From: The Massachusetts Port Authority, John Pranckevicius

Proposal: 1466 (RIN 7100 AE03)- Reg WW - Minimum Liquidity Standards

Subject: R-1466 Minimum Liquidity Standards

Comments:

Public Comments on Liquidity Coverage Ratio: Liquidity Risk Measurement, Standards, and Monitoring

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The Massachusetts Port Authority ("the Authority" or "Massport") appreciates the opportunity to respond to the request for comment. The Authority owns and operates Boston-Logan International Airport ("Logan Airport"), Worcester Regional Airport ("Worcester Regional Airport") and Laurence G. Hanscom Field ("Hanscom Field"); the Paul W. Conley Marine Terminal ("Conley Terminal") and various port properties, located in Charlestown, South Boston and East Boston.

Logan Airport is the most active airport in New England and provides both international and domestic commercial service. Logan serves the 9th largest domestic origin-destination air travel market in the U.S and handled over 30 million passengers in 2013. Hanscom Field is the premier general aviation airport in the Greater Boston area and provides niche commercial service. Worcester Regional Airport supports commercial service and the general aviation needs of central Massachusetts. The Port is New England's major port and provides a full range of services, from cruise ship to container ship handling. In addition to operating its facilities, the Authority is committed to providing the modern infrastructure necessary to support the transportation needs of the travelers and shippers in Boston, the Commonwealth and New England. To support this mission, Massport has $1.6 billion in bonds outstanding backed solely by Massport's revenues. Although the Authority lacks taxing power, its history of prudent financial management has earned its revenue bonds AA ratings from all three rating agencies.

Broad market access is important to the Authority as the interest on the majority of its issues are subject to the Alternative Minimum Tax ("AMT"), such as the $116.8 million in bonds issued in 2012 to expand the Logan terminals to permit United and JetBlue to expand service. By combining the Authority's strong credit rating with broad market access, we reduced the debt service on the bonds and on the associated refunding by over $1.7 million, money that was redirected to additional capital expenditures.

In 2011, Massport sold $214 million in debt backed solely by a new rental car transaction fee. The resulting LEED-certified consolidated rental car center enabled the rental car companies to expand their business at Logan. The new clean busing system reduced the number of buses from 94 to 32, lowering emissions and reducing curb congestion.

Massport wishes to continue to make investments at all of its facilities to foster economic growth in the

New England region. The current capital plans call for the issuance of over $350 million in debt in the next three years to finance both remote and on-airport parking, to connect domestic and international terminals to generate traffic for the five new international carriers that have started service at Logan within the past year, and to support much needed roadway improvements. Massport can only hope to accomplish these important projects if its bonds have broad market access.

Massport fully supports the efforts of the Agencies to enhance liquidity risk management in the banking sector and ensure strong and resilient financial markets. We believe, however, that the proposed exclusion of municipal securities from the High Quality Liquid Asset ("HQLA") definition is unjustified based on the Agencies' own liquidity criteria and our understanding of the municipal market. The Agencies also specifically require that HQLA be eligible to be pledged at a central bank. It is important to note then that the U.S. Federal Reserve accepts all U.S. municipal bonds at a 2%-5% haircut, depending on maturity. These are the same haircuts that the Federal Reserve applies to U.S. Agency and GSE securities. By comparison, the Federal Reserve accepts U.S. AAA corporate bonds at a 3%-6% haircut and all other investment grade corporate bonds at a 5%-8% haircut. Thus, the U.S. Federal Reserve already acknowledges the high credit, diversification and liquidity value of municipal securities by accepting them at the same haircuts as U.S. Agency and GSE securities and at better haircuts than U.S. corporate bonds. We do not see any justification for the Agencies to diverge on this point, as has been proposed.

Thus, in order to avoid any unintended and unnecessary increases in the cost of improving municipal infrastructure and engaging in new public works projects, which are vital not only to the Authority and the New England Region, but to the health of the U.S air transport system, we urge the Agencies to amend the proposed rule in order to reclassify all investment grade municipal securities as eligible for inclusion as Level 2A High Quality Liquid Assets.