

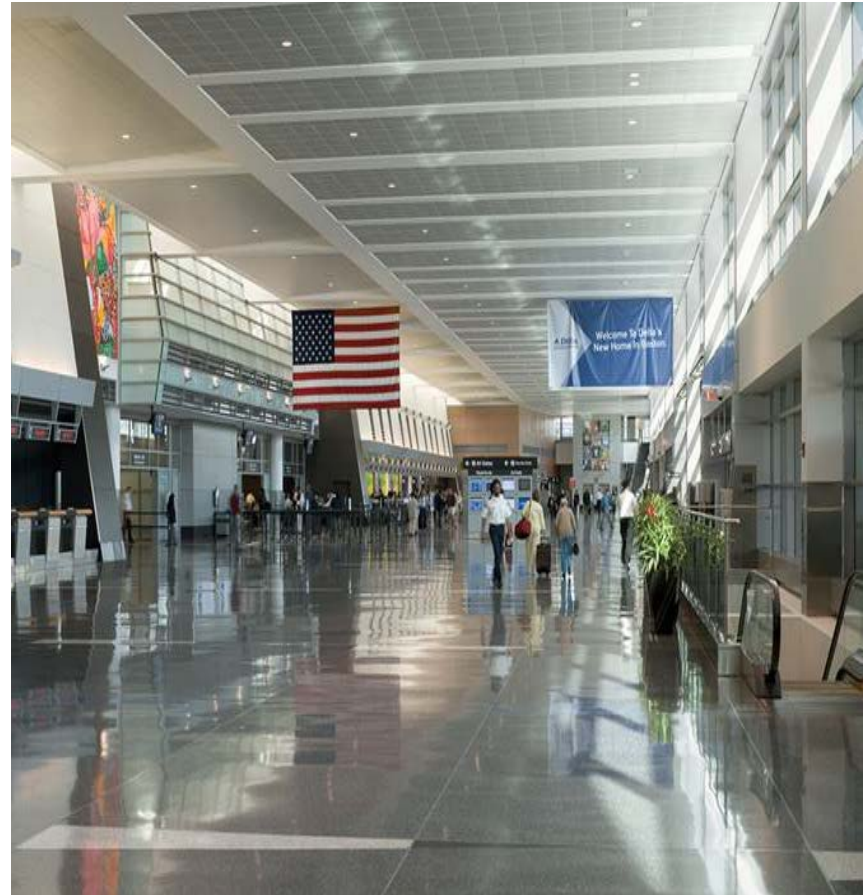
**Terminal A Bonds**  
**Series 2019-A**  
**Refinancing of Special Facility Bonds**  
**\$359 Million**  
TEFRA Hearing

January 18, 2019

# Terminal A Refinancing Recommendation



- ***Recommendation: To refund the 2001 Special Facility Bonds with fixed rate 1978 Trust Bonds***
  - Eliminate the interest rate risk associated with the Series 2001B/C Auction Rate Securities (variable rate)
  - Achieve annual debt service savings
  - Generate present value savings
  - lower costs with space MPA pays for - concessions and vacant space thereby improving net revenue
  - Enhance Authority Revenues by collecting coverage
  
- ***Secure \$6.3 million contribution from the insurer to further lower the cost to the Authority and to terminal tenants***



# Financial Impact of Transaction

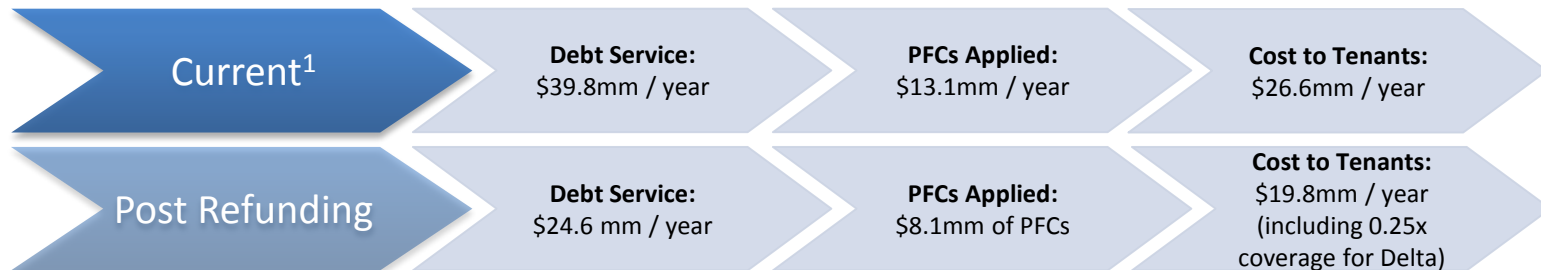


## Sources for Terminal A Debt Service

- **Current situation:**
  - Massport uses PFCs for approximately 1/3 of debt service and tenants provide rental payments for the space they occupy
- **After refunding:**
  - Massport will continue to pay approximately 1/3 of debt service with PFCs and tenants will provide rental payments
  - Massport will now collect 0.25x of additional debt service coverage from Delta, the largest Terminal A tenant, generating incremental net revenue for the Authority
  - Rental payments will now flow through the 1978 Trust Agreement

## Amortization Structure

- The refunding will extend the amortization by nine years
  - Lower annual debt service by approximately \$15 million / year
  - Lower annual cost for the tenants and Massport's contribution related to public space
  - Reduce impact on annual 1978 Trust Agreement debt service coverage ratio
  - Better match between debt and useful life of the Terminal



***The transaction will create funding certainty and increase Authority net revenue all while reducing Terminal A rental costs and making them more comparable to other terminals<sup>2</sup>***

<sup>1</sup> Based on ARS resets year to date through December 2018

# Plan of Finance



- The refinancing is expected to reduce the interest rate from a current average of 5.20% to 3.53%, while simultaneously extending the average life by 6.2 years
- The refinancing is expected to lower annual debt service by approximately \$15 million during the original term of the bonds and produce overall PV savings of approximately \$28 million
- A portion of the Terminal A DSRF will be transferred to the 1978 Trust Agreement
- The bond insurer on the Terminal A bonds has agreed to provide \$6.3 million, which will be applied to reduce the size of the financing

## Sources & Uses

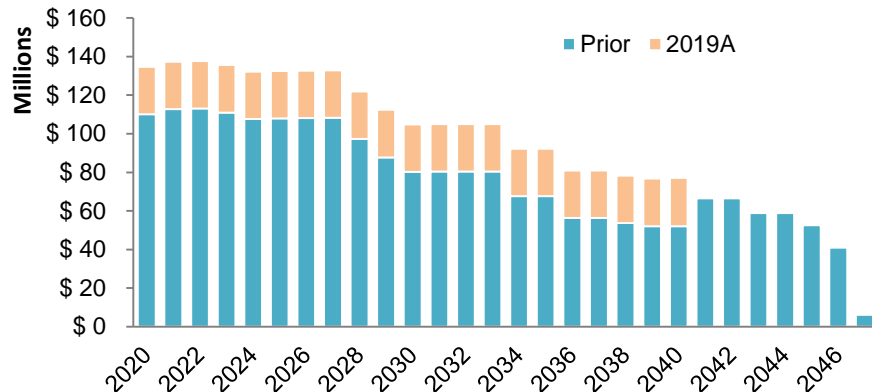
### Sources

Par Amount	\$ 319,540,000
Premium	36,624,147
DSRF Release	20,000,000
Contribution from Insurer	6,300,000
Debt Service Funds	2,205,469
<b>Total Sources</b>	<b>\$ 384,669,616</b>

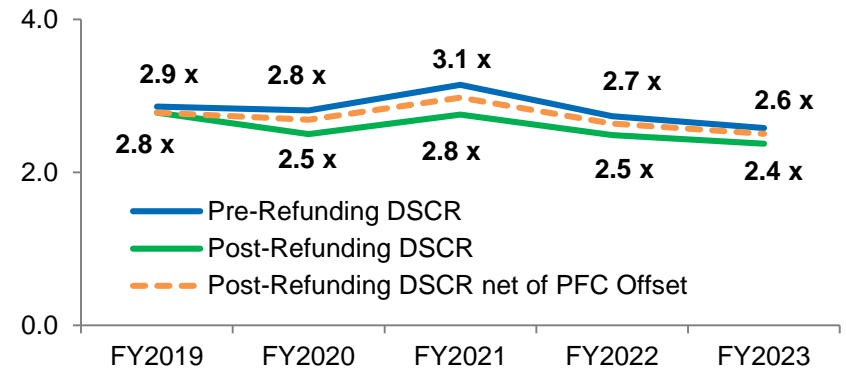
### Uses

Refunding Escrow	\$ 359,080,469
Reserve Fund Deposit	23,217,000
Cost of Issuance	2,372,147
<b>Total Uses</b>	<b>\$ 384,669,616</b>

## Pro-Forma Massport Debt Service



## Debt Service Coverage – Before and After<sup>1</sup>



<sup>1</sup> Assumes that Pre-Refunding DSCRs exclude \$22mm of net revenues that were previously used for Terminal A bond debt service. Post-Refunding DSCR excludes benefit of lower PFC contributions.

Sources: Massport, Massport Official Statements

# Massport 2019-A Bond Team



- Underwriters – competitively selected:
  - Senior Manager: Goldman Sachs
  - Co-Managers: \* Ramirez & Co. and Raymond James



KAPLAN KIRSCH ROCKWELL



\* *Minority Owned Business Enterprise*

- Week of January 14: Rating Agency Presentations
- January 17, 2019: Board Meeting Approval of Resolution and POS
- Week of January 21: TEFRA Hearing & Mail Preliminary Official Statement
- Week of January 28: Receive Ratings & Investor Outreach
- Week of February 4: Bond Pricing
- Week of February 11: Bond Closing