$ 63,377	$ 81,123	$ 101,404
Other	34,596	29,001	14,898	14,981	15,067	15,156	15,250
Subtotal: Logan Revenues	$ 737,467	$ 664,583	$ 509,717	$ 499,718	$ 575,175	$ 676,090	$ 761,489
Percentage change							
Hanscom and Worcester Revenues	17,931	16,546	14,129	15,438	16,902	18,039	18,451
Total Airport Properties Revenues	$ 755,398	$ 681,129	$ 523,846	$ 515,156	$ 592,077	$ 694,129	$ 779,939
Percentage change		*-9.8%*	*-23.1%*	*-1.7%*	*14.9%*	*17.2%*	*12.4%*
Operating Expenses							
Logan Expenses (c)	$ 361,177	$ 352,390	$ 321,445	$ 295,639	$ 326,197	$ 343,037	$ 357,517
Percentage change		*-2.4%*	*-8.8%*	*-8.0%*	*10.3%*	*5.2%*	*4.2%*
Hanscom and Worcester Expenses	28,815	31,855	27,056	26,317	28,407	29,618	30,623
Airport Properties Operating Expenses	$ 389,992	$ 384,245	$ 348,502	$ 321,956	$ 354,604	$ 372,655	$ 388,140
Percentage change		*-1.5%*	*-9.3%*	*-7.6%*	*10.1%*	*5.1%*	*4.2%*
AIRPORT PROPERTIES NET REVENUES	$ 365,406	$ 296,884	$ 175,345	$ 193,200	$ 237,473	$ 321,474	$ 391,800
Percentage change		*-18.8%*	*-40.9%*	*10.2%*	*22.9%*	*35.4%*	*21.9%*

(a) Excludes general aviation passengers.

(b) Includes charges for baggage screening facilities.

(c) Including expenses for other unrecoverable items, such as budget contingency.

Source: Massachusetts Port Authority.

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE 1978 TRUST AGREEMENT

The following summary does not purport to be complete and is subject to all of the terms and conditions of the 1978 Trust Agreement, to which reference is hereby made, the form of which is available for examination at the offices of the Authority and the Trustee. The summary makes use of terms defined in the 1978 Trust Agreement, certain of which are also defined below.

Pledge Effected by the 1978 Trust Agreement (Sections 701, 601, 507 and 507A)

Payment of the principal, interest and redemption premium on the Bonds is secured by a pledge of the Revenues, in the manner and to the extent set forth in the 1978 Trust Agreement. See "SECURITY FOR THE 2021 REFUNDING BONDS -- General." The Enabling Act provides that the Authority is authorized in the 1978 Trust Agreement to pledge its tolls and other revenues, over and above the amounts necessary to pay current expenses and to provide reserves therefor, to the payment of the interest on and principal of its Bonds. The Enabling Act further provides that such pledge is valid and binding when made, and that the revenues so pledged shall immediately be subject to the lien of such pledge without physical delivery thereof or further act, and such lien shall be valid and binding as against all parties having claims of any kind irrespective of whether such parties have notice thereof. The Bonds issued under the 1978 Trust Agreement are not a debt or obligation of the Commonwealth or of any political subdivision thereof but are payable solely from the Revenues pledged for their payment and certain Funds and Accounts created by the 1978 Trust Agreement.

The 1978 Trust Agreement provides that the moneys in all Funds and Accounts which are held by the Authority shall be subject to a lien and charge in favor of the Trustee and the holders of the Bonds to the same extent as provided with respect to moneys deposited with the Trustee. All moneys deposited with the Trustee as required by the 1978 Trust Agreement shall be held by the Trustee in trust and applied as provided in the 1978 Trust Agreement and, pending such application, shall be subject to a lien and charge in favor of the Trustee and the holders of the outstanding Bonds on the terms and conditions set forth therein until disbursed.

The 1978 Trust Agreement provides that amounts, if any, deposited in a separate account of the Operating Fund created under the 1978 Trust Agreement which represent payments in respect of pension obligations of the Authority will, upon the occurrence of an event of default under the 1978 Trust Agreement, first be applied to present and accrued pension benefits of the Authority's employees. The 1978 Trust Agreement further provides for the payment of the Authority's obligations in respect of post-retirement health benefits to a separate trustee or into a separate account of the Operating Fund. Amounts, if any, deposited in such separate account will, upon the occurrence of an event of default under the 1978 Trust Agreement, first be applied to present and accrued post-retirement health benefits of the Authority's employees.

Establishment of Funds and Accounts (Sections 503, 209 and 401)

The 1978 Trust Agreement creates a Revenue Fund, an Operating Fund (which includes a separate Self-Insurance Account, a separate pension account and a separate post-retirement health benefits account), an Interest and Sinking Fund (which includes three separate accounts, namely, a Bond Service Account, a Redemption Account and a Reserve Account (which includes a Pooled Reserve Subaccount and may include one or more additional subaccounts established by resolution of the Authority), and may also include one or more Term Bond Investment Accounts established by resolution of the Authority for a subsequent Series of Bonds), a Maintenance Reserve Fund, a Payment in Lieu of Taxes Fund, a Capital Budget Fund and an Improvement and Extension Fund (which includes separate Rebate Funds pertaining to each Series of Bonds, separate principal, interest and escrow accounts relating to a subordinated debt financing of the Authority, payment and rebate accounts relating to the tax-exempt commercial paper program of the Authority, and such other accounts as the Authority may from time to time establish). The 1978 Trust Agreement also provides for a Construction Fund and for separate Project Accounts within such Fund.

The Authority holds and administers in trust the Revenue Fund, the Operating Fund (except the Self-Insurance Account, the pension account and the post-retirement health benefits account) and the Improvement and Extension Fund. All of the other Funds and Accounts are held and administered by the Trustee.

Application of Revenues

Under the 1978 Trust Agreement all Revenues are to be deposited, daily as far as practicable, into the Revenue Fund held by the Authority.

<u>Operating Fund (Section 506)</u> -- As often as practicable the Authority shall transfer from the Revenue Fund to the Operating Fund all Revenues on deposit therein. The Authority will pay when due all Operating Expenses from the Operating Fund.

On the seventh business day of each month the Authority is required to make transfers from the moneys on deposit in the Operating Fund as of the seventh business day of such month as follows:

> to the trustee of the Authority's pension plan, one-twelfth (1/12) of the Authority's actuarially determined annual pension expense;
>
> to a separate trustee or to a special separate post-retirement health benefit account, one-twelfth (1/12) of the Authority's actuarially determined annual post-retirement health expense; and
>
> to the Trustee for deposit in the Self-Insurance Account, amounts substantially as recommended by the Authority's Risk Management Consultant.

After (x) paying Operating Expenses, (y) making any required transfers to the trustee of the Authority's pension fund, to the trustee for the Authority's post-retirement health benefit account and to the Trustee for deposit in the Self-Insurance Account, and (z) retaining in the Operating Fund such amount as the Authority may deem necessary (provided that the balance retained therein does not exceed 15% of annual Operating Expenses established in the Annual Budget of the Authority), the Authority is required on the seventh business day of each month to transfer the balance in the Operating Fund to the Trustee for deposit in the following Funds and

Accounts in the following order (no transfer to be made into any Fund or Account until there shall have been deposited in the next preceding Fund or Account the full amount required):

(1) Interest and Sinking Fund (Sections 510 and 522) -- Amounts in this Fund will be applied to the payment of the Bonds and any additional Bonds which may be issued in the future. Such Bonds which may be issued in the future are hereinafter referred to as "Additional Bonds".

Bond Service Account: There shall be deposited in this Account the amount needed to make the sum therein, together with any amounts transferred from the Construction Fund or Available Funds deposited for the payment of a Series of Bonds pursuant to the 1978 Trust Agreement equal to (a) interest accrued and to accrue until the first day of the next month on all outstanding Bonds and any Additional Bonds, plus (b) principal accrued and to accrue until the first day of the next month on all serial Bonds and any serial Additional Bonds, which will become payable within the next year.

Redemption Account: There shall be deposited in this Account the amount needed to make the amount deposited therein equal to the Amortization Requirements, if any, for such fiscal year on all outstanding term Bonds and any term Additional Bonds accrued and to accrue until the first day of the next month, plus an amount equal to any premium which would be payable on any date commencing with July 2 in such fiscal year and ending with July 1 in the following fiscal year, both inclusive, accrued or to accrue until the first day of the next month less the amount of Available Funds deposited in the Redemption Account for the payment of a Series of Bonds pursuant to the 1978 Trust Agreement. If the balance remaining after making the deposit to the Bond Service Account shall not be sufficient to make the deposits into the Redemption Account and the Term Bond Investment Account, described below, the amount to be deposited in each Account shall be pro-rated in accordance with the respective amounts required.

Term Bond Investment Account: The 1978 Trust Agreement allows the Authority to provide for the payment of the principal of Additional Bonds issued as term Bonds through establishment of a Term Bond Investment Account. If a Term Bond Investment Account is established, monthly amounts would be deposited therein and invested in Government Obligations in accordance with the resolution authorizing such term Additional Bonds. No Term Bond Investment Account was established for any Series of outstanding Bonds, and none will be established for the 2021 Refunding Bonds.

Reserve Account: Within the Reserve Account there has been established the "Pooled Reserve Subaccount" and one or more additional subaccounts may also be established by resolution of the Authority. All of the Authority's outstanding Bonds, except for the Revenue Refunding Bonds, Series 2020-A (AMT) and Revenue Refunding Bonds, Series 2020-B (Taxable) (collectively, the "2020 Bonds") are secured by the Pooled Reserve Subaccount and, upon issuance, the 2021 Refunding Bonds will also be secured by the Pooled Reserve Subaccount. Upon issuance of any Bonds there shall be deposited in the Pooled Reserve Subaccount an amount at least equal to one-half of the difference between (a) the increase in the maximum annual Principal and Interest Requirements on such Bonds secured by the Pooled Reserve Subaccount and all then-outstanding Bonds secured by such subaccount, and (b) the amount, if any, in the Pooled

Reserve Subaccount in excess of the maximum annual Principal and Interest Requirements on all then-outstanding Bonds. The Authority shall deposit into the Pooled Reserve Subaccount from the proceeds of any Series of additional Bonds secured by such subaccount, or from such other moneys of the Authority as may be available and which the Authority elects to apply for such purpose, an amount at least equal to one-half the amount equal to (a) the increase in the maximum annual Principal and Interest Requirements on such Bonds and all then-outstanding Bonds secured by such subaccount, and (b) the amount, if any, in the Pooled Reserve Subaccount in excess of the maximum annual Principal and Interest Requirements on all then-outstanding Bonds secured by such subaccount. In addition, there shall be deposited in this subaccount each month a sum equal to one-sixtieth of the difference between (a) the maximum annual Principal and Interest Requirements for any fiscal year thereafter on account of all Bonds then outstanding, less (b) the sum of (x) the amount so deposited into the Pooled Reserve Subaccount upon the issuance of such Bonds, and (y) any amount in the Pooled Reserve Subaccount in excess of the maximum annual Principal and Interest Requirements on all then-outstanding Bonds prior to the issuance of such Bonds. If the amounts held on deposit in the Pooled Reserve Subaccount exceed the maximum Principal and Interest Requirements for any fiscal year on account of all Bonds then outstanding then secured by such subaccount, the excess shall be transferred to the Improvement and Extension Fund.

Prior to the authentication and delivery of any Series of Bonds, the Authority shall adopt a resolution which shall specify or shall delegate, within specified parameters to an authorized officer of the Authority, the ability to determine the Reserve Requirement, if any, with respect to such Series of Bonds to be deposited in or credited to a subaccount in the Reserve Account with respect to such Series of Bonds designated by such resolution and any other terms with respect to the funding of such Reserve Requirement.

There may be created within the Reserve Account by the resolution of the Authority authorizing a Series of Bonds a separate subaccount for such Series of Bonds; provided that (i) the Authority may elect in such resolution that any then-existing subaccount within the Reserve Account (including without limitation the Pooled Reserve Subaccount) shall secure such additional Series of Bonds on a parity basis (if permitted by the resolution of the Authority which established such subaccount); and (ii) with respect to any Series of Bonds, the Authority may elect in the resolution that such Series of Bonds shall not be secured by any subaccount in the Reserve Account and, accordingly, not to establish any subaccount in the Reserve Account to secure such Series of Bonds. Any resolution of the Authority providing for the issuance of a Series of Bonds which establishes a separate subaccount within the Reserve Account shall specify (a) whether such subaccount shall secure only such Series of Bonds or may secure additional Series of Bonds and (b) the Reserve Requirement applicable to such subaccount.

The Authority shall not be required to fully fund a subaccount in the Reserve Account at the time of issuance of a Series of Bonds, if it elects, by the resolution of the Authority authorizing issuance of such Series of Bonds, to fully fund the applicable subaccount in the Reserve Account over a period specified in such resolution, not to exceed sixty (60) months, commencing with the next succeeding fiscal year of the Authority, during which it shall make substantially equal monthly installments in order that the amounts on deposit therein at the end of such period shall equal the Reserve Requirement for such Series of Bonds.

In lieu of making deposits to the Reserve Account as and at the times required by the 1978 Trust Agreement, the Authority, at its option, may satisfy all or any portion of such deposit requirement by providing to the Trustee (a) an irrevocable, unconditional letter of credit issued by a bank, savings and loan association or other provider of such letters of credit whose long-term obligations are rated in one of the two highest rating categories by Moody's Investors Service and Standard & Poor's, or (b) an insurance policy providing substantially equivalent liquidity as an irrevocable, unconditional letter of credit and issued by a municipal bond or other insurance company that is of sufficient credit quality to entitle debt backed by its insurance policy or surety bond to be rated in one of the two highest rating categories by Moody's Investors Service and Standard & Poor's.

(2) Maintenance Reserve Fund (Section 510) -- There shall be deposited each month in this Fund an amount equal to one-twelfth of 1% of the Replacement Cost of all Projects of the Authority as determined by the Consulting Engineer for the then current fiscal year, or such greater amount as may have been specified in the Annual Budget for such fiscal year; provided that the amount on deposit in the Maintenance Reserve Fund and not theretofore obligated shall not exceed 5% of the Replacement Cost of all Projects of the Authority.

(3) Payment in Lieu of Taxes Fund (Section 510) -- There shall be deposited in this Fund the amount required to make the balance in this Fund equal to the cumulative amount which should then be on deposit therein assuming the amounts payable in lieu of taxes on the next following payment dates were paid in equal monthly installments from the preceding payment dates under any agreements entered into pursuant to authorizing legislation.

(4) Capital Budget Fund (Section 510) -- There shall be deposited in this Fund amounts necessary to provide for the Capital Budget in each fiscal year as determined by the Authority less amounts thereof already expended plus all amounts in the Capital Budget Fund obligated with respect to prior fiscal years but not yet expended, subject to increase or reduction by resolution of the Authority. Amounts may be withdrawn from the Capital Budget Fund for expenditure in accordance with the Capital Budget or as otherwise determined by the Authority.

(5) Improvement and Extension Fund (Section 510) -- Any balance of moneys in the Operating Fund after making required transfers to the Trustee for the above Funds and Accounts will be transferred to the Improvement and Extension Fund. Amounts may be withdrawn from the Improvement and Extension Fund for any lawful purpose of the Authority.

Application of Funds and Accounts

Operating Fund (Section 506) -- Operating Expenses, as determined in the Authority's Annual Budget, are paid from this Fund. Amounts deposited in the Self-Insurance Account in the Operating Fund are to be used to pay uninsured or self-insured losses.

Interest and Sinking Fund (Sections 511, 512, 514 and 519) -- Moneys in the Bond Service Account shall be applied to the payment of interest on the Bonds and any Additional Bonds and the principal amount of any Bonds and any Additional Bonds as the same become due.

Moneys in the Redemption Account shall be applied to the purchase (at not more than the current redemption price unless another price is set by the Authority) or redemption of the Bonds and any Additional Bonds. Unless previously applied to purchase Bonds and any Additional Bonds, the Trustee shall apply moneys in such Account to meeting Amortization Requirements of the Bonds or any Additional Bonds on each July 1 when due. Moneys deposited in the Redemption Account shall be applied, first, to the purchase or redemption of term Bonds and any term Additional Bonds of each Series outstanding to the extent of their respective Amortization Requirements for the then current fiscal year plus the applicable premium, if any, and thereafter, at the option of the Authority, to the purchase or redemption of Bonds and any Additional Bonds.

Moneys in the Term Bond Investment Account, if such an account shall be created, shall be applied in the retirement of any applicable Series of term Additional Bonds required to be redeemed by either redemption or, at the direction of the Authority, by purchase at a price not exceeding the next applicable redemption price, or to the purchase of Government Obligations to be applied on the maturity date to payment of such Additional Bonds.

Moneys in each subaccount within the Reserve Account shall be used by the Trustee to pay interest, principal of any serial Bonds, and Amortization Requirements with respect to term Bonds, or to make deposits to a Term Bond Investment Account, to the extent Bonds are secured by such subaccount, whenever and to the extent that the Bond Service Account and the Redemption Account or the Term Bond Investment Account are insufficient for such purposes.

If at any time after so applying the applicable subaccount within the Reserve Account, moneys held in the Bond Service Account or the Redemption Account of the Interest and Sinking Fund shall be insufficient for the payment of the principal or premium of, or interest or Amortization Requirements on the Bonds and any Additional Bonds as the same become due, such insufficiency shall be made up by transfers from the Improvement and Extension Fund, the Capital Budget Fund, the Payment in Lieu of Taxes Fund and the Maintenance Reserve Fund, in that order.

Maintenance Reserve Fund (Section 516) -- Moneys in this Fund are to be applied to pay for (i) renewals, reconstruction and replacement of any facilities of the Authority, (ii) acquiring and installing or replacing equipment, (iii) unusual or extraordinary maintenance or repairs, (iv) repairs or replacements for which the proceeds of insurance are inadequate, and (v) transfers to the Bond Service Account and Redemption Account when these Accounts are insufficient to pay the principal or premium, or interest or Amortization Requirements on the Bonds and any Additional Bonds, or for making required deposits to any Term Bond Investment Account, as they become due.

Payment in Lieu of Taxes Fund (Section 517) -- Moneys in this Fund will be used to make payments in lieu of taxes pursuant to agreements entered into by the Authority pursuant to statute or, as provided in the 1978 Trust Agreement, payment of a shortfall in debt service on the Bonds.

Capital Budget Fund (Section 517A) -- Moneys in this Fund are to be disbursed in accordance with any Capital Budget adopted by the Authority. Amounts in this Fund may be withdrawn to the extent not previously obligated. The Authority may transfer amounts from the Improvement and Extension Fund to this Fund as it sees fit.

Improvement and Extension Fund (Section 518) -- Moneys in this Fund may be used by the Authority for any lawful purpose, including, without limitation, transfer to any other Fund or Account. The resolutions of the Authority pertaining to each outstanding Series of Bonds created within the Improvement and Extension Fund as segregated accounts separate Rebate Funds for such Bonds, each to be held for the sole benefit of the United States of America. Excess Earnings (as defined in such resolutions) will be deposited in Rebate Funds and used exclusively to make rebate payments to the United States of America. To the extent of any deficiency in any Rebate Fund, such payments will be made out of the Operating Fund and other available moneys of the Authority.

If then permitted by law, moneys held for the credit of the Improvement and Extension Fund may be pledged to the payment of principal of and interest on notes or other obligations issued for any purpose for which moneys in such Fund may be disbursed. The Improvement and Extension Fund or portions thereof have been and may be pledged to secure certain obligations of the Authority. See "APPENDIX A– OTHER OBLIGATIONS—Subordinated Indebtedness" and "– Commercial Paper."

Covenants as to Fees and Charges (Section 501)

In the 1978 Trust Agreement the Authority covenants:

> To charge such tolls, rates, fees, rentals and other charges as from time to time may be necessary so that the Revenues in each fiscal year will at least equal in such fiscal year the greater of (a) an amount sufficient to provide funds for Operating Expenses for such fiscal year plus an amount equal to 125% of Principal and Interest Requirements on all outstanding Bonds during such fiscal year (excluding capitalized interest payable from the Construction Fund), or (b) an amount sufficient to provide funds for Operating Expenses for such fiscal year, to pay principal of, interest on and redemption price, if any, on all outstanding Bonds as required by the 1978 Trust Agreement (less capitalized interest paid from the Construction Fund and Available Funds deposited as provided in the 1978 Trust Agreement), to make required deposits to the Maintenance Reserve Fund, the Payment in Lieu of Taxes Fund and the Capital Budget Fund, and to provide amounts required to be deposited to the Improvement and Extension Fund pursuant to any supplement to the 1978 Trust Agreement which may be entered into by the Trustee and the Authority providing for the issuance of separately secured obligations.

If in any year the Revenues shall be less than the amounts required by the preceding paragraphs, the Authority, before the first day of October of the following fiscal year, will cause recognized experts, other than the Consulting Engineers, in the field of estimating revenues of a facility or element of a facility to which the recommendations relate, to recommend revised schedules of tolls, rates, fees, rentals and other charges; and if the Authority shall comply with all such recommendations, the failure of Revenues to equal the amounts specified in the preceding paragraph will not of itself constitute an event of default under the 1978 Trust Agreement.

Before placing in operation any Additional Facilities financed by a Series of Bonds, to fix and place in effect tolls, rates, fees, rentals and other charges in substantial conformity with those anticipated by the recognized experts in estimating the Revenues of such Additional Facilities in connection with the issuance of such Series of Bonds.

Before placing in operation any Additional Improvements financed by a Series of Bonds for the use of which a charge would ordinarily be made, to place in effect with respect thereto tolls, rates, fees, rentals and other charges in substantial conformity with those anticipated by the recognized experts in estimating the Revenues of the Project to which such Additional Improvements relate in connection with the issuance of such Series of Bonds.

To place in effect on the date or dates specified any increase in rates and charges that have been adopted by the Authority and taken into account by the recognized experts who estimated Revenues in connection with the issuance of an additional Series of Bonds, provided that such increase need not be imposed in the event that the Secretary-Treasurer certifies in writing, confirmed by certificates of such recognized experts, that such additional Series of Bonds could then be issued under the provision of the 1978 Trust Agreement that permitted the issuance of such additional Series of Bonds.

Issuance of Additional Bonds (Sections 209 and 210)

The 1978 Trust Agreement permits the issuance of Additional Bonds for the purpose of financing costs incident to any Additional Improvements or Additional Facilities and of refunding outstanding Bonds and subordinated obligations of the Authority. Such Additional Bonds may be issued only if, at the time of such issuance, there is no existing default under the 1978 Trust Agreement and certain projected or historical earnings tests are met. Such tests are to be based on information with respect to the Additional Improvements or Additional Facilities provided by recognized experts (as to estimated future Revenues), by the Consulting Engineers or a Consultant (as to cost and estimates of funds available to pay such cost, completion date, date on which such Additional Facilities or Additional Improvements will be placed in operation, and estimated future Operating Expenses), and by the Authority (as to historical financial information, estimated investment earnings and the Principal and Interest Requirements on the Additional Bonds). Certificates must be filed with the Trustee showing compliance with the following requirements:

A. If the Additional Bonds are issued to finance all or the first portion of the estimated cost of Additional Improvements, (i) Net Revenues in any twelve consecutive months of the last 18 months were at least 125% of the Principal and Interest Requirements on all Bonds outstanding during such twelve months, and (ii) the estimated average annual Net Revenues for the three fiscal years commencing immediately following the latest estimated date of placing in operation any Additional Improvements or Additional Facilities for which any Series of Bonds has been or is then being issued will be at least 130% of the estimated maximum Principal and Interest Requirements in any year thereafter on account of all Bonds to be outstanding, including the estimated amount of Bonds to be issued in the future to complete such Additional Improvements or Additional Facilities.

B. If the Bonds issued under Paragraph A were issued to finance only the first portion of the estimated cost of Additional Improvements, subsequent Bonds may be issued to finance the cost of such Additional Improvements upon compliance with a test comparable to that set forth in clause (ii) of Paragraph A modified by changing the percentage contained therein to 125%.

C. If the Bonds are issued to finance all or the first portion of the estimated cost of Additional Facilities, the applicable test is comparable to that set forth in Paragraph A modified by changing the percentage in clause (ii) of Paragraph A to 140%.

D. If the Bonds issued under Paragraph C are issued to finance only the first portion of the estimated cost of Additional Facilities, subsequent Bonds may be issued to finance the cost of such Additional Facilities upon compliance with a test comparable to that set forth in clause (ii) of Paragraph A modified by changing the percentage contained therein to 135%.

E. Notwithstanding Paragraphs A, B, C and D, if the Additional Bonds are being issued to finance all or any portion of the estimated cost of Additional Improvements or Additional Facilities, they may be issued if Net Revenues in any twelve consecutive months of the last 18 months were at least 125% of the maximum annual Principal and Interest Requirements on all outstanding Bonds, the Bonds then being issued and any subsequent Additional Bonds estimated to be issued to complete Additional Improvements or Additional Facilities for which a Series of Additional Bonds has been issued under Paragraph A or C. In addition to the statement by the Consulting Engineers or a Consultant described above, the Authority is required to file the certificate of the Consulting Engineers or a Consultant described below under "Restrictions on Certain Additional Facilities".

F. If Bonds are issued under Paragraph A or C to finance all of the then estimated cost of Additional Improvements or Additional Facilities, an additional Series of Bonds to complete such Additional Improvements or Additional Facilities may be issued without compliance with any of the tests in the paragraphs above.

With respect to any Additional Bonds which bear interest at a variable rate or a rate which is otherwise not subject to definite determination over the period of any calculation required by the 1978 Trust Agreement, all provisions of the 1978 Trust Agreement which require use of a definite interest rate for purposes of any calculation shall be applied as if the interest rate for such Additional Bonds were the rate estimated by a nationally known investment banking firm, selected by the Authority (which firm may be an owner or underwriter of any Bonds), to be the rate at which such Additional Bonds would bear interest if they were issued at par and bore a fixed rate for the entirety of their term. The provisions of the 1978 Trust Agreement requiring any calculation shall be applied to Additional Bonds which accrue and compound interest for all or any portion of the term thereof as if interest accrued during such period in the manner provided in such Additional Bonds. Any Additional Bonds may accrue interest at such rate or rates as are determined in accordance with the resolution of the Authority providing for their issuance and such interest may be payable on such date or dates, which may be other than January 1 and July 1, as are set forth in such resolution.

Issuance of Refunding Bonds (Sections 209 and 212)

Under the 1978 Trust Agreement the Authority may issue Additional Bonds for the purpose of refunding all or any part of the outstanding Bonds of any one or more issues or series then outstanding and paying issuance costs.

Such refunding Bonds may be issued only if one of the following conditions is met: (i) the Principal and Interest Requirements on account of all Bonds for each fiscal year until the year following the fiscal year in which any non-refunded Bonds mature are not increased by reason of the refunding, (ii) the Net Revenues of the Authority during any twelve consecutive months out of the most recent 18-month period were not less than 125% of the maximum annual Principal and Interest Requirements for any fiscal year thereafter (giving effect to the refunding and any Bonds to be issued for the completion of Additional Improvements and Additional Facilities); or (iii) (a) the Net Revenues during any twelve consecutive months out of the most recent 18-month period were at least 125% of the Principal and Interest Requirements on all outstanding Bonds during such twelve months, and (b) the estimated average annual Net Revenues for the three fiscal years commencing immediately following the latest estimated date of placing in operation any Additional Improvements or Additional Facilities for which any series of Bonds has been issued will be at least 135% of the estimated maximum Principal and Interest Requirements for any year (giving effect to the refunding and any Bonds to be issued for the completion of Additional Improvements and Additional Facilities).

Issuance of Other Obligations (Section 216)

The 1978 Trust Agreement permits the Authority to issue obligations for any lawful purpose which are not secured by any pledge on, nor payable from, the Revenues or any of the Funds and Accounts created by the 1978 Trust Agreement.

The 1978 Trust Agreement permits the Authority, if permitted by law, to issue notes or other obligations for any purposes (as described above) for which Additional Bonds may be issued and to pledge moneys held for the credit of the Improvement and Extension Fund to the payment of principal and interest of such notes or other obligations which have been issued for any purpose for which the moneys held for the credit of such Fund may be disbursed. The Authority may also issue notes payable solely from the proceeds of the issuance of Additional Bonds or other permitted borrowing. The 1978 Trust Agreement also provides that the Authority may issue obligations the principal of and redemption premium, if any, and interest on which is payable from and secured by a pledge of and lien on the Revenues junior and subordinate to those created by the 1978 Trust Agreement for the benefit of the Bondholders, provided that such obligations shall be payable solely from moneys in the Improvement and Extension Fund, from additional issues of such subordinate obligations, or, if such obligations were issued for purposes for which Additional Bonds could have been issued, from the proceeds of Additional Bonds thereafter issued.

Construction Fund (Article IV)

Under the 1978 Trust Agreement, the proceeds of all Additional Bonds or Notes issued to provide funds to pay the cost of Additional Improvements or Additional Facilities are to be deposited in separate Project Accounts within the Construction Fund. The Construction Fund is held by the Trustee. There may also be deposited in the appropriate Project Accounts other moneys received from any other source for the construction of Additional Improvements or Additional Facilities. Except for payments to cover interest on any Additional Bonds through the second interest payment date after completion of construction of the last of the Additional Improvements or Additional Facilities financed therewith (to the extent such interest payments are called for by the resolution of the Authority authorizing the issuance of such Additional Bonds), payments may be made only upon filing with the Trustee a requisition properly executed on behalf of the Authority and accompanied by an approving certificate of the Consulting Engineers or a Consultant and a certificate of the Authority to the effect that the obligations which are the subject of the requisition are due and payable. Any balance remaining in the appropriate Project Account in the Construction Fund upon completion of the Additional Improvements or Additional Facilities funded with a particular Series of Bonds not reserved by the Authority with the approval of the Consulting Engineers or a Consultant for the payment of any remaining cost thereof shall be transferred to the Improvement and Extension Fund.

Completion of Projects (Section 702)

The Authority covenants that forthwith after the issuance of any Series of Additional Bonds to finance Additional Improvements or Additional Facilities it will proceed with the construction or acquisition of such Additional Improvements or Additional Facilities. Such construction will be in accordance with plans approved by the Consulting Engineers or a Consultant. If the Authority determines not to construct or acquire, or to reduce the scope of, any such Additional Improvements or Additional Facilities, it may construct other improvements or facilities or broaden the scope of such improvements or facilities if the recognized experts certify that there will be no overall cost increase and that the changes will not impair the operating efficiency of the Project or materially adversely affect estimated Net Revenues. However, in the case of the improvements or facilities financed with Bonds issued pursuant to Paragraph E under "Issuance of Additional Bonds" above, construction or acquisition may be suspended or abandoned without compliance with the preceding sentence and any unexpended Bond proceeds will be transferred to another Project Account in the Construction Fund or to the Redemption Account. In any event, if the Authority determines that changes in financial, economic or other conditions since the issuance of any Additional Bonds make it imprudent to continue construction or acquisition of the Additional Improvements or Additional Facilities financed therewith, then construction or acquisition may be suspended or abandoned and any unexpended Bond proceeds may be transferred to another Project Account in the Construction Fund or the Redemption Account, as the Authority may determine.

No Liens (Section 704)

The Authority covenants not to create or suffer to be created any lien upon any Project or any of the Revenues except the lien created by the 1978 Trust Agreement and the liens described under "Issuance of Other Obligations" above. The Authority is required to pay or cause to be discharged all claims and demands which if unpaid might become such a lien, but is not required to provide for the payment and discharge of liens which are being contested in good faith and by appropriate legal proceedings.

Accountants, Consultants and Engineers (Section 706)

The 1978 Trust Agreement provides that the Authority (i) will, for the purpose of performing and carrying out the duties imposed on the Accountants by the 1978 Trust Agreement, employ a firm of independent certified public accountants of recognized ability and standing nationwide, (ii) will, for the purpose of performing and carrying out the duties imposed upon the Consulting Engineers, the Airport Consultants and the Traffic Engineers by the 1978 Trust Agreement, employ independent engineers or engineering firms having a nationwide and favorable repute for skill and experience in such work, and (iii) for the purpose of determining its annual pension expense and its annual post-retirement health benefit expense, may employ as Pension Consultants an independent actuarial consulting organization having a nationwide and favorable repute for skill and experience in such work. Other experts must be independent experts or firms of recognized ability and standing in their fields. The Consulting Engineers must prepare an annual report regarding maintenance of each Project and recommendations, including estimated costs, for maintenance and repair. Such reports are furnished to the Trustee and each Bondholder of Record. The Pension Consultants must submit annual reports setting forth the amount required to be transferred to the trustee for the Authority's pension plan in the next succeeding fiscal year.

Insurance (Sections 706 and 707)

The Authority covenants in the 1978 Trust Agreement that it will employ a Risk Management Consultant of recognized ability and standing nationwide to make recommendations with respect to insurance against direct physical damage and hazards, including the amounts thereof, with deductibles and exclusions and a program of self-insurance. The Risk Management Consultant will submit an annual report setting forth the insurance recommended to be carried or the program of self-insurance recommended to be undertaken. The Authority covenants that it will substantially comply with the recommendations of the Risk Management Consultant or with additional recommendations with respect to a reduced program of self-insurance if the Authority requests the Risk Management Consultant to make such additional recommendations. The Authority also covenants to carry insurance against loss of revenues due to physical loss or damage to its facilities and excess liability insurance substantially as recommended by the Risk Management Consultant. The 1978 Trust Agreement also provides that the Authority will provide such workers' compensation benefits or such employer's liability protection as may be required by law but may provide the same through self-insurance.

No Impairment of Tax Exemption (Section 709)

The Authority covenants that it will not take any action adversely affecting the federal income tax exemption of interest on the Bonds (except Bonds issued as taxable Bonds the interest on which is subject to federal income taxation) and will seek to preserve the exemption of interest on the Bonds from state income taxation. The Authority also will take or require to be taken such acts as may be reasonably within its ability and as may be required under applicable law to preserve the exemption from federal income taxation of interest on the Bonds (except any Bonds issued as taxable Bonds the interest on which is subject to federal income taxation).

Restrictions on Certain Additional Facilities (Section 710)

The Authority covenants that it will not construct, acquire, or operate any building, structure or other facility, other than facilities financed by Additional Bonds issued under Paragraphs A through D under "Issuance of Additional Bonds" above, unless the Consulting Engineers or a Consultant file a statement to the effect that in their opinion the operation of such facility will not materially adversely affect the Net Revenues or impair the operating efficiency of the Projects taken as a whole.

Restrictions on Disposition of Property (Section 714)

The Authority covenants that it will not dispose of or encumber any Project or part thereof except that it may sell or otherwise dispose of machinery, fixtures and other movable property if they are no longer needed or useful and the proceeds are applied to replacement or are deposited in the appropriate Project Account in the Construction Fund or in the Maintenance Reserve Fund, the Improvement and Extension Fund or the Redemption Account, as the Authority may determine. Subject to the provisions of the Authority's Enabling Act, real estate which the Authority, with the approval of the Consulting Engineers or a Consultant, determines is no longer needed or useful may be sold or may be exchanged for real estate if the Authority and Consulting Engineers or a Consultant declare such exchange advantageous. No approval of the Consulting Engineers or a Consultant is required for the sale or exchange of real estate where the aggregate value of the real estate and contiguous parcels sold or exchanged within two years is no more than $500,000.

Notwithstanding the preceding paragraph, the Authority may, if permitted by law, sell or exchange all or any part of a Project other than any property necessary for the efficient operation of the Airport, provided that certificates are filed with the Trustee showing compliance with the following requirements:

(A) no event of default is then existing under the 1978 Trust Agreement;

(B) the amount on deposit in each subaccount within the Reserve Account is at least equal to the Reserve Requirement *for* all Bonds then outstanding; and

(C) pro forma estimates confirmed by recognized experts show that the average annual Net Revenues for the two preceding fiscal years after giving effect to such sale or exchange would be at least 140% of the maximum annual Principal and Interest Requirements in any fiscal year thereafter on all Bonds then outstanding.

The proceeds of any such sale are not Revenues. See "Certain Definitions" below. Such proceeds may be deposited in the Improvement and Extension Fund or the Redemption Account as the Authority may direct. The Authority may also lease and grant licenses to use all or parts of its Projects. The Enabling Act requires the approval of the Governor of the Commonwealth for the sale of any Airport Properties or Port Properties originally acquired from the Commonwealth and provides that any proceeds of such sale be paid to the Commonwealth.

Annual Budget (Section 505)

Under the 1978 Trust Agreement, the Authority agrees to adopt an Annual Budget prior to each fiscal year, setting forth expected Operating Expenses and Revenues of the Authority and deposits in the various Funds and Accounts described above, and to furnish copies thereof to the Trustee, Consulting Engineer and each Bondholder of Record. The Authority may at any time adopt an amended Annual Budget for the remainder of the then current fiscal year which shall be treated as the Annual Budget. The Authority agrees that except for amounts payable from the Maintenance Reserve Fund it will not expend any amount or incur any obligations for maintenance, repair and operation in excess of the amounts provided for Operating Expenses in the Annual Budget, unless the excess is derived from a source other than Revenues. The Authority is also required to adopt a capital budget annually.

Investments in Funds and Accounts (Section 602)

Moneys held in the various Funds and Accounts, not currently needed for the purposes of such Funds and Accounts, will be invested by the Authority, or the Trustee upon direction of the Authority, in Investment Securities, except that moneys held in a Term Bond Investment Account may be invested only in Government Obligations. See "Certain Definitions -- Investment Securities" and "-- Government Obligations" below. Securities purchased as an investment of moneys in any Fund or Account created under the 1978 Trust Agreement shall be valued at their amortized cost. The income received from such investment shall, in the case of the Construction Fund and the Self-Insurance Account, be applied as provided in the resolution creating such Account.

Events of Default and Remedies of Bondholders (Article VIII)

The 1978 Trust Agreement defines events of default to include, among others, failure to pay principal or redemption price when due or any installment of interest within 30 days after due, failure to make a required deposit in a Term Bond Investment Account relating to Additional Bonds as will permit the purchase of Government Obligations in accordance with the resolution authorizing such Additional Bonds, failure to carry on with reasonable dispatch the construction of any Additional Improvements or Additional Facilities (except as described above under "Completion of Projects"), a determination of receivership or insolvency, and failure to perform the covenants contained in the 1978 Trust Agreement after notice. Certain grace periods, not exceeding 60 days in any case, are permitted for remedying certain defaults.

Upon the occurrence and continuance of an event of default the Trustee may, on its own initiative, and shall, upon the request of the holders of not less than 25% in principal amount of the Bonds then outstanding, declare the entire principal amount of all outstanding Bonds to be immediately due and payable. The Trustee may, and upon the request of not less than 25% in principal amount of all Bonds not then due by their terms shall, annul such declaration at any time before final judgment or decree in any suit instituted on account of the default or before completion of any other remedy, if all amounts then due on all outstanding Bonds by their terms and all other charges and liabilities of the Trustee and amounts payable by the Authority under the 1978 Trust Agreement have been paid or deposited with the Trustee and every other known default shall have been remedied.

Upon the happening and continuance of an event of default the Trustee may, on its own initiative, and shall, upon the request of the holders of not less than 25% in principal amount of the Bonds then outstanding and upon being indemnified to its satisfaction, proceed either at law or in equity to protect and enforce its rights and the rights of bondholders under the Enabling Act or the 1978 Trust Agreement. No holder of any Bonds shall have any right to institute any suit, action or other proceeding for the enforcement of any right under the 1978 Trust Agreement unless such holder shall give to the Trustee written notice of the event of default on account of which such suit, action or proceeding is to be instituted, and unless the holders of 25% in principal amount of the Bonds then outstanding shall have made written request of the Trustee and shall have afforded the Trustee a reasonable opportunity to institute such suit, action or proceeding and unless there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred, and the Trustee shall have refused or failed to comply with such request within a reasonable time. However, these provisions shall not limit or impair the right of any bondholder to take any action to enforce the payment of the principal of, premium, if any, and interest on its Bond.

The Trustee shall mail to all registered owners of Bonds then outstanding at their addresses as they appear on the registration books, and all other Bondholders of Record, written notice of the occurrence of any event of default set forth above within 30 days after the Trustee shall have notice pursuant to the 1978 Trust Agreement that any such event of default has occurred.

Concerning the Trustee (Article IX)

Under the 1978 Trust Agreement, the Trustee is not obliged to institute any suit or proceeding or to defend any suit until indemnified against liabilities and expenses. Under the 1978 Trust Agreement, the Trustee is indemnified by the Authority from Revenues for any liabilities incurred in acting under the 1978 Trust Agreement. The Trustee is entitled to reasonable compensation for acting under the 1978 Trust Agreement and to reimbursement for any litigation expenses and other reasonable expenses by the Authority. If the Authority fails to make payment pursuant to such provisions for indemnity by the Authority or payment of compensation or expenses, the Trustee may obtain such payment from moneys held under the 1978 Trust Agreement and is entitled to a preference therefor over any of the Bonds. The 1978 Trust Agreement provides that the Trustee and its directors, officers, employees or agents, either for its or their own accounts or fiduciary accounts, may buy and sell and hold Bonds.

The Trustee may at any time resign upon at least 60 days' written notice to be given to the Authority and filed with EMMA. The Trustee may be removed at any time (a) by the holders of not less than a majority in principal amount of the outstanding Bonds, or (b) for breach of trust or failure to act in accordance with the 1978 Trust Agreement by a court upon application of the Authority or the holders of not less than 25% in principal amount of the outstanding Bonds. Any removal of the Trustee shall take effect upon the appointment of a new Trustee. If the position of Trustee shall become vacant for any reason, the Authority shall appoint a successor trustee, subject to the right of the holders of a majority in aggregate principal amount of the Bonds then outstanding to appoint a successor Trustee which shall supersede the appointee of the Authority. Any trustee must be a bank or trust company with at least $50,000,000 in aggregate capital and surplus.

The 1978 Trust Agreement also authorizes the Authority to replace the Trustee acting under the 1978 Trust Agreement, but only at five-year intervals and so long as no Event of Default exists under the 1978 Trust Agreement, upon 120 days written notice to the Trustee by filing with the Trustee an instrument signed on behalf of the Authority by its Secretary-Treasurer or other authorized officer.

Certain Rights of Bond Insurers (Section 1002)

With respect to any Series of Bonds or any maturity within a Series of Bonds all of the principal of and interest on which is insured by a bond insurance policy, if so provided in the resolution of the Authority authorizing the issuance of such Series, the terms "holder" and "owner" of Bonds and the term "bondholder", each as used in the 1978 Trust Agreement, for purposes of all consents, directions and notices provided for in the 1978 Trust Agreement shall mean, with respect to the Bonds of such Series or maturity, as the case may be, the issuer of such bond insurance policy as long as such policy issuer has not defaulted under such policy; provided, however, that unless it actually is the beneficial owner of the Bonds in respect of which a consent is requested, the policy issuer shall not have the power to act on behalf of the registered owners of any Bonds to consent to amendments, supplements or waivers that would (a) extend the stated maturity of or time for paying the interest on such Bonds, (b) reduce the principal amount of, purchase price for or redemption premium or rate of interest payable on such Bonds or (c) result in a privilege or priority of any Bond over any other Bond.

Modifications of the 1978 Trust Agreement (Article XI)

Under the terms of the 1978 Trust Agreement, the Authority and the Trustee, without consent of the holders of the Bonds, are authorized to enter into a supplemental agreement or agreements to cure any ambiguity or formal defect or omission or to correct any inconsistent provisions or obvious mistake in the 1978 Trust Agreement, to grant to the Trustee for the benefit of the holders of the Bonds any additional lawful rights to security, to add to the conditions, limitations and restrictions on the issuance of Bonds, to add to the covenants of the Authority, to provide for the issuance of subordinated obligations or to provide for the issuance of obligations under a supplemental agreement which are not payable from Revenues. In addition, the 1978 Trust Agreement may be modified, altered, amended, added to or rescinded with the consent of the holders of not less than 51% in aggregate principal amount of the Bonds then outstanding or, if less than all Series of Bonds then outstanding are affected, the consent of the holders of not less than 51% in aggregate principal amount of each affected Series of Bonds. Notwithstanding the foregoing, without the consent of the holders of not less than 100% in aggregate principal amount of the Bonds then outstanding or, in case less than all of the several

Series of Bonds then outstanding are affected thereby, the holders of not less than 100% in aggregate principal amount outstanding of each Series so affected, no such modification or amendment shall permit (a) an extension of the maturity of the principal of or the interest on any Bond issued thereunder, or (b) a reduction in the principal amount or redemption premium of any Bond or the rate of interest thereon, or (c) the creation of a lien upon or pledge of Revenues ranking prior to or on a parity with the lien or pledge created by the 1978 Trust Agreement, or (d) a preference or priority of any Bond or Bonds except as permitted by the 1978 Trust Agreement, or (e) a reduction in the aggregate principal amount of the Bonds required for consent to such modification or amendment.

Defeasance (Article XII)

If the Authority shall pay or cause to be paid the principal, premium, if applicable, and interest to the holders of all outstanding Bonds, then the pledge of any Revenues and other moneys pledged under the 1978 Trust Agreement and all covenants, agreements and other obligations to the holders of Bonds shall terminate and be discharged and satisfied.

Bonds for the payment or redemption of which sufficient moneys, or sufficient Government Obligations the principal of and interest on which when due will provide moneys, to pay when due the principal, Amortization Requirements and interest on such Bonds have been irrevocably deposited with the Trustee for the sole purpose of paying or redeeming such Bonds will be deemed to have been paid within the meaning of the foregoing paragraph, provided that if any of such Bonds are to be redeemed prior to maturity, notice of such redemption must be duly given or irrevocable instructions to publish a notice to the bondholders, the form and content and substance of which are specified in the 1978 Trust Agreement, must have been given in form satisfactory to the Trustee.

Capital Appreciation Bonds (Section 1311)

Bonds of any Series may be issued with interest payable (i) only at their stated maturity date (or upon earlier redemption, purchase or acceleration) or (ii) in part at their stated maturity date (or upon earlier redemption, purchase or acceleration) and in part on stated interest payment dates, as set forth in the resolution authorizing the issuance of the Bonds.

Certain Definitions

Certain terms used in this Official Statement have the following meanings:

Additional Facilities -- Any revenue-producing facility which serves a public purpose and the acquisition or construction and the financing of which by the Authority may hereafter be authorized by the legislature of the Commonwealth, excluding, however, any extension, enlargement or improvement of a project then under the control of the Authority and any building, structure or other facility financed or refinanced by the Authority by obligations not issued under the provisions of the 1978 Trust Agreement.

Additional Improvements -- Any extension, enlargement or improvement of a Project, other than the extension, enlargement or improvement of any building, structure or other facility financed or refinanced by the Authority by obligations not issued under the provisions of the 1978 Trust Agreement.

Amortization Requirements -- The amounts for the respective fiscal years as determined by the Authority for the retirement of term Bonds of a Series.

Available Funds -- For any period of time, (i) the amount of PFC Revenues and/or CFCs to be received by the Authority during such period and not previously pledged or irrevocably committed to payment of principal of, interest on or premium, if any, on a Series of Bonds, and (ii) the amount of any other future income or revenue source not then included in the definition of "Revenues" that the Authority designates as "Available Funds" in a future resolution duly adopted by the Members of the Authority supplementing the 1978 Trust Agreement; provided, however, that any such resolution shall also establish a corresponding account and the functional provisions for the receipt, deposit and application of such source of income or revenue.

Bondholder of Record -- The registered owner of outstanding fully registered Bonds or Bonds registered as to principal alone (in either case in an aggregate principal amount of at least $500,000) or any holder of outstanding Bonds who shall have filed with the Secretary-Treasurer of the Authority a request in writing setting forth his name and address and the particular reports, notices or other documents which he desires to receive and which are required to be mailed to bondholders of record under the provisions of the 1978 Trust Agreement. So long as the 2021 Refunding Bonds are in book-entry only form, the Bondholder of Record thereof for the purposes of the 1978 Trust Agreement shall be DTC or DTC's partnership nominee (or a successor securities depository). See "BOOK-ENTRY ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES – DTC and Book-Entry Only System."

Bullet Maturities -- With respect to any Series of Bonds 25% or more of the principal of which matures on the same date or within a fiscal year, that portion of such Series which matures on such date or within such fiscal year; provided, however that the principal amount maturing on any date shall be reduced by the amount of such Bonds scheduled to be amortized by prepayment or redemption prior to their stated maturity date. Notes shall be deemed to be Bullet Maturities for purposes of the 1978 Trust Agreement.

Consultant -- Any Independent consultant, consulting firm (including the Airport Consultants), engineer (including the Consulting Engineers), architect, engineering firm, architectural firm, accountant or accounting firm (including the Accountants), financial advisory or investment banking firm, or other expert recognized to be well-qualified for work of the character required and retained by the Authority to perform acts and carry out the duties provided for such consultant in the 1978 Trust Agreement.

Customer Facility Charges or CFCs -- All amounts received by the Authority from the charges imposed by car rental companies upon car rental customers arriving at Boston Logan International Airport and renting a vehicle from a car rental company serving such Airport, which charges are established by the Authority by resolution.

Designated Debt -- Any Series of Bonds, or portion thereof, with respect to which there shall be in effect a Qualified Hedge Facility.

EMMA-- The Electronic Municipal Market Access system operated by the Municipal Securities Rulemaking Board, or any successor thereto designated as a nationally recognized municipal securities information repository by the United States Securities and Exchange Commission.

Government Obligations -- The securities referred to in the first clause of the definition of Investment Securities. See below.

Independent -- When used with respect to any specified firm or individual, such a firm or individual that (a) does not have any direct financial interest or any material indirect financial interest in the operations of the Authority, other than the payment to be received under a contract for services to be performed, and (b) is not connected with the Authority as an official, officer or employee.

Investment Securities -- Any of the following which at the time of investment are legal investments under the laws of the Commonwealth for the moneys proposed to be invested therein:

Direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America;

Bonds, indentures or notes or other evidences of indebtedness issued or guaranteed by any of the following agencies: Bank for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Mortgage Corporation; Federal Home Loan Banks; the Federal National Mortgage Association; the United States Postal Service; the Government National Mortgage Association; the Federal Financing Bank; or any other agency or instrumentality of the United States of America now existing or hereafter created;

New Housing Authority Bonds or project notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by, respectively, a pledge of annual contributions under an annual contributions contract or contracts or requisition or payment agreements with the United States of America;

Negotiable or non-negotiable bank time deposits evidenced by certificates of deposit issued by banks, trust companies, national banking associations or savings and loan associations (which may include the Trustee) provided that such time deposits are fully insured by the Federal Deposit Insurance Corporation or secured by obligations described in clauses (i), (ii) or (iii) of this definition or by full faith and credit obligations of (a) the Commonwealth or (b) any state of the United States rated in the three highest grades by a nationally recognized rating agency, provided such obligations at all times have a market value at least equal to the maturity value of the deposits so secured, including accrued interest on such deposits;

Repurchase agreements with banks described in clause (iv) of this definition (which may include the Trustee) or government bond dealers reporting to, trading with, and recognized as primary dealers by, a Federal Reserve Bank, the underlying securities of which are obligations described in clauses (i) and (ii) of this definition, provided that the underlying securities are required to be continuously maintained at a market value not less than the amount so invested;

Any bonds or other obligations of any state of the United States of America or of any local government unit of any such state which (1) are rated in the highest rating category by Moody's Investors Service and Standard & Poor's, without regard to gradations within categories, (2) are not callable unless irrevocable instructions have been given to the trustee for such bonds to give due notice of redemption and to call such bonds for redemption on the date(s) specified in such instruments, and (3) are secured by cash and Government Obligations;

Direct and general obligations of any state of the United States of America, to the payment of the principal of and interest on which the full faith and credit of such state is pledged, provided such obligations are rated in either of the two highest rating categories without regard to gradations within categories by Moody's Investors Service and Standard & Poor's;

Obligations of any state of the United States of America or any political subdivision thereof which shall be rated in one of the two highest rating categories by Moody's Investors Service and Standard & Poor's without regard to gradations within categories;

Certificates that evidence ownership of the right to payments of principal of or interest on Government Obligations, provided that (1) such obligations shall be held in trust by a bank or trust company or a national banking association meeting the requirements for a successor Trustee under the 1978 Trust Agreement, (2) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying Government Obligations, and (3) the underlying Government Obligations are held in a special account separate from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated;

Commercial paper rated at the time of purchase in the highest rating category, without regard to gradations within such category, by Moody's Investors Service and Standard & Poor's;

Investments or deposits in the Massachusetts Municipal Depository Trust;

Money market funds rated in the highest rating category, without regard to gradations within such category, by Moody's Investors Service and Standard & Poor's;

Investment contracts with banks (which may include the Trustee) or other financial institutions whose long-term unsecured debt or claims-paying ability is rated in one of the two highest rating categories by Moody's Investors Service and Standard & Poor's;

Banker's acceptances rated at the time of purchase in the highest short-term rating category, without regard to gradations within such category, of Moody's Investors Service and Standard & Poor's;

Advance-refunded municipal bonds rated in the highest rating category, without regard to gradations within such category, by Moody's Investors Service and Standard & Poor's;

U.S. dollar denominated debt offerings of a multilateral organization of governments rated in the highest rating category, without regard to gradations within such category, by Moody's and S&P;

U.S. dollar denominated corporate bonds, notes or other debt obligations issued or guaranteed by a domestic or foreign corporation, financial institution, non-profit or other entity rated in one of the three highest rating categories, without regard to gradations within such categories, by Moody's Investors Service and S&P;

Negotiable bank certificates of deposit, deposit notes or other deposit obligations issued by a nationally or state chartered bank, credit union or savings association, or by a federally or state-licensed branch of a foreign bank or financial institution, in each case rated in one of the three highest rating categories, without regard to gradations within such categories, by Moody's or S&P; and

Any other investment authorized pursuant to an amendment or supplement to the 1978 Trust Agreement pursuant to Section 1101(g) of the 1978 Trust Agreement.

Section 1101(g) of the 1978 Trust Agreement authorizes modification of the definition of Investment Securities as directed by the Authority, provided that the Authority shall have provided evidence to the Trustee that the details of such modification have been provided in writing to each of Moody's Investors Service (if Moody's Investors Service is then assigning a rating to any outstanding Bonds), Standard & Poor's (if Standard & Poor's is then assigning a rating to any outstanding Bonds) and each other nationally recognized rating agency, if any, then assigning a rating to any outstanding Bonds and that each such rating agency has either (i) confirmed in writing that such modification will not adversely affect the rating it assigns to outstanding Bonds or (ii) issued a rating on a Series of Bonds to be issued which is not lower than the rating assigned by such rating agency to outstanding Bonds prior to such modification, or any other evidence satisfactory to the Trustee that such modification will not adversely affect the then current ratings, if any, assigned to the Bonds by any nationally recognized rating agency.

<u>Operating Expenses</u> -- The Authority's reasonable and necessary current expenses of maintaining, repairing and operating the Projects, including administrative expenses, insurance premiums and payments into the Self-Insurance Account, fees and expenses of the Trustee, engineering expenses relating to operation and maintenance, legal expenses, charges of Paying Agents, payments of annual pension expense and post-retirement health benefits expense, any taxes of general applicability which may be lawfully imposed on the Authority or its income or operations or the property under its control and reserves for such taxes, ordinary and usual

expenditures for maintenance and repair, which may include expenses not annually recurring, including such expenditures necessary to maintain the then useful life and operational status of any Project or to keep any Project in its present operational status and all such other costs of maintenance and repair as the Authority may determine to include in Operating Expenses in accordance with sound business practice applied on a consistent basis and any other expenses required to be paid by the Authority under the provisions of the 1978 Trust Agreement or by law on account of the operation or ownership of the Projects, but excluding reserves for operation, maintenance or repair, depreciation allowances or any deposits or transfers to the credit of any of the Funds or Accounts created under the 1978 Trust Agreement except the Self-Insurance Account, pension account and post-retirement health benefits account.

Passenger Facility Charges or PFCs -- The passenger facility charges authorized to be charged by the Authority pursuant to the Aviation Safety and Capacity Expansion Act of 1990, as amended (now codified in Section 40117 of Title 49 of the United States Code).

PFC Revenues -- Amounts derived by the Authority from the imposition of PFCs, exclusive of the amounts retained by the air carriers collecting the PFCs pursuant to Federal Aviation Regulations.

Pooled Reserve Subaccount -- The subaccount within the Reserve Account securing all Bonds outstanding prior to the effective date of the Twenty-First Supplemental Agreement (July 17, 2019) and, on and after such effective date, securing those Bonds designated as secured by the Pooled Reserve Subaccount pursuant to a resolution adopted by the Authority.

Principal and Interest Requirements -- With respect to any Series of Bonds, the sum during any fiscal year of (a) interest payable on all Bonds of such Series outstanding which accrues in such fiscal year (less capitalized interest and interest paid or to be paid for such period from moneys in the Construction Fund), (b) principal payable on serial Bonds of such Series on any date commencing with July 2 in such fiscal year and ending with July 1 of the next fiscal year, both inclusive, (c) the Amortization Requirements of term Bonds of such Series, if any, for such fiscal year, plus an amount equal to the premium, if any, which would be payable on any date referred to in subparagraph (b) of this definition on a like principal amount of Bonds if such principal amount of Bonds should be redeemed on such date from moneys in the Interest and Sinking Fund, and (d) the amount required to be deposited in the Term Bond Investment Account (if such an Account is established for such Series of Bonds), if any, for such fiscal year; less income to be accrued during the year on investments in such a Term Bond Investment Account to the extent such income is required to be retained in such Account or deposited in the Bond Service Account or into the Redemption Account.

Regarding the calculation of Principal and Interest Requirements on variable-rate debt, see "SECURITY FOR THE 2021 REFUNDING BONDS -- Additional Bonds". In computing the Principal and Interest Requirements, Designated Debt which bears interest at a variable rate and with respect to which there exists a Qualified Hedge Facility obligating the Authority to pay a fixed interest rate or a different variable interest rate shall be deemed (for the period during which such Qualified Hedge Facility is reasonably expected to remain in effect) to bear interest at the fixed interest rate or different variable rate payable by the Authority pursuant to the Qualified Hedge Facility relating thereto. In computing Principal and Interest Requirements, Designated Debt which bears interest at a fixed rate and with respect to which there exists a Qualified Hedge Facility obligating the Authority to pay a floating rate shall be deemed (for the period during which such Qualified Hedge Facility is reasonably expected to remain in effect) to bear interest equal to the interest payable on the Designated Debt, minus the fixed amounts received or to be received by the Authority under the Qualified Hedge Facility, plus the amount of the floating payments made or to be made by the Authority under the Qualified Hedge Facility (such floating payments not yet made to be determined as provided for variable rate Bonds).

In computing the Principal and Interest Requirements, if all or any portion or portions of any outstanding Series of Bonds constitute Bullet Maturities, then each maturity which constitutes Bullet Maturities shall, unless a shorter term was otherwise provided in the resolution of the Authority pursuant to which such Bullet Maturities were issued or unless the next succeeding paragraph then applies to such maturity, be treated as if it were to be amortized over a term of not more than thirty (30) years and with substantially level annual debt service funding payments commencing not later than the year following the year in which such Bullet Maturities were issued, and extending not later than thirty (30) years from the date such Bullet Maturities were originally issued. The interest rate used for such computation shall be that rate determined by a Consultant selected by the Authority to be a reasonable market rate for fixed-rate Bonds of a corresponding term and tenor issued under the 1978 Trust Agreement on the date of such calculation, with no credit enhancement. With respect to any Series of Bonds only a portion of which constitutes Bullet Maturities, the remaining portion shall be treated as described in such other provision of this definition as shall be applicable and, with respect to any such Series of Bonds, or that portion of a Series thereof which constitutes Bullet Maturities, all funding requirements of principal and interest becoming due prior to the year of the stated maturity of the Bullet Maturities shall be treated as described in such other provision of this definition as shall be applicable.

In computing the Principal and Interest Requirements, if any maturity of Bonds which constitutes Bullet Maturities as described in the immediately preceding paragraph of this definition and for which the stated maturity date occurs within twelve (12) months from the date such calculation of Principal and Interest Requirements is made, such maturity shall be assumed to become due and payable on the stated maturity date and the immediately preceding paragraph shall not apply thereto unless there is delivered to an officer of the Authority or Consultant making the calculation of Principal and Interest Requirements a certificate of an authorized officer of the Authority stating that the Authority intends to refinance such maturity and stating the probable terms of such refinancing and that the debt capacity of the Authority is sufficient to successfully complete such refinancing; and upon the receipt of such certificate, such Bullet Maturities shall be assumed to be refinanced in accordance with the probable terms set out in such certificate and such terms shall be used for purposes of calculating Principal and Interest Requirements, provided that such assumption shall not result in an interest rate lower than that which would be assumed under the immediately preceding paragraph and shall be amortized over a term of not more than thirty (30) years from the date of refinancing.

If Available Funds (including state and/or federal grants) have been irrevocably committed or are held by the Trustee or another fiduciary and are to be set aside exclusively to be used to pay principal of, interest or premium, if any, on specified Bonds pursuant to a resolution of the Authority (and are not otherwise required for payment of another Series of

Bonds), then the principal, interest and/or premium to be paid from such Available Funds or from earnings thereon shall be disregarded and not included in calculating Principal and Interest Requirements.

Project -- Any of the Airport Properties, the Port Properties or any Additional Facility financed in whole or in part under the provisions of the 1978 Trust Agreement, either from the proceeds of Bonds or other available funds, including in the case of each such Project all equipment, appurtenances, extensions, enlargements, improvements, renewals and replacements thereof, but shall not include any land, building, structure or other facility financed or refinanced by the Authority by obligations not issued under the provisions of the 1978 Trust Agreement.

Qualified Hedge Facility -- Any interest rate exchange, interest rate cap or other transaction which is intended to convert or limit the interest rate payable with respect to all or part of a particular Series of Bonds and which (a) is with a Qualified Hedge Provider and (b) has been designated in writing to the Trustee by the Authority as a Qualified Hedge Facility with respect to all or part of a particular Series of Bonds;

Qualified Hedge Provider -- A financial institution (a) whose senior long-term obligations are rated not lower than "A1" or the equivalent by Moody's Investors Service and not lower than "A+" or the equivalent by Standard & Poor's or (b) whose obligations under each Qualified Hedge Facility (i) are guaranteed by a financial institution, or subsidiary of a financial institution, whose senior long-term debt obligations are rated not lower than "A1" or its equivalent by Moody's Investors Service and not lower than "A+" or its equivalent by Standard & Poor's or (ii) are fully secured by investments described in clause (i) or (ii) of the definition of "Investment Securities" which (A) are valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 100% of the Authority's exposure in respect of such Qualified Hedge Facility, (B) are held by the Trustee or a custodian other than the Qualified Hedge Provider and (C) are subject to a perfected lien in favor of the Authority or the Trustee free and clear of all third-party liens.

Replacement Cost -- As of any date of calculation the then present-day cost to replace or reconstruct all or any of the physical facilities of the Authority to their current use or operational status with materials then used in accordance with sound construction practice but shall exclude (a) the cost to reconstruct or replace all below-ground or below-water foundations and utility improvements and the cost of land, landfill and site improvements and (b) if and to the extent that the Authority shall have so notified the Trustee in writing, the cost to reconstruct or replace any facility financed with the proceeds of obligations other than Bonds, which obligations are not secured by any pledge, lien or charge on, nor payable from, the Revenues or any of the Funds and Accounts created by the 1978 Trust Agreement.

Reserve Requirement -- (a) With respect to the Pooled Reserve Subaccount, the maximum annual Principal and Interest Requirements on all of the outstanding Bonds secured by the Pooled Reserve Subaccount, and (b) with respect to each Series of Bonds issued on and after July 17, 2019 and not secured by the Pooled Reserve Subaccount, as of any date of calculation for a particular subaccount within the Reserve Account other than the Pooled Reserve Subaccount, the amount of money, if any, required by the resolution adopted by the Authority authorizing the issuance of such Series of Bonds to be maintained in a subaccount in the Reserve

Account with respect to such Series of Bonds, which amount shall be available for use only with respect to such Series of Bonds. Any Series of Bonds may be secured by the Pooled Reserve Subaccount, or another specified subaccount within the Reserve Account pursuant to the resolution authorizing such Bonds, if the resolution adopted by the Authority that initially established such account provided for securing more than one Series of Bonds with such subaccount, or the Authority may elect not to establish a subaccount within the Reserve Account to secure such Series of Bonds.

Revenues -- All moneys derived or to be derived by the Authority in payment of tolls, rates, fees, rentals and other charges for the use of, and for the services and facilities furnished by, the Projects, any proceeds of use and occupancy and liability insurance (but not casualty insurance proceeds or awards for damages), the proceeds of leases, licenses, permits and concessions, and other income from the ownership or operation of the Projects, including income from investments except those in the Construction Fund, the Self-Insurance Account, any pension or post-retirement health benefit account in the Operating Fund and the Term Bond Investment Account; but excluding (i) moneys derived from facilities financed with the proceeds of obligations not secured by or payable from Revenues to the extent such moneys are pledged to the payment of such obligations, (ii) proceeds of casualty insurance or awards for damages, (iii) proceeds of sales of Bonds, (iv) proceeds of the sale or other disposition of property pursuant to the 1978 Trust Agreement and (v) except to the extent from time to time provided by the Authority by resolution, the proceeds of any passenger facility charge or similar tax levied by or on behalf of the Authority pursuant to the Federal Aviation Safety and Capacity Act of 1990 as from time to time amended, and any successor thereto, and the proceeds of any other charge or tax from time to time levied by or on behalf of the Authority pursuant to any federal statute or regulation enacted or promulgated after May 15, 2003 which restricts the use of such proceeds to purposes identified in or pursuant to such statute or regulation. The Authority has excluded from Revenues the proceeds of PFCs and CFCs. Notwithstanding the foregoing to the contrary, Revenues shall also include Available Funds in the amount, for the period and subject to such conditions as may be provided by a resolution of the Authority. See "SECURITY FOR THE 2021 REFUNDING BONDS – Use of Available Funds to Pay Debt Service" and "-- Other Revenues of the Authority Not Pledged as Security for the Bonds – *Passenger Facility Charges*" and "—*Customer Facility Charges*."

Term Bond Investment Account -- For a Series of Bonds shall mean each Account so designated which is established in the Interest and Sinking Fund for the term Bonds of such Series pursuant to the resolution of the Authority authorizing the issuance of such Series of Bonds. (No such Account will be established for any of the 2021 Refunding Bonds.)

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FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Massachusetts Port Authority (the "Issuer") in connection with the issuance of one or more series of bonds by or on behalf of the Issuer and designated by duly adopted resolution of the Issuer as subject to and having the benefits of this Disclosure Certificate (such bonds referred to herein collectively as the "Bonds"). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the owners of Bonds and in order to assist Participating Underwriters in complying with the Rule (as defined below).

SECTION 2. Definitions. In addition to terms defined elsewhere in this Disclosure Certificate, the following capitalized terms shall have the following meanings:

"Annual Filing" shall mean any Annual Filing provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Dissemination Agent" shall mean Digital Assurance Certification, L.L.C., acting in its capacity as dissemination agent for the Issuer pursuant to the Disclosure Dissemination Agent Agreement dated as of January 8, 2010, between the Issuer and Digital Assurance Certification, L.L.C., or any successor thereto designated in writing by the Issuer as its agent for purposes of satisfying the filing and notice requirements assumed by the Issuer under this Disclosure Certificate, and which successor has filed with the Issuer a written acceptance of such designation.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Certificate. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at http://emma.msrb.org.

"Owners of the Bonds" or "Owners" shall mean the registered owners, including beneficial owners, of the Bonds.

"Participating Underwriters" shall mean the original underwriters of any Bonds required to comply with the Rule in connection with the offering of such Bonds.

"Rule" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"Trust Agreement" shall mean the Trust Agreement dated as of August 1, 1978, as amended and supplemented, between the Issuer and U.S. Bank National Association (as successor in interest to State Street Bank and Trust Company), as Trustee.

SECTION 3. Provision of Annual Filings.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than January 1 of each year, commencing January 1, 2020, provide to the MSRB an Annual Filing that is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Filing may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted, when available, separately from the balance of the Annual Filing.

(b) If the Issuer is unable to provide the Annual Filing to the MSRB by the date required in subsection (a), the Issuer shall send, or cause the Dissemination Agent to send, a notice in a timely manner to the MSRB in substantially the form attached as Exhibit A.

SECTION 4. Content of Annual Filings. The Issuer's Annual Filing shall contain or incorporate by reference the following:

(a) operating data for, or as of the end of, the preceding fiscal year of the type presented in the Issuer's most recent official statement, including data relating to (i) the market shares of total Airport passenger traffic, (ii) the percentage of passengers traveling on U.S. air carrier airlines between the Airport and other final domestic destinations, (iii) general Airport traffic statistics and (iv) cargo and passenger activity relating to the Port Properties;

(b) financial information for, or as of the end of, the preceding fiscal year of the type presented in the Issuer's most recent official statement, including a summary of operating results and debt service coverage; and

(c) the most recently available audited financial statements of the Issuer, prepared in accordance with generally accepted accounting principles. (If audited financial statements for the preceding fiscal year are not available when the Annual Filing is submitted, the Annual Filing will include unaudited financial statements for the preceding fiscal year.)

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which (i) are available to the public on the MSRB's Internet Web site or (ii) have been filed with the Securities and Exchange Commission. The Issuer shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) The Issuer shall give notice, or shall cause the Dissemination Agent to give notice, in accordance with subsection 5(b) below, of the occurrence of any of the following events with respect to any Bonds:

(i) Principal and interest payment delinquencies.

(ii) Non-payment related defaults, if material.

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties.

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties.

(v) Substitution of credit or liquidity providers, or their failure to perform.

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determination of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

(vii) Modifications to rights of any Owners of the Bonds, if material.

(viii) Optional, contingent or unscheduled calls of Bonds, if material, and tender offers.

(ix) Defeasance of any Bonds or any portion thereof.

(x) Release, substitution or sale of property securing repayment of any Bonds, if material.

(xi) Rating changes.

(xii) Bankruptcy, insolvency, receivership or similar event of the Issuer.*

(xiii) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(xiv) Appointment of a successor or additional trustee or the change of name of the Trustee, if material.

(xv) Incurrence of a financial obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect Owners of the Bonds, if material.**

(xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.**

(b) Upon the occurrence of a Listed Event, the Issuer shall, in a timely manner not in excess of ten (10) business days after the occurrence of the event, file, or cause the Dissemination Agent to file, a notice of such occurrence with the MSRB.

(c) Anything in this Section 5 to the contrary notwithstanding, the Issuer shall have no obligation to give notice of or otherwise report any Listed Event with respect to any series of Bonds as to which another obligated person (as such term is defined in the Rule) has entered into an undertaking to provide such notice in accordance with the Rule.

SECTION 6. Transmission of Information and Notices. Unless otherwise required by law, all notices, documents and information provided to the MSRB shall be provided in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is permitted by the Rule, as evidenced by an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

If the amendment provides for a change in the accounting principles to be followed in preparing financial statements, the Annual Filing for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting

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* As noted in the Rule, this event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

** For purposes of event numbers (xv) and (xvi) in Section 5(a) of this Disclosure Certificate, the term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "financial obligation" excludes municipal securities for which a final official statement has been provided to the MSRB consistent with the Rule.

principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in the accounting principles shall be sent to the MSRB.

SECTION 9. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Owner of any Bonds may seek a court order for specific performance by the Issuer of its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Trust Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance of the Issuer's obligations hereunder and not for money damages in any amount.

SECTION 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, Participating Underwriters and Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 11. Governing Law. This instrument shall be governed by the laws of The Commonwealth of Massachusetts.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the Issuer has caused this Disclosure Certificate to be duly executed under seal as of the date hereof.

Date: July 17, 2019

MASSACHUSETTS PORT AUTHORITY

By__________________________________
Title: Acting Director of Administration & Finance/
Secretary-Treasurer

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL FILING

Name of Issuer: Massachusetts Port Authority

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Filing as required by the Continuing Disclosure Certificate of the Issuer dated as of July 17, 2019. The Issuer anticipates that the Annual Filing will be filed by ___________________.

Dated: ________________

[DISSEMINATION AGENT],
on behalf of the Issuer

By__________________________________

cc: Massachusetts Port Authority

KAPLAN KIRSCH
ROCKWELL

BOSTON
DENVER
NEW YORK
SAN FRANCISCO
WASHINGTON, DC

February 17, 2021

Massachusetts Port Authority
One Harborside Drive, Suite 200S
East Boston, Massachusetts 02128-2909

Re: Massachusetts Port Authority $35,630,000 Revenue Refunding Bonds, Series 2021-A (Non-AMT), $21,900,000 Revenue Refunding Bonds, Series 2021-B (AMT), and $229,740,000 Revenue Refunding Bonds, Series 2021-C (Taxable)

Ladies and Gentlemen:

We have served as bond counsel to the Massachusetts Port Authority (the "***Authority***") in connection with the issuance by the Authority of its $35,630,000 Revenue Refunding Bonds, Series 2021-A (Non-AMT) (the "***2021-A Bonds***"), its $21,900,000 Revenue Refunding Bonds, Series 2021-B (AMT) (the "***2021-B Bonds***"), and its $229,740,000 Revenue Refunding Bonds, Series 2021-C (Taxable) (the "***2021-C Bonds***" and, with the 2021-A Bonds and the 2021-B Bonds, collectively, the "***2021 Bonds***"). The 2021 Bonds are issued pursuant to Chapter 465 of the Massachusetts Acts of 1956, as amended to the date hereof (as so amended, the "***Act***"), the Trust Agreement dated as of August 1, 1978, as supplemented and amended to the date hereof (as so supplemented and amended, the "***Trust Agreement***"), by and between the Authority and U.S. Bank National Association, as successor-in-interest to State Street Bank and Trust Company, as trustee (the "***Trustee***"), and the Resolution adopted by the Members of the Authority on January 21, 2021 (the "***Resolution***"). All capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Resolution.

We have examined the Act, a certified copy of the proceedings relating to the issuance of the 2021 Bonds, the Trust Agreement and the Resolution, the by-laws of the Authority, and certifications of Authorized Officers of the Authority (as defined in the Resolution) and other public officials and others, and such other laws and regulations as we have determined to be necessary in order to deliver this opinion. As to questions of fact material to our opinion, we relied upon those certified proceedings and certifications, without independently undertaking to verify them. With respect to the opinion regarding federal tax matters, with your permission, we refer you to the legal opinion of even date of Foley & Lardner LLP, co-bond counsel.

Neither The Commonwealth of Massachusetts (the "***Commonwealth***") nor any political subdivision thereof, other than the Authority, is obligated to pay any of the 2021 Bonds or the interest thereon, and neither the faith and credit nor the taxing power of the Commonwealth or any political subdivision thereof is pledged to the payment of the principal of and interest on the 2021 Bonds. The 2021 Bonds are secured on a parity with other Bonds heretofore and hereafter issued pursuant to the Trust Agreement and are secured by and payable solely from Revenues available therefor under the Trust Agreement and Available Funds that have been irrevocably committed or are held by the Trustee or another fiduciary and are set aside exclusively to be used to pay principal of, interest or premium if any, on the 2021 Bonds pursuant to a resolution of the Authority. The Authority has no taxing power.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Authority is a body politic and corporate and public instrumentality of the Commonwealth duly created by the Act, with all necessary power and authority to adopt the Resolution, perform its obligations under the Resolution and issue the 2021 Bonds.

2. The 2021 Bonds have been duly authorized, executed and delivered by the Authority and, assuming that the 2021 Bonds have been authenticated as provided in the Act and the Trust Agreement, the 2021 Bonds constitute legal, valid and binding obligations of the Authority, enforceable in accordance with their terms and entitled to the benefits and security of the Resolution and the Trust Agreement.

3. The Resolution and the Trust Agreement are authorized by the Act, the Trust Agreement has been duly authorized, executed and delivered by the Authority, and the Resolution and the Trust Agreement constitute legal, valid and binding obligations of the Authority, enforceable in accordance with their respective terms.

4. Under the Act, the 2021 Bonds, their transfer and the income therefrom (including any profit made on the sale thereof) are exempt from taxation within the Commonwealth. We express no opinion as to whether the 2021 Bonds or the interest thereon are included in the measure of Massachusetts estate and inheritance taxes and certain Massachusetts corporation excise and franchise taxes. We express no opinion regarding other Massachusetts tax consequences arising with respect to the 2021 Bonds, or regarding the tax consequences of states other than the Commonwealth.

The rights of the owners of the 2021 Bonds and the enforceability of the 2021 Bonds, the Trust Agreement and the Resolution may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws of general application affecting the rights and remedies of creditors and secured parties, and the availability of the remedy of specific enforcement, injunctive relief or other equitable relief is subject to the discretion of the court before which any proceeding therefore may be brought. We express no opinion as to the availability of any particular form of judicial relief.

Except as set forth in our supplemental opinion of even date, we have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the Official Statement dated February 3, 2021 or other offering materials relating to the 2021 Bonds (except to the extent, if any, stated in the Official Statement), and we express no opinion as to those matters. We have not passed on any matters relating to the business, affairs or condition (financial or otherwise) of the Authority and no inference should be drawn that we have expressed any opinion on matters relating to the ability of the Authority to perform its obligations under the Resolution or the Trust Agreement.

This letter speaks as of its date. We assume no duty to change this letter to reflect any facts or circumstances that later come to our attention or any changes in law. We express no opinion as to laws other than the laws of the Commonwealth and the federal laws of the United States of America. In acting as bond counsel, we have established an attorney-client relationship solely with the Authority.

Very truly yours,

Kaplan Kirsch & Rockwell LLP

FOLEY
FOLEY & LARDNER LLP

ATTORNEYS AT LAW
111 HUNTINGTON AVENUE, SUITE 2500
BOSTON, MASSACHUSETTS 02199
617.342.4000 TEL
617.342.4001 FAX
WWW.FOLEY.COM

February 17, 2021

Massachusetts Port Authority
One Harborside Drive, Suite 200S
East Boston, Massachusetts 02128-2909

Re: Massachusetts Port Authority $35,630,000 Revenue Refunding Bonds, Series 2021-A (Non-AMT), $21,900,000 Revenue Refunding Bonds, Series 2021-B (AMT), and $229,740,000 Revenue Refunding Bonds, Series 2021-C (Taxable)

Ladies and Gentlemen:

We have served as bond counsel with Kaplan Kirsch & Rockwell LLP to the Massachusetts Port Authority (the "***Authority***") in connection with the issuance by the Authority of its $35,630,000 Revenue Refunding Bonds, Series 2021-A (Non-AMT) (the "***2021-A Bonds***"), its $21,900,000 Revenue Refunding Bonds, Series 2021-B (AMT) (the "***2021-B Bonds***"), and its $229,740,000 Revenue Refunding Bonds, Series 2021-C (Taxable) (the "***2021-C Bonds***" and, with the 2021-A Bonds and the 2021-B Bonds, collectively, the "***2021 Bonds***"). The 2021 Bonds are issued pursuant to Chapter 465 of the Massachusetts Acts of 1956, as amended to the date hereof (as so amended, the "***Act***"), the Trust Agreement dated as of August 1, 1978, as supplemented and amended to the date hereof (as so supplemented and amended, the "***Trust Agreement***"), by and between the Authority and U.S. Bank National Association, as successor-in-interest to State Street Bank and Trust Company, as trustee (the "***Trustee***"), and the Resolution adopted by the Members of the Authority on January 21, 2021 (the "***Resolution***"). All capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Resolution.

We have examined the Act, a certified copy of the proceedings relating to the issuance of the 2021 Bonds, the Trust Agreement and the Resolution, the by-laws of the Authority, and certifications of Authorized Officers of the Authority (as defined in the Resolution) and other public officials and others, and such other laws and regulations as we have determined to be necessary in order to deliver this opinion. As to questions of fact material to our opinion, we relied upon those certified proceedings and certifications, without independently undertaking to verify them. With respect to the opinion regarding matters other than federal tax matters, with your permission, we refer you to the legal opinion of even date of Kaplan Kirsch & Rockwell LLP.

AUSTIN BOSTON CHICAGO DALLAS DENVER DETROIT HOUSTON JACKSONVILLE LOS ANGELES MADISON MEXICO CITY MIAMI MILWAUKEE NEW YORK ORLANDO SACRAMENTO SAN DIEGO SAN FRANCISCO SILICON VALLEY TALLAHASSEE TAMPA WASHINGTON, D.C. BRUSSELS TOKYO

Neither The Commonwealth of Massachusetts (the "***Commonwealth***") nor any political subdivision thereof, other than the Authority, is obligated to pay any of the 2021 Bonds or the interest thereon, and neither the faith and credit nor the taxing power of the Commonwealth or any political subdivision thereof is pledged to the payment of the principal of and interest on the 2021 Bonds. The 2021 Bonds are secured on a parity with other Bonds heretofore and hereafter issued pursuant to the Trust Agreement and are secured by and payable solely from Revenues available therefor under the Trust Agreement and Available Funds that have been irrevocably committed or are held by the Trustee or another fiduciary and are set aside exclusively to be used to pay principal of, interest or premium if any, on the 2021 Bonds pursuant to a resolution of the Authority. The Authority has no taxing power.

Based upon the foregoing, we are of the opinion that, under existing law, the interest on the 2021-A Bonds and 2021-B Bonds (the "***2021-AB Bonds***") is excluded from gross income for federal income tax purposes, except for interest on any 2021-AB Bonds for any period during which such 2021-AB Bonds are held by a person who is a "***substantial user***" of the facilities financed with proceeds of the 2021-AB Bonds or a "***related person***" of such a substantial user within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "***Code***"). In addition, interest on the 2021-A Bonds is not a specific preference item for purposes of federal alternative minimum tax. Interest on the 2021-B Bonds is a specific preference item for purposes of federal alternative minimum tax. The opinions set forth in this paragraph are subject to the condition that the Authority comply with various requirements imposed by the Code that must be complied with after the 2021-AB Bonds are issued for interest on the 2021-AB Bonds to be, or continue to be, excluded from gross income for federal income tax purposes. The Authority has covenanted in the Trust Agreement and the Resolution that it will not take or permit to be taken on its behalf any action that would adversely affect the exemption from federal income taxation of the interest on the 2021-AB Bonds and that it will take or require to be taken such actions as may be reasonably within its ability and as may be required under applicable law to continue the exemption from federal income taxation of the interest on the 2021-AB Bonds. The Authority's failure to comply with such covenants may result in the inclusion of interest on the 2021-AB Bonds in gross income for federal income tax purposes, in some cases retroactively to the date the 2021-AB Bonds were issued. We have not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the 2021-AB Bonds may adversely affect the tax status of interest on the 2021-AB Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the 2021-AB Bonds.

In rendering the opinion above, we have relied upon federal tax law and interpretations thereof, as in effect on the date hereof. We express no opinion as to the impact of changes in federal income tax law which occur subsequent to the date hereof on the exclusion from gross income of the holders of the 2021-AB Bonds of the interest thereon and assume no duty to update this opinion or provide notice of changes in federal tax law or the impact thereof on the opinions rendered hereby.

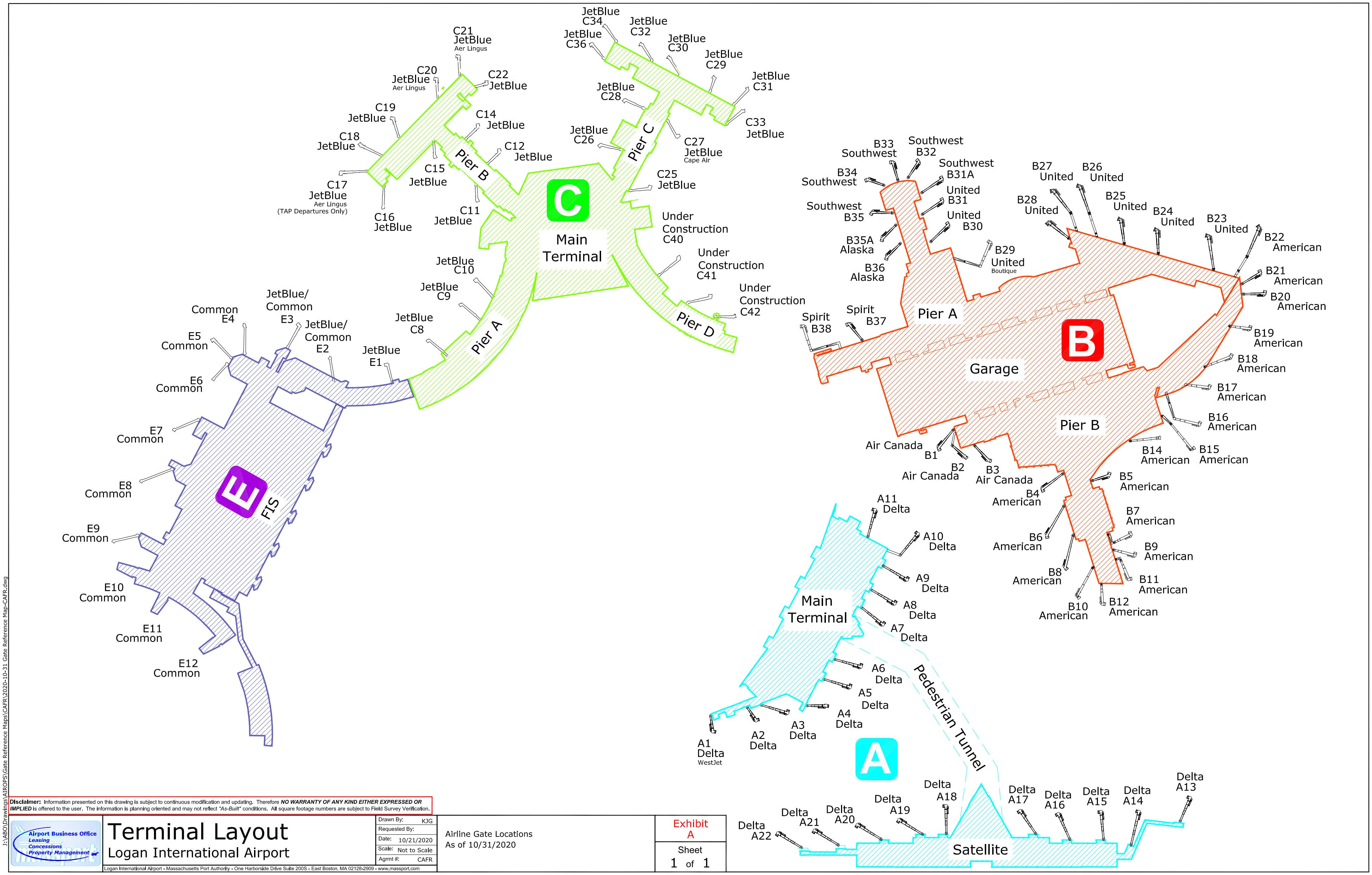
The rights of the owners of the 2021-AB Bonds and the enforceability of the 2021-AB Bonds, the Trust Agreement and the Resolution may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws of general application affecting the rights and remedies of creditors and secured parties, and the availability of the remedy of specific enforcement, injunctive relief or other equitable relief is subject to the discretion of the court before which any proceeding therefore may be brought. We express no opinion as to the availability of any particular for of judicial relief.

Except as set forth in our supplemental opinion of even date, we have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the Official Statement dated February 3, 2021 or other offering materials relating to the 2021 Bonds (except to the extent, if any, stated in the Official Statement), and we express no opinion as to those matters. We have not passed on any matters relating to the business, affairs, or condition (financial or otherwise) of the Authority and no inference should be drawn that we have expressed any opinion on matters relating to the ability of the Authority to perform its obligations under the Resolution or the Trust Agreement.

This letter speaks as of its date. We assume no duty to change this letter to reflect any facts or circumstances that later come to our attention or any changes in law. We express no opinion as to laws other than the federal laws of the United States of America. In acting as bond counsel, we have established an attorney-client relationship solely with the Authority.

Very truly yours,

Foley & Lardner LLP



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Disclaimer: Information presented on this drawing is subject to continuous modification and updating. Therefore ***NO WARRANTY OF ANY KIND EITHER EXPRESSED OR IMPLIED*** is offered to the user. The information is planning oriented and may not reflect *"As-Built"* conditions. All square footage numbers are subject to Field Survey Verification.

Airport Business Office
Leasing
Concessions
Property Management
massport

Terminal Layout

Logan International Airport

Drawn By:	KJG
Requested By:	
Date:	10/21/2020
Scale:	Not to Scale
Agrmt #:	CAFR

Airline Gate Locations
As of 10/31/2020

Exhibit
A

Sheet
1 of 1

Logan International Airport - Massachusetts Port Authority - One Harborside Drive Suite 200S - East Boston, MA 02128-2909 - www.massport.com

MASSACHUSETTS PORT AUTHORITY • REVENUE REFUNDING BONDS, SERIES 2021-A (NON-AMT), SERIES 2021-B (AMT) AND SERIES 2021-C (TAXABLE)

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