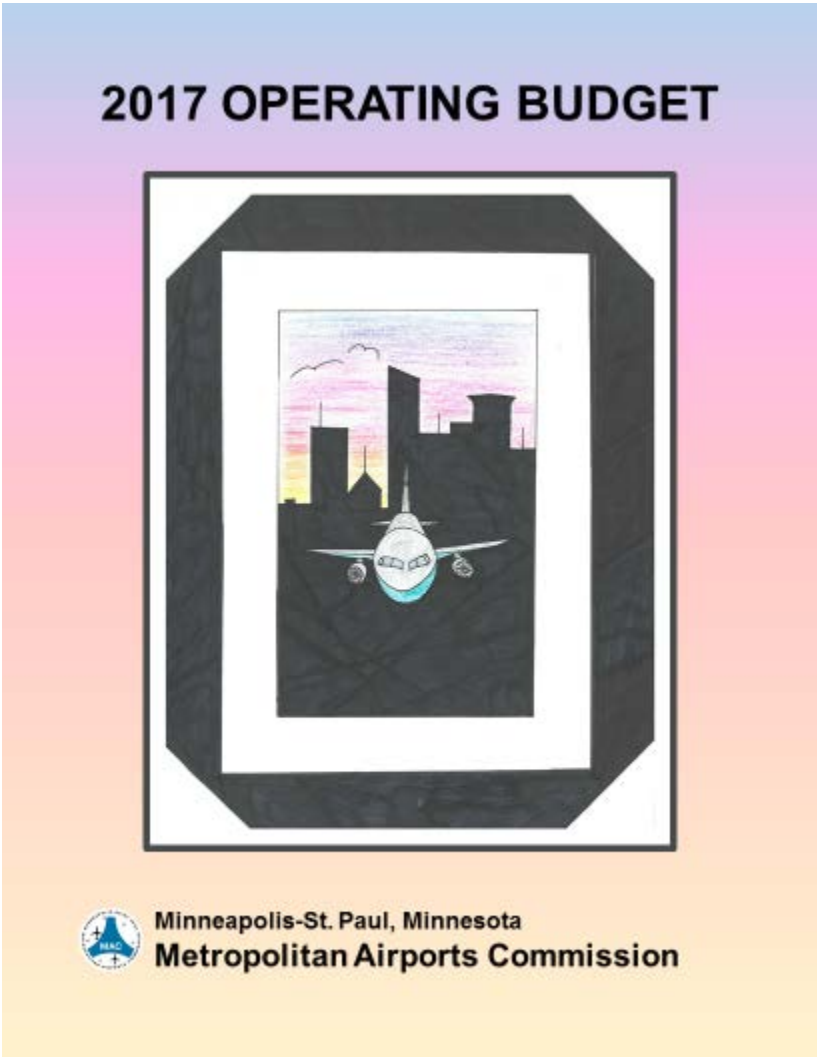


2017 OPERATING BUDGET



Minneapolis-St. Paul, Minnesota
Metropolitan Airports Commission



Winning Artwork 2017 Budget Book Cover Contest

2017 Budget Book Cover Process

Children or relatives of employees are invited to participate in the Metropolitan Airports Commission annual Budget Book Cover Contest. All entries are reviewed and voted on by employees of the Finance & Administration Division. The winner for the 2017 Budget Book:

Alaina Kuehn – Age 14
Daughter of Shirley Kuehn – Employee Benefits



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TABLE OF CONTENTS

****The Underlined sections of the Table of Contents are hyperlinked**



Mission

Connecting you to your world.

Vision

Providing your best airport experience.

Values

- Our Employees
- Innovation and Excellence
- Commitment to the Community and the Environment
- Integrity
- Fiscal Responsibility
- Teamwork



7 Executive Summary

- 7 Budget Targets
- 8 Fund Overview
- 9 Budget Development
- 13 Organizational Strategic Plan
- 18 GFOA Budget Award
- 18 Acknowledgement
- 19 Other Awards

23 The Organization

- 23 The Commission
- 26 Organizational Chart
- 28 Full Time Equivalent Positions (FTEs)

33 Budget Process & Financial Policies

- 33 Budget Process
- 34 Budget Schedule
- 35 Calendar
- 38 Approved Summary of Operating and Non-Operating Revenue and Expense
- 40 Summary of Operating Revenue and Expense (GAAP)
- 41 Financial Policies – Operating Budget
- 45 Compliance Statement

47 Fund Structure

- 47 Fund Relationship
- 48 Fund Balance Summary
- 49 Taxing Authority
- 49 Sources and Uses of Funds

53 Operating Budget Revenue

- 55 Revenue Assumptions and Guidelines
- 55 Airline Rates and Charges
- 59 Concessions
- 62 Rentals/Fees
- 64 Utilities & Other Revenue

67 Operating Budget Expense

- 69 Expense Assumptions and Guidelines
- 70 Personnel
- 71 Administrative Expenses
- 72 Professional Services
- 73 Utilities
- 73 Operating Services/Expenses
- 74 Maintenance
- 76 Other

83 Construction Fund

- 83 Equipment and Technology Related Expenditures
- 92 Capital Improvement Program Expenditures
- 98 2017 Capital Improvement Projects
- 99 2017 Capital Improvement Program Narratives
- 107 2017 Capital Improvement Project Funding Sources
- 110 2018 Capital Improvement Program Narratives
- 117 2018 Capital Improvement Program Funding Sources
- 119 2019-2023 Capital Improvement Plan
- 123 Sources and Uses of Funds

127 Debt Service Fund

- 127 Debt Service Requirement
- 127 Long Term Debt
- 129 Bond Refundings
- 131 Sources and Uses of Funds

133 Service Center Summaries

133 Executive Division

- 135 Executive – General
- 137 Executive – Commissioner
- 138 Human Resources & Labor Relations
- 140 Employee Engagement & Development
- 142 Diversity
- 144 Employee Relations
- 146 Public Affairs & Marketing
- 149 Sustainability & Strategy
- 151 Internal Audit
- 153 Information Technology
- 156 Governmental Affairs
- 158 Commercial Management & Airline Affairs
- 160 Air Service Business Development
- 162 Concessions & Business Development
- 165 MSP Airport Conference Center
- 167 General Counsel

169 Finance & Administration Division

- 171 Finance & Administration
- 173 Well-Being
- 175 Risk/Insurance/Safety
- 177 Finance
- 179 MAC General
- 180 Purchasing

183 Planning, Development & Environment Division

- 185 Planning, Development & Environment
- 186 Airport Development
- 188 Building Official
- 190 Environment-General
- 193 Environmental Affairs
- 195 Aviation Noise Program

197 Management & Operations Division

- 199 Operations
- 201 MSP Airport Operations
- 203 Landside-Administration
- 206 Facilities – Terminal 2
- 208 Facilities – Terminal 1
- 210 Facilities – Energy Management Center
- 212 Trades – Administration
- 214 Trades – Electricians
- 216 Trades – Painters
- 218 Trades – Carpenters
- 220 Trades – Plumbers
- 222 Field Maintenance
- 224 Airside Operations
- 226 Fire
- 228 Police
- 231 Relievers – Administration
- 233 Relievers – St. Paul
- 234 Relievers – Lake Elmo
- 235 Relievers – Airlake
- 236 Relievers – Flying Cloud
- 237 Relievers – Crystal
- 238 Relievers – Anoka

239 Statistics & Informative Facts

- 239 Historical Operating Revenue/Operating Expense and Facility Comparisons
- 241 Activity/Operations Statistics
- 244 National Comparisons
- 247 Informative Facts about Minnesota

255 Glossary

Executive Summary

December 29, 2016

To The Public:

We are pleased to present the 2017 Metropolitan Airports Commission (Commission) Budget which was adopted by the Commission on December 19, 2016. Total Operating Revenue for 2017 is projected to be \$355,106,692 and Operating Expense is \$180,771,968, excluding depreciation and noise amortization. Non-operating expenses, including non-operating revenue, are budgeted to be \$101,712,630. The approved 2017 budget results in \$72,622,095 of Net Revenues Available for Designation.

The 2017 budget process commenced in May 2016. Some of the key short term issues faced by the Commission in developing the overall targets for the 2017 Operating Budget included:

- Timing and changes in passenger forecasts throughout 2016 and 2017.
- Changes in the state of the economy and the airline industry in 2016.
- Impact of bond issues to occur later in 2016 (new money and refunding).

Details on how each of these critical issues were addressed in our development of the budget are noted later in the Fund Overview.

Imbedded in this discussion is our Mission Statement and Vision Statement.

Mission Statement: Connecting you to your world.

Vision Statement: Providing your best airport experience.

Budget Targets

As a result of the key issues, the Commission identified four targets that were to be used in developing the 2017 Operating Budget. These targets and their respective budget results are indicated below.

- Target 1:** Maintain a Coverage Ratio of 2.4x on Senior Airport Revenue Bonds and an overall Coverage of 1.4x (with transfer).
Result: 4.93x Senior and 2.06x Total Coverage (With Transfer).
- Target 2:** Maintain a Six Month Reserve in the Operating Fund.
Result: A transfer of \$3.5 million will be made to the fund on 1/3/17.
- Target 3:** Airline Cost/Enplaned Passenger will be in the lower 1/3 of Large Hub Airports.
Result: The Commission ranked 7th lowest out of 28 Large Hub Airports surveyed.
- Target 4:** The Budget shall have the Financial Resources to Operate MAC's System of Airports, meet its Debt Service Obligations, Fund its Reserves and Fund Capital Requirements of the Commission.
Result: The budget forecasts \$72.6 million in Net Revenues available for designation.

The remainder of this message will discuss:

- Fund Overview (Overall, Operating, Construction, and Debt)
- Budget Development
- Organizational Strategic Plan
- Goals and Objectives
- GFOA Budget Award
- Acknowledgement
- Other Awards

Fund Overview

The Commission is accounted for as an Enterprise Fund. For internal purposes, three funds are maintained. Each fund relates to a specific function: Operating Fund (Budget - operations of the airport), Construction Fund (Budget – Capital Improvement Program), and Debt Service Fund (Debt). The Operating Fund reserve is set by the Commission. Based on current policy, that reserve amount needs to be equivalent to six months of operating expenses (excluding depreciation and noise amortization). Transfers from the Operating Fund to the Debt Fund are made in June and December of each year to make debt service payments and to ensure that the respective debt service reserve accounts are fully funded. At the end of the year, after all operating expenses and debt service have been funded, any balance not designated is typically transferred to the Construction Fund.

The table below shows a consolidated schedule of revenue and expenses for all funds. Descriptions and key issues for each of the three funds follow the summary table.

Summary Fund Table

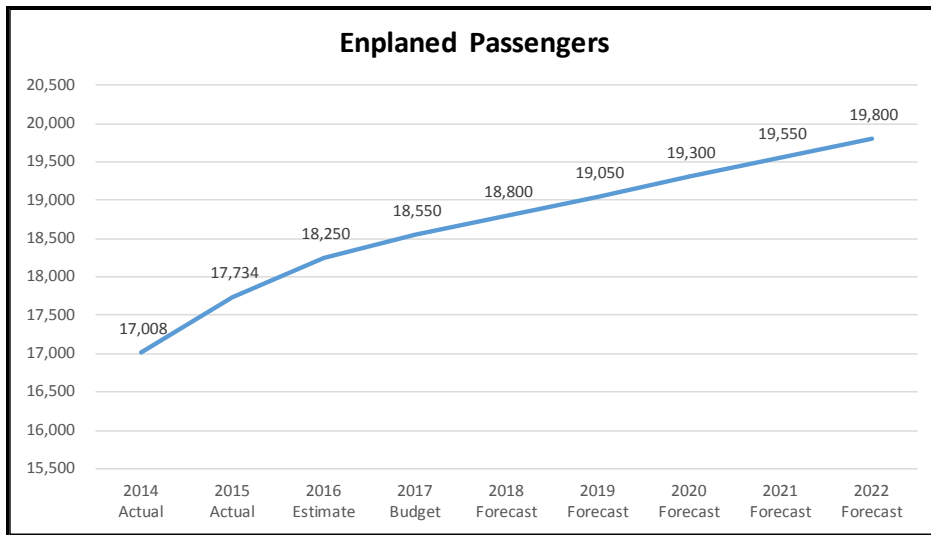
| Consolidated Enterprise Fund (\$ = 000) | 2015 | 2016 | 2016 | 2017 | 2018 | 2019 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Actual | Estimate | Budget | Budget | Projection | Projection |
| Sources All Funds | | | | | | |
| Total Beginning All Fund Balances ⁽¹⁾ | \$ 686,802 | \$ 729,765 | \$ 687,669 | \$ 1,094,487 | \$ 916,852 | \$ 826,637 |
| Operating Fund Revenues | | | | | | |
| Airline Rates & Charges | 107,806 | 112,068 | 113,691 | 116,463 | 118,975 | 124,379 |
| Concessions | 146,893 | 158,918 | 155,362 | 173,394 | 175,037 | 178,363 |
| Other Operating Revenues | 52,723 | 63,034 | 61,300 | 65,250 | 67,050 | 68,611 |
| Interest Earnings | 5,451 | 6,000 | 5,538 | 6,250 | 5,186 | 4,985 |
| Other & Self-Liquidating Revenue | 7,132 | 5,036 | 4,904 | 4,759 | 4,902 | 5,167 |
| Transfers in Construction Fund | - | - | - | - | - | - |
| Transfers in Equipment Financing | 4,187 | 3,194 | 3,194 | 3,779 | 4,000 | 4,000 |
| Construction Fund Revenues | | | | | | |
| PFC Funding | 70,054 | 69,990 | 70,400 | 73,276 | 74,264 | 75,251 |
| Federal & State Grants | 12,489 | 14,818 | 8,401 | 3,025 | 8,625 | 13,800 |
| Interest Earnings | 2,639 | 5,308 | 3,000 | 5,692 | 3,250 | 3,000 |
| Bond/Notes Proceeds | 11,737 | 386,984 | 365,975 | - | - | 174,800 |
| Short-Term Funding Program | 27,000 | - | 7,500 | 27,800 | 33,500 | - |
| Other Receipts | - | 3,508 | - | - | - | - |
| Transfers In | 46,935 | 52,124 | 49,530 | 67,331 | 72,622 | 67,784 |
| Debt Fund Revenues | | | | | | |
| Interest Earnings | 1,698 | 1,673 | 1,649 | 985 | 1,353 | 1,577 |
| Bond Proceeds | 0 | 684,414 | 70,044 | - | - | 42,259 |
| Transfers In (PFCs and Garb Requirement) | 121,283 | 119,196 | 120,798 | 112,450 | 127,479 | 135,889 |
| Total All Receipts | \$ 1,304,829 | \$ 2,416,030 | \$ 1,728,955 | \$ 1,754,941 | \$ 1,613,095 | \$ 1,726,502 |
| Uses All Funds | | | | | | |
| Operating Fund Expenses | | | | | | |
| Personnel | 75,998 | 78,000 | 80,419 | 82,909 | 86,143 | 89,303 |
| Administration | 1,521 | 1,850 | 1,935 | 1,964 | 2,003 | 2,051 |
| Professional Services | 5,574 | 5,900 | 6,175 | 6,681 | 6,678 | 6,881 |
| Utilities | 18,304 | 18,805 | 19,224 | 19,852 | 20,506 | 21,277 |
| Operating Services | 21,230 | 23,400 | 24,495 | 26,417 | 27,129 | 28,520 |
| Maintenance | 32,089 | 36,500 | 37,333 | 38,777 | 39,655 | 40,710 |
| Other/Insurance | 3,454 | 4,200 | 4,147 | 4,172 | 4,375 | 4,486 |
| Equipment & Other Capital Expenditures | 10,918 | 10,910 | 10,910 | 10,943 | 11,000 | 11,000 |
| Transfers Out - Debt | 92,837 | 91,970 | 90,684 | 96,996 | 102,917 | 106,500 |
| Transfers Out - Equipment Financing | 3,161 | 4,355 | 4,408 | 5,040 | 5,100 | 5,500 |
| Transfers Out - Construction | 46,935 | 52,124 | 49,530 | 67,331 | 72,622 | 67,784 |
| Working Capital/Other | - | - | - | - | - | - |
| Construction Fund Expenses | | | | | | |
| Capital Project Costs | 126,564 | 180,526 | 268,000 | 326,918 | 257,800 | 201,600 |
| Debt Service PFC Transfer | 30,468 | 32,163 | 31,604 | 27,532 | 26,315 | 26,301 |
| Debt Fund Expenses | | | | | | |
| Bond Refundings | - | 628,340 | - | - | - | - |
| Bond Principal & Interest Payments | 106,011 | 152,500 | 117,794 | 122,557 | 124,215 | 135,714 |
| Total All Costs | 575,064 | \$ 1,321,543 | \$ 746,658 | \$ 838,089 | \$ 786,458 | \$ 747,627 |
| Total Ending All Net Fund Balances | \$ 729,765 | \$ 1,094,487 | \$ 982,297 | \$ 916,852 | \$ 826,637 | \$ 978,875 |

(1) Includes Operating Fund, Construction Fund and Debt Service Fund.

Budget Development

As previously indicated, the Commission, in developing targets/guidelines for the 2017 budget, discussed a number of critical issues that needed to be addressed in the short term. Key to this discussion was maintaining a firm grip on expenses and a competitive cost per enplaned passenger, especially in light of mandated additional costs, contract increases, and utility increases. At the start of the budget process in May, passenger activity was showing a year-to-date increase of 3.75% which was higher than the 1.5% passenger increase budgeted for 2016. Still, the budget was prepared very conservatively from both a revenue and expense view. As the process moved forward, both the economy and passenger projections continued to show improvement over budgeted passengers. This was especially true for passenger activity. As of October, year-to-date passenger traffic had grown 2.8%.

The Commission has experienced positive enplanement growth over each of the last six years, with the largest occurring in 2015, representing a 4.3% increase over 2014. 2017 budgeted enplaned passengers are estimated to grow 1.6% over 2016 estimated passengers. For the period 2017-2021, the estimated growth rate in enplaned passengers is forecasted at 1.3% per year. The chart below shows historical enplaned passenger information from 2014 as well as forecasted enplaned passenger counts to 2021. (Source 2016 C, D & E Official Statement)



Controlling expenses was a difficult challenge for staff. The Commission will have added nine new positions by the end of 2016, six of which are related to Information Technology (IT). The Commission conducted an IT study in 2014-2015 and determined that IT staffing was lacking in certain areas. In order to meet the ever changing and increasing demand for technology, the Commission would need to commit more resources to its IT functions. In 2017, the Commission will add eight new positions with Police (three positions) and IT (two positions) receiving the majority of new headcount. Continued demand for IT support and the need to increase police presence in the terminals drove the increase in headcount. For details regarding changes in revenues and expenses year over year, see the Operating Budget Revenue and Operating Budget Expense sections of the budget document.

The 2018 and 2019 projections identified in the previous table are prepared using passenger growth and inflation estimates.

Operating Budget

The following table is a summary of 2015 Actual, 2016 Budget, 2016 Estimate, and 2017 Budget Revenue and Expenses. This table includes both operating and non-operating items.

| 2017 OPERATING BUDGET SUMMARY (\$ = 000) | | | | | 2016 Estimate vs 2017 Budget Comparison | |
|---|-----------------------|-----------------------|-------------------------|-----------------------|--|-------------------|
| | 2015 <u>Actual</u> | 2016 <u>Budget</u> | 2016 <u>Estimate</u> | 2017 <u>Budget</u> | <u>Dollars</u> | <u>Percentage</u> |
| OPERATING REVENUE | | | | | | |
| Airline Rates and Charges | \$ 107,806 | \$ 113,691 | \$ 112,068 | \$ 116,463 | \$ 4,395 | 3.9% |
| Concessions | 146,893 | 155,362 | 158,918 | 173,394 | 14,476 | 9.1% |
| Rentals/Fees | 36,086 | 46,275 | 47,400 | 48,622 | 1,222 | 2.6% |
| Utilities & Other Revenues | 16,637 | 15,025 | 15,634 | 16,628 | 994 | 6.4% |
| Total Operating Revenue | \$ 307,422 | \$ 330,353 | \$ 334,020 | \$ 355,107 | \$ 21,087 | 6.3% |
| OPERATING EXPENSES | | | | | | |
| Personnel | \$ 75,998 | \$ 80,419 | \$ 78,000 | \$ 82,909 | \$ 4,909 | 6.3% |
| Administrative Expenses | 1,521 | 1,935 | 1,850 | 1,964 | 114 | 6.2% |
| Professional Services | 5,574 | 6,175 | 5,900 | 6,681 | 781 | 13.2% |
| Utilities | 18,304 | 19,224 | 18,805 | 19,852 | 1,047 | 5.6% |
| Operating Services | 21,230 | 24,495 | 23,400 | 26,417 | 3,017 | 12.9% |
| Maintenance | 32,089 | 37,333 | 36,500 | 38,777 | 2,277 | 6.2% |
| Other | 3,454 | 4,147 | 4,200 | 4,172 | (28) | -0.7% |
| Total Operating Expenses (Excludes Depreciation) | \$ 158,170 | \$ 173,728 | \$ 168,655 | \$ 180,772 | \$ 12,117 | 7.2% |
| Net Operating Revenues | \$ 149,252 | \$ 156,625 | \$ 165,365 | \$ 174,335 | \$ 8,970 | 5.4% |
| Non-Operating Revenues (Expenses) | | | | | | |
| Add: Other Non-operating Revenue | \$ 16,770 | \$ 13,636 | \$ 14,230 | \$ 14,788 | 558 | 3.9% |
| Less: Debt Service/Equipment/Other | (113,898) | (111,031) | (112,264) | (116,501) | (4,237) | 3.8% |
| Total Non-Operating Revenues (Expenses) | \$ (97,128) | \$ (97,395) | \$ (98,034) | \$ (101,713) | \$ (3,679) | 3.8% |
| Net Revenues | \$ 52,124 | \$ 59,230 | \$ 67,331 | \$ 72,622 | \$ 5,291 | 7.9% |

Capital Improvement Process

Each year the Commission approves a seven-year Capital Improvement Program which is divided into three areas. The first area is approval of projects that will be initiated in year one of the program. The second area identifies projects which may be reviewed in detail to determine cost and feasibility. The third area of the program is the identification of potential projects in years three through seven. At the same time the final Capital Improvement Program is presented for approval, a plan for funding the first three years of the program is provided. The following table summarizes the most recent past program year (2016), the current three-year program (2017 – 2019), and funding summary.

| CAPITAL IMPROVEMENT PLAN (CIP) SUMMARY (\$=000) | | | | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 2016 | 2017 | 2018 | 2019 |
| CIP | | | | |
| Minneapolis/St. Paul International Airport | | | | |
| Field & Runway | \$ 3,550 | \$ 5,450 | \$ 8,900 | \$ 15,250 |
| Information Technology | 17,250 | 21,900 | 7,200 | 10,900 |
| Environmental | 2,000 | 4,550 | 6,800 | 9,600 |
| Terminal/Landside | 278,325 | 414,890 | 170,150 | 153,400 |
| Total Minneapolis/St. Paul International | 301,125 | 446,790 | 193,050 | 189,150 |
| Reliever Airports | 7,900 | 8,350 | 5,350 | 13,500 |
| Total All Airports | \$ 309,025 | \$ 455,140 | \$ 198,400 | \$ 202,650 |
| Funding | | | | |
| Passenger Facility Charges (PFC's) | \$ 103,060 | \$ 71,600 | \$ 98,000 | \$ 46,500 |
| Federal and State Grants | 10,801 | 3,025 | 8,625 | 13,800 |
| General Airport Revenue Bonds-Line of Credit | 80,475 | 320,800 | 33,500 | 74,500 |
| Internal/Airline Funds | 92,689 | 59,715 | 58,275 | 67,850 |
| Unfunded | - | - | - | - |
| Other | 22,000 | - | - | - |
| Total Funding | \$ 309,025 | \$ 455,140 | \$ 198,400 | \$ 202,650 |

Debt Service

Going into the future, the Commission's plan is to issue new debt in 2019 to fund the capital program. The bond issue in 2016 will finance projects in the 2016-2018 time frame, primarily a new auto rental/public parking facility. The 2019 bond issue is expected to fund various projects around the airport, with the majority of the work in Terminal 1-Lindbergh.

Refundings

Throughout the past seven years, the Commission has aggressively pursued the refunding options of its outstanding debt. The following table illustrates the results of this action.

| DEBT SERVICE SUMMARY | | | | | |
|--|-----------------------|----------------------|-----------------------|--------------------------------|--|
| (\$=000) | | | | | |
| Series Refunded | Refunding Year | Total Savings | Annual Savings | Present Value % Savings | |
| Refund 1998A, 1999A, 2001A & 2001C ⁽¹⁾ | 2007 | \$ 33,050 | \$ 2,330 | 5.19% | |
| Refund 1998B ⁽¹⁾ | 2008 | 2,440 | 365 | 3.32% | |
| Refund 1999B & 2000B ⁽¹⁾ | 2009 | 8,140 | 990 | 4.95% | |
| Refund 2001B & 2001D ⁽¹⁾ | 2010 | 9,640 | 1,150 | 8.94% | |
| Refund GO 13 ⁽²⁾ | 2010 | 633 | 214 | 4.50% | |
| Refund 2003A ⁽¹⁾ | 2011 | 3,318 | 369 | 6.10% | |
| Refund 2003A ⁽¹⁾ | 2012 | 5,272 | 293 | 12.50% | |
| Refund 2005 A,B & C ⁽¹⁾ | 2014 | 60,235 | 3,011 | 14.69% | |
| Refund 2007A & B | 2016 | 164,340 | 10,956 | 25.74% | |
| | | \$ 287,068 | \$ 19,678 | | |
| Average Present Value Savings | | | | 9.55% | |
| Total Average Interest Rate Prior to Refundings | | | | 5.25% | |
| Total Average Interest Rate After Refundings | | | | 3.31% | |
| (1) General Airport Revenue Bond (GARB) Refunding | | | | | |
| (2) General Obligation Revenue Bond (GORB) Refunding | | | | | |

Recent Debt

The Commission issued \$885 million in debt in 2016. The first 2016 issue amounted to \$483 million which refunded a 2007 issue. As the table above shows, the Commission realized an average annual debt service savings of approximately \$11 million per year. The second issue amounted to \$402 million which is a new money issue. The projects identified with this bond issue are the construction of a new, 11-level parking structure adjacent to the existing parking facilities at Terminal 1-Lindbergh. The garage will provide public parking on levels 6 through 11, with rental car parking facilities on levels 2 through 5. In connection with the parking facility, roadway, parking management building and parking exit plaza relocation are part of the overall project. In addition to the parking structure, some of the bond proceeds were used to retire a portion of the Commission's short term debt that was used to construct an additional four gates at Terminal 2-Humphrey. The four gates at Terminal 2-Humphrey opened in October 2016.

Short Term Debt

In 2011, the Commission entered into a Short-Term Borrowing Program which replaced a Commercial Paper Program that was terminated in 2010. The Commission looked at many financing alternatives and selected a \$75 million revolving line of credit. In 2012, the Commission accessed \$11.3 million of this line of credit for various capital improvement projects at MSP. In 2013, the Commission issued \$6 million from this line of credit for certain improvements on the G Concourse and miscellaneous Field and Runway projects. In 2015, the Commission

issued \$27.0 million to fund the four gate expansion at Terminal 2. The Commission retired this amount with a long term bond issue in 2016. This Short-Term Borrowing Program also allows the Commission some flexibility in financing unanticipated or unforeseen capital improvements.

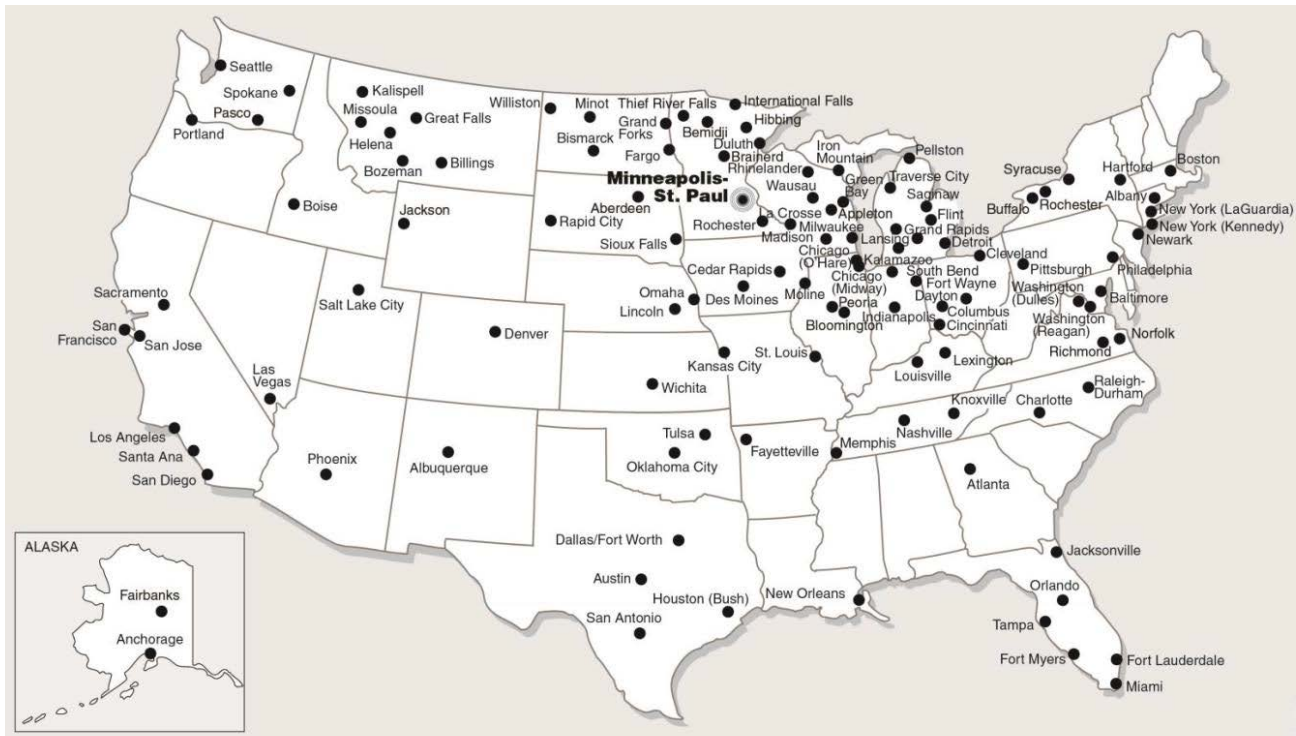
Air Service

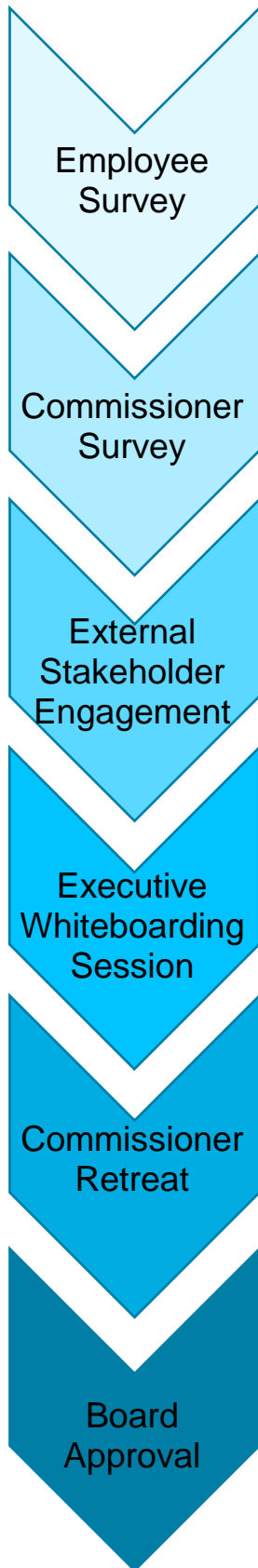
Maintaining and adding air service is very important to the Commission. The Air Service Business Development Department is responsible for three primary areas: 1) Developing air service by marketing MSP for new international passenger, cargo, and new low fare domestic passenger flights; 2) Promoting the facilities and services of MSP and MAC’s system of airports both domestically and internationally; and 3) Building community relations by establishing partnerships with public and private sectors to increase their awareness of the importance of air service in the region, and to solicit their support for such services.

As of July 2016:

- 113 domestic destinations are served by daily non-stop service.
- Delta provides non-stop service to all of the top 20 destinations.
- 19 of the top 20 destinations are served non-stop by two or more airlines.
- 18 of the top 20 destinations are served non-stop by Low Cost Carriers (LCC) Frontier, Southwest, Spirit, or Sun Country.

The following figure shows U.S. Airports served by daily scheduled non-stop passenger flights from MSP (July 2016).



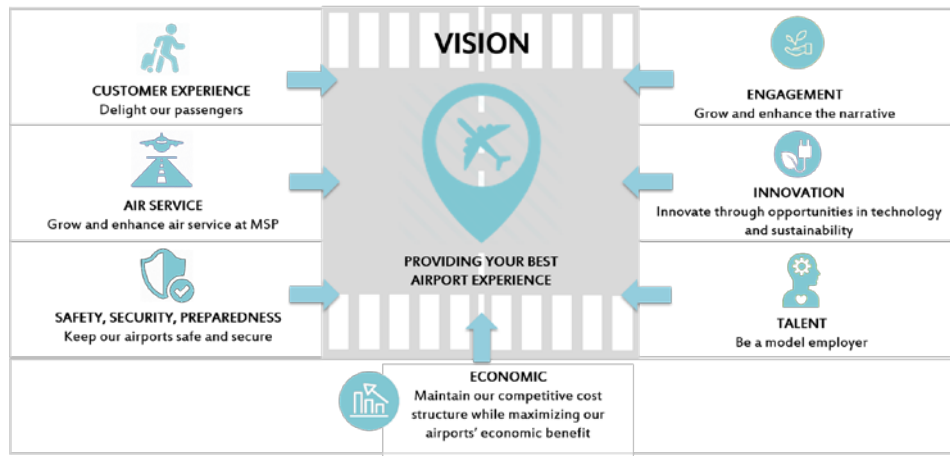


Organizational Strategic Plan

In 2016, the MAC Board of Commissioners approved a new, multi-year strategic plan for the organization. The 2017-2022 plan is an evolution from key initiatives to strategic goals and objectives. The plan’s structure is streamlined, increasing cross-departmental collaboration and creating stronger connections between its components and department plans.

Development of the MAC 2017-2022 Strategic Plan

- Identify strategic priorities for the MAC over the course of the plan.
- Determine challenges to these priorities and design potential solutions to achieving them.
- Interview representatives from key stakeholder groups.
- Review survey results, align priorities, and set strategic plan framework.
- Develop strategic plan mission, vision, goals, and objectives.
- Approve strategic plan mission, vision, goals, and objectives.



Short-term Organizational Strategic Goals

- Customer Experience: Delight our passengers
- Air Service: Grow and enhance air service at MSP
- Safety, Security, Preparedness: Keep our airports safe and secure
- Economic: Maintain our competitive cost structure while maximizing our airports’ economic benefit
- Engagement: Grow and enhance the narrative
- Innovation: Innovate through opportunities in technology and sustainability
- Talent: Be a model employer

Goals and Objectives

We have identified in prior sections the current or near-term issues facing the MAC in this budget year. Looking to the future, the following will be the areas where we will focus our resources. These include:

- Customer Experience: Delight our passengers
- Air Service: Grow and enhance air service at MSP
- Safety, Security, Preparedness: Keep our airports safe and secure
- Economic: Maintain our competitive cost structure while maximizing our airports' economic benefit
- Engagement: Grow and enhance the narrative
- Innovation: Innovate through opportunities in technology and sustainability
- Talent: Be a model employer

Customer Service

Delight our passengers. Objectives on which the MAC will focus during 2017 include the following:

- Reimagine and renew our airports to continually evolve our customer experience.
- Advance the culture of customer experience at our airports.
- Enhance surface transportation options to MSP.

Air Service

Grow and enhance air service at MSP. Objectives on which the MAC will focus during 2017 include the following:

- Increase competition, attract new airlines, and expand service for non-stop destinations.
- Maintain our appeal as a hub operation.

Safety, Security, Preparedness

Keep our airports safe and secure. Objectives on which the MAC will focus during 2017 include the following:

- Prepare for current and potential threats to public safety and critical infrastructure through robust and aligned airport planning processes.
- Engage, support, and expand emergency preparedness and response training for the airport community.
- Ensure capacity to respond and recover effectively to changes in our facilities, passenger growth, and situations that impact our community.

Economic

Maintain our competitive cost structure while maximizing our airports' economic benefit. Objectives on which the MAC will focus during 2017 include the following:

- Maintain MAC's competitive cost structure.
- Grow non-aeronautical revenues in concessions, parking, and property development.
- Measure and communicate our airports' economic benefit to the region.

Engagement

Grow and enhance the narrative. Objectives on which the MAC will focus during 2017 include the following:

- Lead conversations on strategic topics with stakeholders.
- Leverage communication tools for a balanced public engagement process.

Innovation

Innovate through opportunities in technology and sustainability. Objectives on which the MAC will focus during 2017 include the following:

- Modernize and accelerate technology use, enabling enterprise solutions.
- Integrate sustainability into our culture.

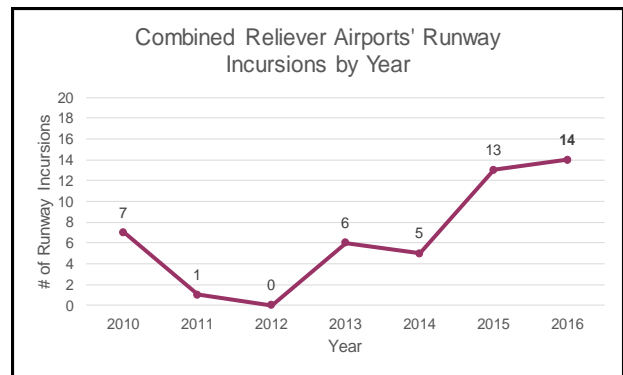
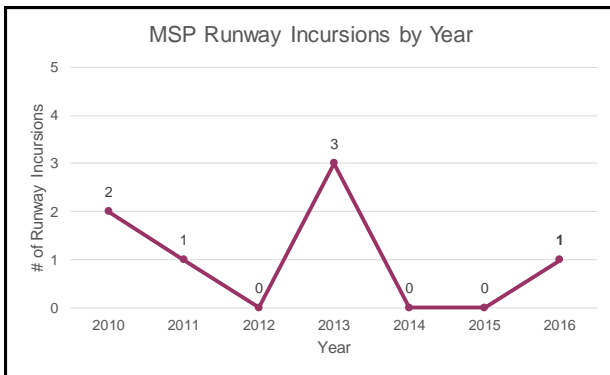
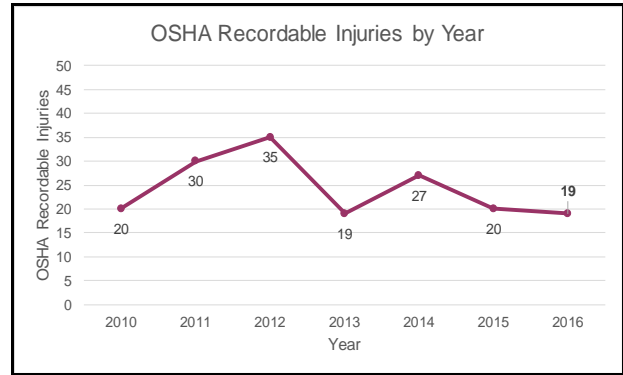
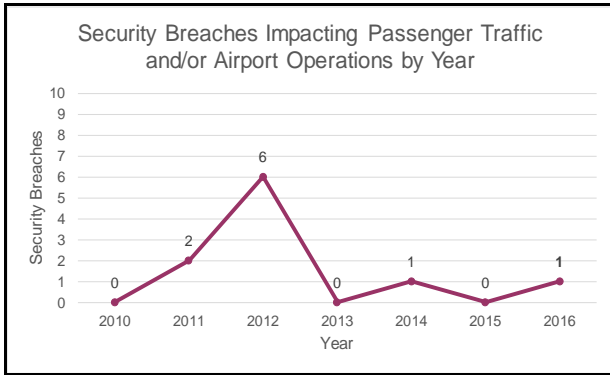
Talent

Be a model employer. Objectives on which the MAC will focus during 2017 include the following:

- Cultivate an engaged workforce.
- Increase diversity, inclusion, and equity at MAC.
- Invest in training and professional development opportunities that align with our goals.

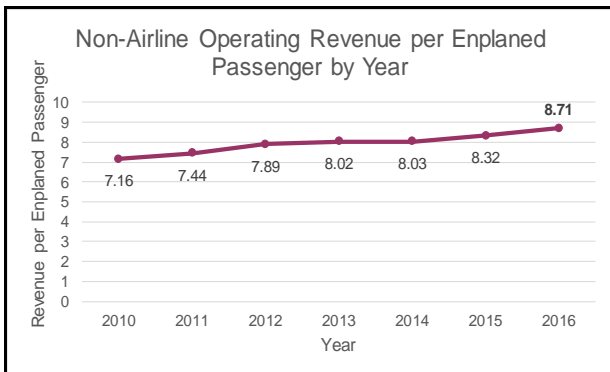
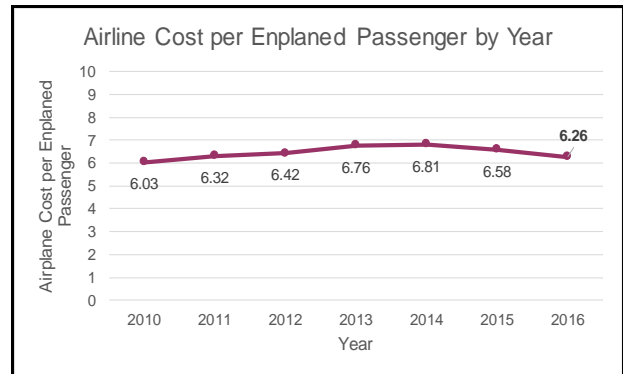
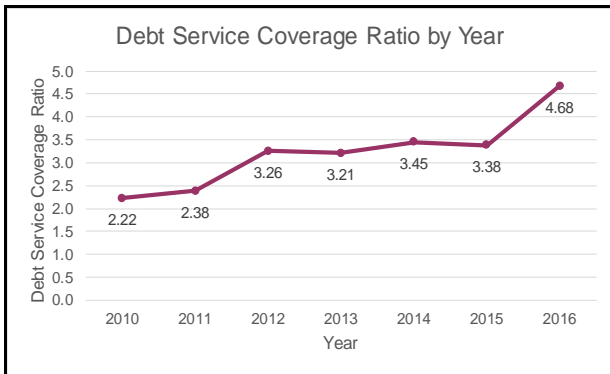
Performance Measures

Safety and Security

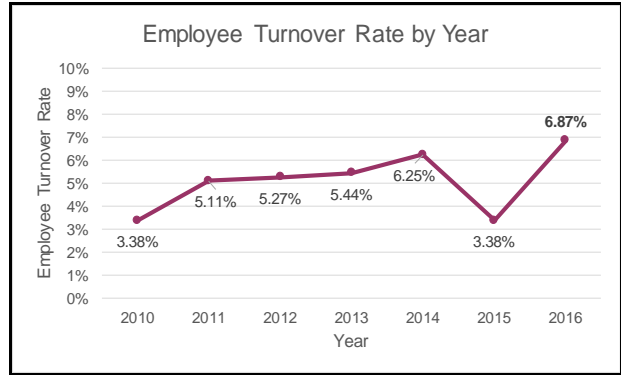
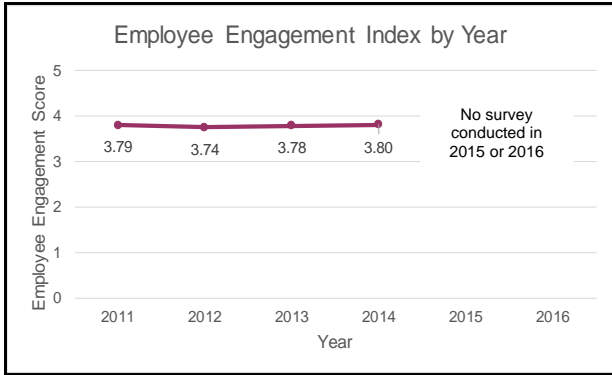


*Note in 2016 11 incursions were due to vehicles and 3 were due to pedestrians

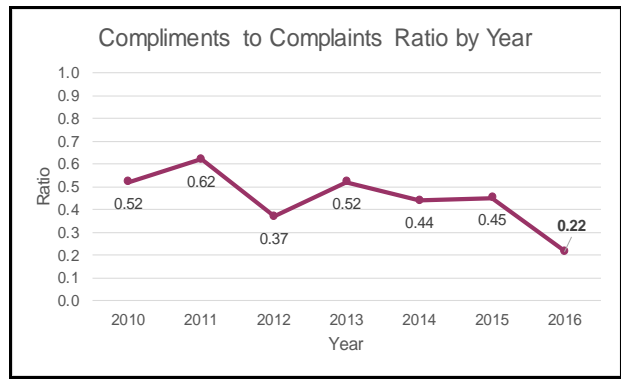
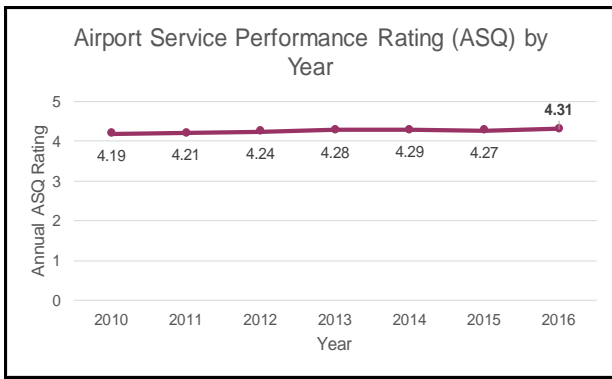
Financial



Employee Engagement

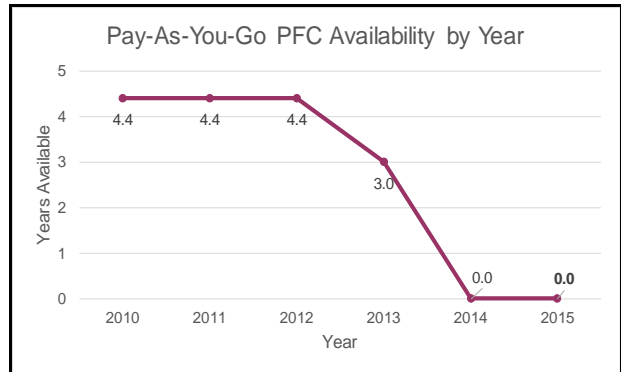
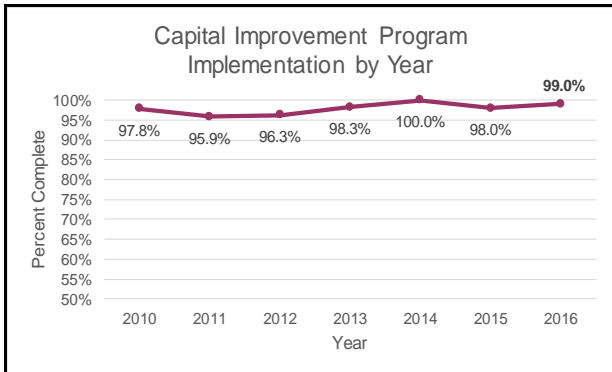


Customer Experience



*The compliment-to-complaint ratio declined in 2016 due to external entities promoting campaigns to influence decisions by the Metropolitan Airports Commission.

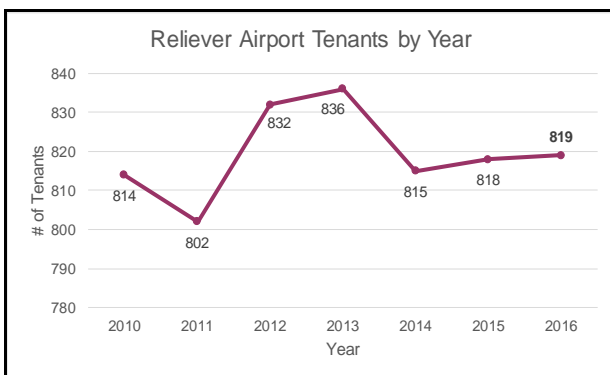
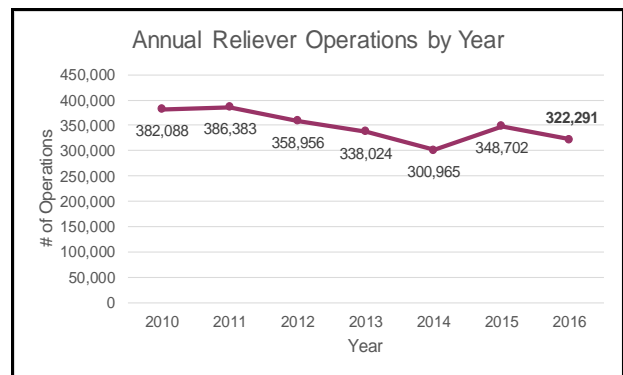
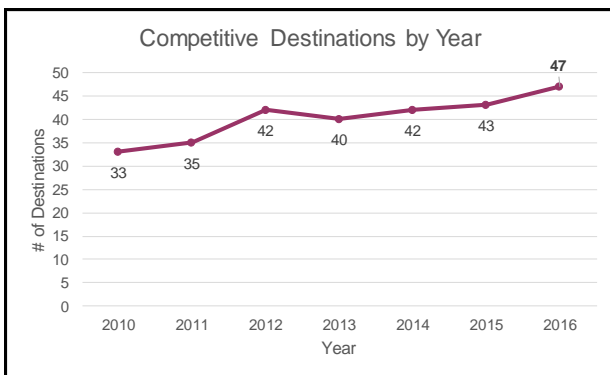
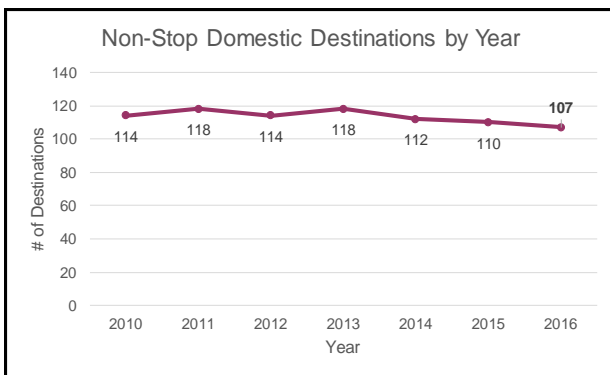
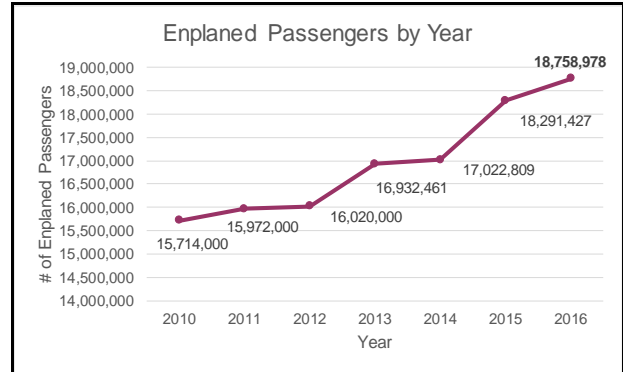
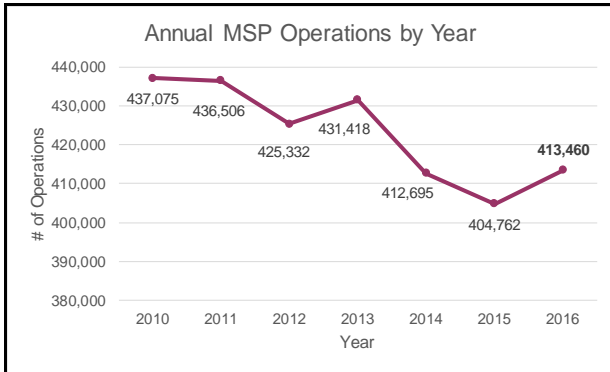
Development



*PFC stands for Passenger Facilities Charges

The following Performance Measures are common benchmark measures; however, the MAC has limited ability to directly impact these numbers.

Operations



GFOA Budget Award

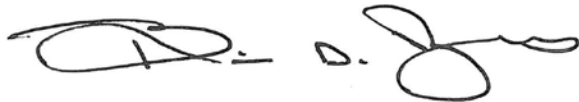
The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the Minneapolis-St. Paul Metropolitan Airports Commission for its annual budget for the fiscal year beginning January 1, 2016. In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for the 2017 award.

Acknowledgement

The budget is the result of countless hours of work by the staff of the Finance Department and by Commissioners who served on the Finance and Administration Committee. A very special thanks goes out to all MAC staff who worked especially hard to develop the final 2017 Budget. Through this hard work and effort, we hope that the MAC will continue to be one of the most safe, efficient, and cost effective airport operators in the nation. It is significant to note that the Distinguished Budget Presentation Award has been presented to the Commission annually by GFOA since 1985.


Respectfully submitted,



Brian Ryks
Executive Director/CEO



Stephen L. Busch
Vice President –
Finance & Administration



Robert Schauer
Director – Finance



2016 Budget Award

Other Awards

| Metropolitan Airports Commission Awards | | | |
|--|---|---|--|
| Year | Source of Award | Award | Group Judged/Rated |
| 2016 | Airport Service Quality Program Airports Council International | Best Airport in North America | North American airports serving 25 to 40 million passengers a year in 2016 |
| 2016 | Cintas | America's Best Restroom | U.S. Restrooms, not exclusive to airports |
| 2016 | Federal Aviation Administration | Sandy Wright/Richard Dolbeer Excellence in Strike Reporting | Wildlife Strike Reporting Programs |
| 1985 through 2016 | Government Finance Officers Association | Distinguished Budget Presentation Award | Various Government Organizations |
| 1984 through 2015 | Government Finance Officers Association | Certificate of Achievement for Excellence in Financial Reporting | Various Government Organizations |
| 2016 | Environmental Initiative | Sustainable Business of the Year | Businesses across the State of Minnesota |
| 2016 | Environmental Leader | Project of the Year – T1 Solar Array | Sustainability projects across the nation, not exclusive to airports |
| 2016 | Air Transport Research Society | 3 rd Most Efficient Airport | North American Airports |
| 2016 | "Travel and Leisure" Magazine | #3 - Top 5 U.S. Airports | U.S. Airports |
| 2016 | Trip Advisor's Travelers' Choice Awards | #5 - Best Domestic Airports | Large U.S. Airports |
| 2016 | State of Minnesota Department of Transportation | Outstanding performance to a construction project located in Ramsey County on the St. Paul Downtown Airport – deemed to be the best of its class (completed 2016) | Key Airports (Airports with Runways over 5,000 feet) |
| 2016 | American Council of Engineering Companies of Minnesota | MSP International Airport – Lactation Rooms | Engineering Projects in the State of Minnesota |
| 2015 | Airports Going Green | Sustainable Infrastructure – Terminal 1 3MW Solar Array and Parking Ramp Maintenance Improvements | U.S. and Worldwide Airports |
| 2015 | MN/DOT Office of Environmental Stewardship | Technology and Innovation Award | Organizations involved in environmental stewardship |
| 2015 | Minneapolis Advisory Committee on People with Disabilities | Certificate of Honorary Recognition | Businesses serving people with disabilities |
| 2015 | Nat'l Academy of Television Arts & Sciences – Upper Midwest Chapter | Emmy Award – Hockey Day Minnesota – St. Paul Downtown Airport | Eligible participants in Upper Midwest Board of Governors Emmy Awards |
| 2015 | Meritorious Achievement Award | Minnesota Safety Council | Minnesota Organizations |
| 2015 | Hennepin County | Wellness by Design – Platinum Award + Green Award | Companies and governmental agencies with wellness activities/promotions available to employees |
| 2014 | American Council of Engineering Companies of MN | Honor Award – North Side Storm Sewer – MSP Airport | Category F – Waste and Storm Water |
| 2014 | Int'l Parking Institute | Merit Award – Parking Ramp Rehabilitation | Innovative Parking Programs |
| 2014 | USA Today Readers' Choice | Best Airport for a Layover | Large Hub Airports |
| 2014 | American Council of Engineering Companies of MN | Grand Award: I-494/34th Ave. Interchange Diverging Diamond – MSP Airport | Various projects designed by Minnesota Engineering Companies |
| 2014 | American Public Works Association | Project of the Year Award: I-494/34th Ave. Interchange Diverging Diamond | Transportation Projects |

| Metropolitan Airports Commission Awards | | | |
|--|---|--|--|
| Year | Source of Award | Award | Group Judged/Rated |
| 2014 | Women in Transportation Society | Innovative Transportation Solutions Award: I-494/34gth Ave. Interchange Diverging Diamond | Innovative Transportation |
| 2014 | American Council of Engineering Companies of MN | Grand Award: Concourse E Restroom Upgrades – MSP | Engineering disciplines throughout Minnesota |
| 2014 | National Terrazzo and Mosaic Association | Honor Award: Job of the Year for Fine Terrazzo – MSP Airport | Job of the Year – National Competition |
| 2014 | USA Today Readers' Choice | Best Airport Food – French Meadow | Large Hub Airports |
| 2014 | Airport Revenue News | Best Overall Concessions Program | Large Hub Airports |
| 2014 | Airport Revenue News | Best Retail Concept-Small Division – Uptown Minnesota | Large Hub Airports |
| 2014 | Airport Revenue News | Best Retail Concept-Large Division – Aveda | Large Hub Airports |
| 2014 | Foodie Awards | Food to Go Offer of the Year – Cibo Express Gourmet Markets | Large Hub Airports |
| 2014 | Foodie Awards | Wine of the Year – Surdyk's Flights Wine Market | Large Hub Airports |
| 2014 | Environmental Initiative Awards | Sustainable Star Solar PV and LED Lighting Project | Large Hub Airports |
| 2014, 2013, 2012, 2011, 2010, 2009 | Hennepin County | Wellness by Design – Silver Award Gold Award | Companies and governmental agencies with wellness activities/promotions available to employees |
| 2013 | State of MN Dept. of Transportation and Concrete Paving Assn. of MN | Merit Award – Pavement Construction Terminal 2- Humphrey Apron Expansion – MSP Airport | Category 8 – Commercial Service and Military Airports |
| 2013 | Airport Revenue News | First Place – Best Airport Award for Large Airport Division – Airport with the Best Concessions Program Design | Large Hub Airports |
| 2013 | Airports Council Int'l – North America | First Place – Best Airport Award for Large Airport Division – Airport with the Best Food & Beverage Program Design | Large Hub Airports |
| 2012 | Airports Council Int'l – North America | 1 st Place – Green Practice – Organics Recycling Program | Airport Concessions |
| 2012 | State of MN Dept. of Transportation and Concrete Paving Assn. of Minnesota (CPAM) | Merit Award – Pavement Reconstruction Concourse C at MSP International Airport | Commercial Service and Military Airports |
| 2012 | YWCA | Commitment to Lead Discussion on Racism | Various Organizations |
| 2011 | Airports Council Int'l – North America | Excellence in Airport Concessions – 2nd Place – Concourse C Cart Program | Large Airports – Best Specialty Retail Program |
| 2011 | Airports Council Int'l – North America | Excellence in Airport Concessions – 1st Place – Surdyk's Flights | Large Airports – Best New Food & Beverage Specialty Retail Program |
| 2011, 2010, 2009 | American Heart Association | Fit-Friendly Company Award | Companies and governmental agencies with wellness activities/promotions available to employees |
| 2011 | Federal Aviation Administration | Airport Partnership for Excellence in Wildlife Management | FAA-Certified Airports |
| 2011 | American Concrete Paving Association | MSP Taxiway C Extension | Commercial Service and Military Airports |

| Metropolitan Airports Commission Awards | | | |
|--|--|---|---|
| Year | Source of Award | Award | Group Judged/Rated |
| 2011 | American Council of Engineering – MN Chapter | Merit Award – MSP Airport Taxiway C-D Complex | ACEC – State of Minnesota Level Competition |
| 2011 | American Council of Engineering Companies – MN Chapter | Merit Award: MSP Airport Taxiway C-D Complex | State of Minnesota Level Competition |
| 2010 | International Parking Institute | Award of Merit-Design of the Orange “Value Ramp” Terminal 2 | Commercial parking facilities |
| 2010 | Minnesota Society of Professional Engineers | Seven Wonders of Engineering Award for the Orange “Value Ramp” at Terminal 2 | Engineering projects in Minnesota |
| 2010 | Minnesota Society of Professional Engineers | Seven Wonders of Engineering Merit Award for the St. Paul Downtown Airport Flood Protection Improvements | Engineering projects in Minnesota |
| 2010 | Transportation Security Administration (TSA) | Seven Wonders of Engineering Award for the Orange “Value Ramp” at Terminal 2 | Engineering projects in Minnesota |
| 2010 | American Council of Engineering Companies | Honor Award for the St. Paul Downtown Airport Floodwall Protection System | Civil engineering projects |
| 2010 | Minnesota Department of Transportation | Partnership Award – Outstanding Contributions | TSA Employees and Stakeholders |
| 2010 | Minnesota Council of Airports | Project of the Year Award for the Flying Cloud Airport expansion | Improvement projects at Minnesota airports |
| 2010 | Public Relations Society of America, Minnesota Chapter | Classics Award for the top video in the public service announcements category, for promotion of MSP Value Parking | Public service announcements in Minnesota |
| 2010 | J.D. Power and Associates | 2 nd Best Large Airport in America (tie with Denver) | U.S. Airports with 30 million or more passengers per year |
| 2010 | Conde Nast digital travel publication <i>Jaunted</i> | Top 5 Airport for Traveling with Children | U.S. Airports |
| 2010 | U.S. Dept. of Homeland Security, TSA | Partnership Award – Outstanding Support of TSA Mission in MN | TSA Stakeholders |
| 2010 | Zagat | Sixth highest airport quality rating among U.S. airports | 30 U.S. Airports |
| 2010 | Travel + Leisure | 3 rd Best Airport in America Overall #1 in U.S. for Food and Shopping 3 rd Best for Entertainment | U.S. Airports |
| 2000-2001 1996-1997 1991-1992 1990-1991 1985-1986 1981-1982 | International Aviation Snow Symposium-American Association of Airport Executives | Balchen-Post Award | Large Hub U.S. Airports |



Remodeled Restroom at Terminal 1



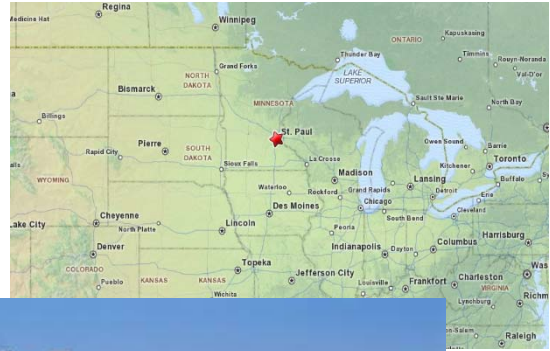
Newly Constructed Node at Terminal 2

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The Organization



Overlooking Downtown St Paul



Overlooking Downtown Minneapolis

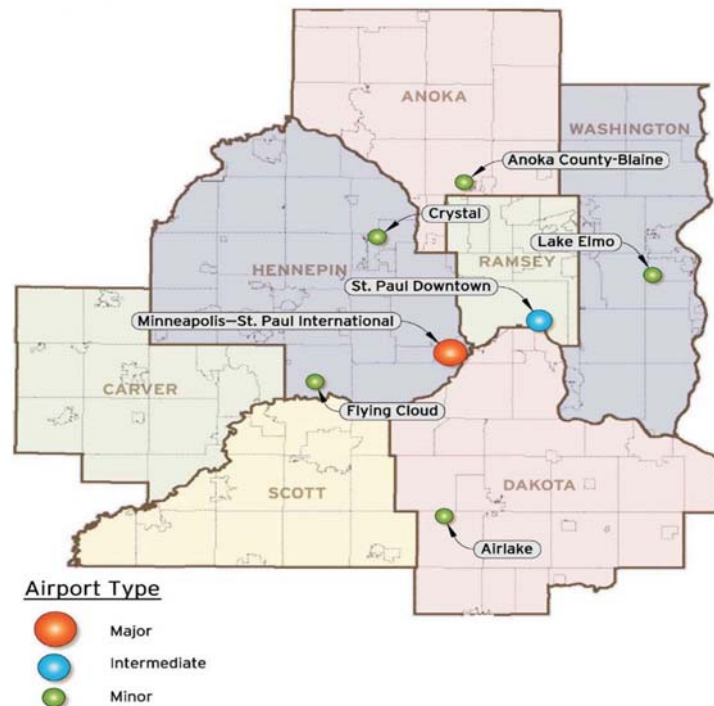
The Commission

The Minneapolis-St. Paul Metropolitan Airports Commission was created by an act of the Minnesota State Legislature in 1943 as a public corporation of the State. The purpose of the Commission is to:

- Promote air navigation and transportation (international, national, and local) in and through the State of Minnesota.
- Promote the efficient, safe, and economic handling of air commerce and to assure the inclusion of the State in national and international programs of air transportation. To those ends, develop the full potentialities of the metropolitan area as an aviation center.
- Assure minimum environmental impact from air navigation and transportation for residents of the metropolitan area, promote the overall goals of the State’s environmental policies, and minimize the public’s exposure to noise and safety hazards around the airports.

Commission Jurisdiction 35 Mile Radius

The area over which the Commission exercises its jurisdiction is the Minneapolis-St. Paul Metropolitan Area which includes Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington Counties, and extends approximately 35 miles out in all directions from the Minneapolis and St. Paul City Halls. The Commission owns and operates seven airports within the Metropolitan Area. Scheduled air carriers are served by the Minneapolis-St. Paul International Airport. Six Reliever Airports serve business and general aviation.



The Chair and fourteen Commissioners govern the Metropolitan Airports Commission. The Governor of the State of Minnesota appoints the Chair and twelve Commissioners. Of these twelve Commissioners, eight are from designated districts within the Metropolitan Area and four are from outside of the Metropolitan Area. The Mayors of St. Paul and Minneapolis also have seats on the Commission, with the option to appoint a surrogate to serve in their place. While the Commissioners' terms are four years, the Chair serves at the pleasure of the Governor.



Dan Boivin
Commission Chairman



Brian Ryks
Executive Director/CEO



Dennis Probst
Executive Vice President



Carl Crimmins
District A



Rick King
District B



Katie Clark Sieben
District C



Steve Cramer
District D



James Deal
District E



Michael Madigan
District F



Richard Ginsberg
District G



Ibrahim Mohamed
District H



Erica Prosser
City of Minneapolis



Pat Harris
City of St. Paul

Representing the Greater Minnesota Area



Randy Schubring



Patti Gartland



Donald Monaco



Dixie Hoard

The Commission established three committees. Each of the committees (Planning, Development & Environment Committee, Finance & Administration Committee, and Management & Operations Committee) meets on a monthly basis. The committees are responsible for all aspects of business which fall under their respective jurisdiction. Recommendations on all action items are made by the committees to the Full Commission. The Full Commission also meets monthly. All of the committee meetings, as well as the Full Commission meeting, take place in Terminal 1-Lindbergh. Occasionally, the Full Commission meets outside the terminal to provide easier access for the general public.

| Committee | Time of Meeting | Meeting Place |
|--|---------------------------------------|----------------------|
| Finance & Administration (F&A) | 9:30 a.m., first Monday of the month | Terminal 1-Lindbergh |
| Planning, Development & Environment (PD&E) | 10:30 a.m., first Monday of the month | Terminal 1-Lindbergh |
| Management & Operations (M&O) | 1:00 p.m., first Monday of the month | Terminal 1-Lindbergh |
| Full Commission | 1:00 p.m., third Monday of the month | Terminal 1-Lindbergh |

All financial information is reported to and acted upon at the Finance & Administration Committee (F&A) and reported to the Full Commission. The following information summarizes the general financial areas that the F&A Committee dealt with in 2016:

- Audits
 - Annual Internal Audit Plan
 - Financial Audits
 - Internal Policy/Procedure Audits
- Operating Budget
 - Monthly Reports
 - Ratification of 2015 Expenditures
 - Distribution of 2015 Net Revenues/Unrestricted Cash
 - 2017 Budget Targets
 - 2017 Preliminary and Final Budgets
- Bonds/Debt/Capital Funding
 - Passenger Facility Charge Application(s) and Amendments
 - Underwriter Selection
 - Bond Refunding
 - New Bond Money Issuance
- Investments
 - Investment Advisor Services
 - Investment Policy Revisions
- Human Resources and Affirmative Action
 - Human Resource and Affirmative Action Policies and Procedures
 - Employee Benefits and Compensation

Divisions

Under the direction of the Commission, MAC’s organizational structure is made up of four divisions within the Operating Fund. The four divisions are: Executive; Finance & Administration; Planning, Development & Environment; and Management & Operations. The Executive Division oversees all Metropolitan Airports Commission business and is directly responsible to the MAC’s Board of Commissioners. The chart on the following page identifies the organizational structure by division.

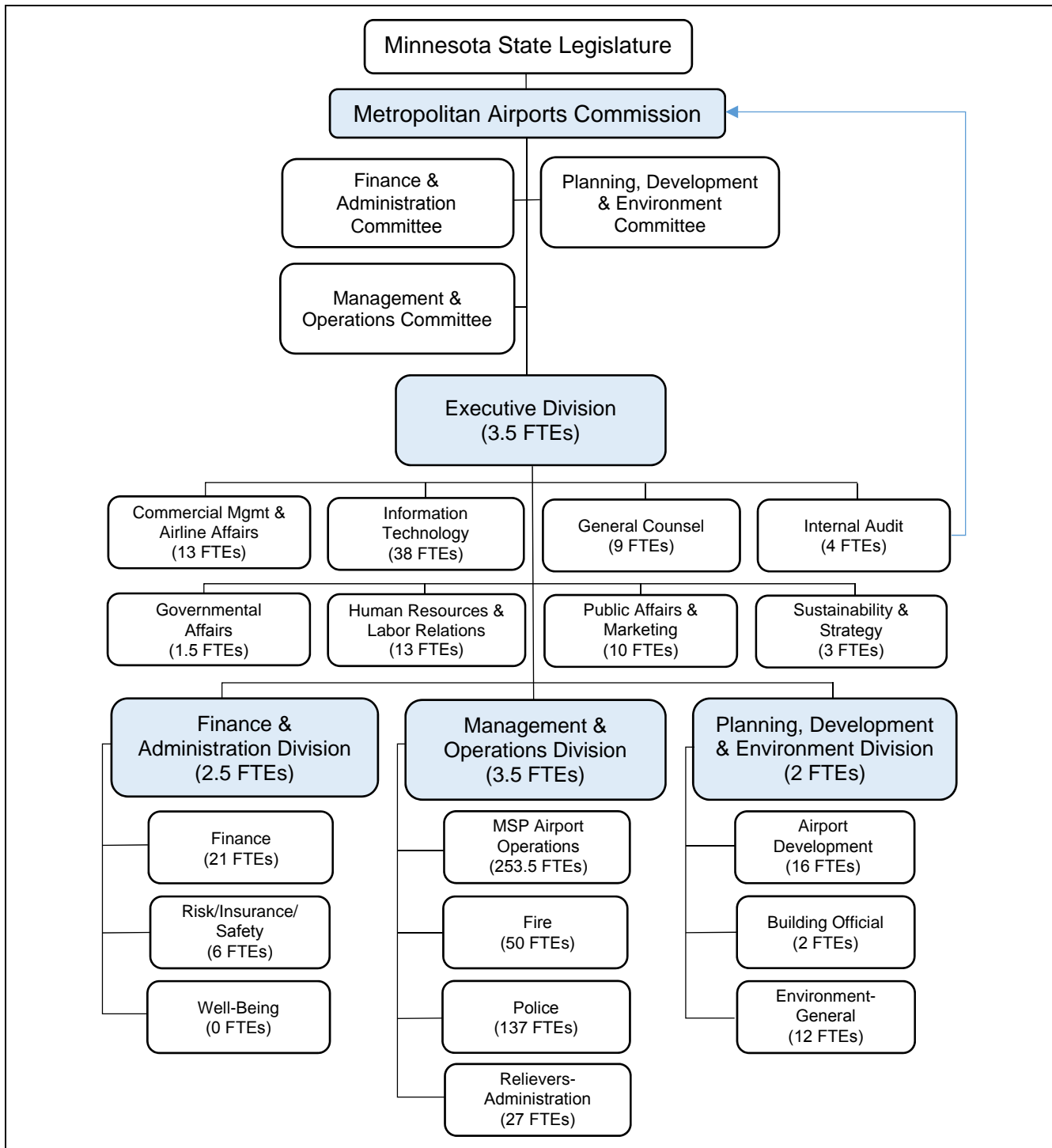
The following are the changes made in the organization in recent years to better reflect the service center responsibilities and reporting structure:

- In 2015, the Information Services service center was renamed Information Technology and merged into the Executive Division.
- In 2016, the Airport Lost and Found personnel merged into Landside-Administration.
- In 2016, Sustainability and Strategy became a new service center formed out of Environment-General and is included in the Executive Division.

Service Centers

Service centers are the lowest budget levels in the organization. A combination of service centers is sometimes referred to as a department. These service centers are responsible for specific functions that relate to one another. The department format provides department heads with an opportunity to review functions they manage as one (example: Finance includes Purchasing). The following page shows a listing of service centers and the divisions in which they reside.

Organizational Chart



Organizational Structure by Division and Service Center

| Division | Service Center | |
|--|-------------------------------|---|
| | Number | Name |
| Executive | 75000 | Executive-General |
| | 75100 | Executive-Commissioner |
| | 75700 | Human Resources & Labor Relations |
| | 76600 | Employee Development & Engagement |
| | 80600 | Diversity |
| | 81500 | Employee Relations |
| | 76000 | Public Affairs & Marketing |
| | 76200 | Sustainability & Strategy |
| | 78300 | Internal Audit |
| | 79000 | Information Technology |
| | 79500 | Governmental Affairs |
| | 80000 | Commercial Management & Airline Affairs |
| | 76100 | Air Service Business Development |
| | 80100 | Concessions & Business Development |
| 82050 | MSP Airport Conference Center | |
| 81000 | General Counsel | |
| Finance & Administration | 75600 | Finance & Administration |
| | 76700 | Well-Being |
| | 76800 | Risk/Insurance/Safety |
| | 78000 | Finance |
| | 78100 | MAC General |
| | 78200 | Purchasing |
| Planning, Development & Environment | 75500 | Planning, Development & Environment |
| | 77000 | Airport Development |
| | 77100 | Building Official |
| | 85000 | Environment-General |
| | 85100 | Environmental Affairs |
| | 85300 | Aviation Noise Program |
| Management & Operations | 75800 | Operations |
| | 82000 | MSP Airport Operations |
| | 83400 | Landside-Administration |
| | 85500 | Facilities-Terminal 2 |
| | 86100 | Facilities-Terminal 1 |
| | 86300 | Facilities-Energy Management Center |
| | 88400 | Trades-Administration |
| | 88000 | Trades-Electricians |
| | 88100 | Trades-Painters |
| | 88200 | Trades-Carpenters |
| | 88300 | Trades-Plumbers |
| | 89000 | Field Maintenance |
| | 82600 | Airside Operations |
| | 83600 | Fire |
| | 84200 | Police |
| | 90000 | Relievers-Administration |
| | 90200 | Relievers-St. Paul |
| | 90300 | Relievers-Lake Elmo |
| | 90400 | Relievers-Airlake |
| | 90500 | Relievers-Flying Cloud |
| 90600 | Relievers-Crystal | |
| 90700 | Relievers-Anoka | |

Full-Time Equivalent Positions (FTEs)

The total overall 2017 budgeted FTEs are 627.5, which is an increase of 8 FTEs over 2016. The additional positions are allocated between the service centers based on needs of the organization. The increased FTE count in 2017 is necessary to address enterprise technology needs, airport safety and security, and to transition a temporary position into a permanent position.

In 2013, the airline industry began to stabilize and the economy was slowly recovering from the economic recession. Two new positions were added for a total count of 585 budgeted FTEs.

In 2014, six temporary operations staff at Terminal 2-Humphrey were made into regular status positions resulting in 591 budgeted FTEs.

2015 brought about 10 new positions to fill in departments that required extra support such as Trades staffing needed to assume the operational control of the G Concourse from Delta. Also, 9.5 part time and provisional PSA staff became full time to reflect the actual hours worked by these employees.

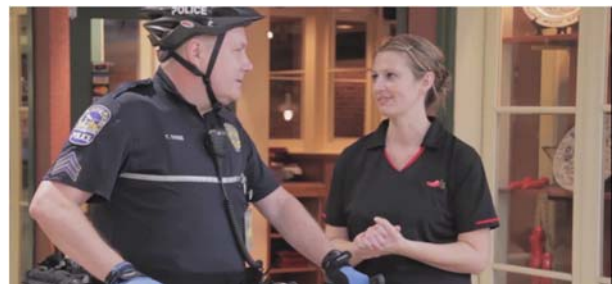
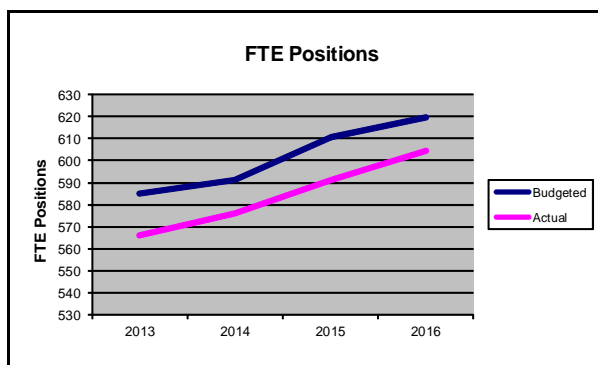
Nine FTEs were added in 2016 to meet legal mandates and regulatory requirements to ensure a safe and secure airport system and to stay current with information technology and systems.

As shown in the chart below, the Commission authorized an additional 8 FTEs in 2017. A previous Information Technology study concluded that MAC needs more resources to meet the ever changing and increasing demand for technology. Three of these positions will be Information Technology related. In addition, the actual salary amount for budgeted positions is adjusted to reflect a limited vacancy factor to account for time to fill open positions.

The following table and graph compares budgeted and actual FTEs. Although budgeted FTEs are authorized to meet legal mandates and regulatory requirements, the actual position counts are lower than budget each year because MAC re-evaluates each vacated position to determine if it is needed, if it should be changed or if the duties can be merged into another position. This process is necessary to keep costs down. Also, a number of retirements occur each year as many staff members are reaching retirement age.

The graph shows an overall increase in positions across the years as passenger counts increase and MAC adds positions to cover areas in need of additional staffing.

| FTE Positions | 2013 | 2014 | 2015 | 2016 | 2017 |
|---------------|------|------|-------|-------|-------|
| Budgeted | 585 | 591 | 610.5 | 619.5 | 627.5 |
| Actual | 566 | 576 | 591 | 604.5 | TBD |



MAC Airport Police Officer and MSP Restaurant Employee Engaged in Conversation



MAC Adopt-a-Highway Clean-up Volunteers



MAC Plumbers at an Employee Event

Regular Status Full-Time Equivalent Position Count by Service Center within each Division

| Service Center | 2013 | 2014 | 2015 | 2016 | 2016 | 2017 |
|--|---|---|---|---|-------------|------------------|
| | Actual <small>As of 12/27/13</small> | Actual <small>As of 12/15/14</small> | Actual <small>As of 12/28/15</small> | Actual <small>As of 12/19/16</small> | Budget | Budget |
| Executive | | | | | | |
| 75000 Executive-General | 3 | 3 | 3 | 3 | 3 | 3 |
| 75100 Executive-Commissioner | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 |
| 75700 Human Resources & Labor Relations | 3 | 3 | 5 | 5 | 5 | 5 |
| 76000 Public Affairs & Marketing | 7 | 7 | 8 | 10 | 9 | 10 ¹ |
| 76100 Air Service-Business Development | 0 | 0 | 0 | 0 | 0 | 0 |
| 76200 Sustainability & Strategy | 0 | 0 | 0 | 2 | 3 | 3 |
| 76600 Employee Engagement & Development | 3 | 3 | 2 | 3 | 3 | 3 |
| 78300 Internal Audit | 4 | 4 | 4 | 4 | 4 | 4 |
| 79000 Information Technology | 23 | 26 | 28 | 32 | 35 | 38 ² |
| 79500 Governmental Affairs | 1 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 |
| 80000 Commercial Mgmt & Airline Affairs | 5 | 5 | 5 | 5 | 5 | 5 |
| 80100 Concessions & Business Development | 4 | 4 | 5 | 5 | 4 | 5 ³ |
| 80600 Diversity | 2 | 2 | 2 | 2 | 2 | 2 |
| 81000 General Counsel | 8.5 | 8.5 | 8.5 | 8.5 | 9 | 9 |
| 81500 Employee Relations | 6 | 5 | 3 | 3 | 3 | 3 |
| 82050 MSP Airport Conference Center | 2 | 3 | 3 | 2 | 3 | 3 |
| Total Executive | 72 | 75.5 | 78.5 | 86.5 | 90 | 95 |
| BUDGET | 75.5 | 76.5 | 78 | 90 | 90 | 95 |
| Finance & Administration | | | | | | |
| 75600 Finance & Administration | 2 | 2 | 2 | 2 | 2 | 2 |
| 76800 Risk/Insurance/Safety | 5 | 6 | 6 | 6 | 6 | 6 |
| 78000 Finance | 15 | 15 | 15 | 15 | 15 | 15 |
| 78100 MAC General | 0 | 0 | 0 | 0 | 1.5 | 0.5 ¹ |
| 78200 Purchasing | 7.5 | 7.5 | 7.5 | 6 | 6 | 6 |
| Total Finance & Administration | 29.5 | 30.5 | 30.5 | 29 | 30.5 | 29.5 |
| BUDGET | 34.5 | 30 | 35 | 30.5 | 30.5 | 29.5 |
| Planning, Development & Environment | | | | | | |
| 75500 Planning, Development & Environment | 2 | 2 | 2 | 2 | 2 | 2 |
| 77000 Airport Development | 12 | 13 | 14 | 16 | 16 | 16 |
| 77100 Building Official | 2 | 2 | 2 | 2 | 2 | 2 |
| 85000 Environment-General | 2 | 5 | 5 | 3 | 4 | 4 |
| 85100 Environmental Affairs | 3 | 3 | 3 | 3 | 3 | 3 |
| 85300 Aviation Noise Program | 7 | 5 | 5 | 5 | 5 | 5 |
| Total Planning, Dev. & Environment | 28 | 30 | 31 | 31 | 32 | 32 |
| BUDGET | 31.5 | 32 | 33 | 32 | 32 | 32 |



Each Year MAC Staff Participates in the Relay for Life Cancer Walk

Regular Status Full-Time Equivalent Position Count by Service Center within each Division

| Service Center | 2013 | 2014 | 2015 | 2016 | 2016 | 2017 |
|---|---|---|---|---|--------------|------------------|
| | Actual <small>As of 12/27/13</small> | Actual <small>As of 12/15/14</small> | Actual <small>As of 12/28/15</small> | Actual <small>As of 12/19/16</small> | Budget | Budget |
| Management & Operations | | | | | | |
| 75800 Operations | 4 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 |
| 82000 MSP Airport Operations | 3 | 3 | 3 | 3 | 3 | 3 |
| 82600 Airside Operations | 15 | 15 | 16 | 16 | 16 | 16 |
| 82700 Emergency Communications | 17 | 0 | 0 | 0 | 0 | 0 |
| 83400 Landside-Administration | 24.5 | 24.5 | 31.5 | 34.5 | 35.5 | 35.5 |
| 83600 Fire | 48 | 49 | 46 | 46 | 49 | 50 ⁴ |
| 84200 Police | 113 | 125 | 128 | 129 | 134 | 137 ⁵ |
| 85500 Facilities-Terminal 2 | 3 | 9 | 9 | 9 | 9 | 9 |
| 86100 Facilities-Terminal 1 | 8 | 10 | 9 | 9 | 9 | 9 |
| 86300 Facilities-Energy Management Center | 21 | 21 | 21 | 23 | 22 | 22 |
| 88000 Trades-Electricians | 18 | 18 | 19 | 19 | 19 | 19 |
| 88100 Trades-Painters | 8 | 8 | 8 | 10 | 9 | 9 |
| 88200 Trades-Carpenters | 9 | 9 | 10 | 10 | 10 | 10 |
| 88300 Trades-Plumbers | 7 | 9 | 10 | 10 | 9 | 9 |
| 88400 Trades-Administration | 2 | 2 | 2 | 2 | 2 | 2 |
| 89000 Field Maintenance | 111 | 107 | 108 | 108 | 110 | 110 |
| 90000 Relievers-Administration | 7 | 8 | 8 | 7 | 8 | 8 |
| 90200 Relievers-St. Paul | 7 | 7 | 7 | 7 | 7 | 7 |
| 90300 Relievers-Lake Elmo | 1 | 1 | 1 | 1 | 1 | 1 |
| 90400 Relievers-Airlake | 1 | 1 | 1 | 1 | 1 | 1 |
| 90500 Relievers-Flying Cloud | 3 | 3 | 3 | 4 | 4 | 4 |
| 90600 Relievers-Crystal | 3 | 3 | 3 | 3 | 3 | 3 |
| 90700 Relievers-Anoka | 3 | 4 | 4 | 3 | 3 | 3 |
| Total Management & Operations | 436.5 | 440 | 451 | 458 | 467 | 471 |
| BUDGET | 443.5 | 452.5 | 464.5 | 467 | 467 | 471 |
| TOTAL ACTUAL FTEs | 566 | 576 | 591 | 604.5 | NA | NA |
| TOTAL BUDGET FTEs | 585 | 591 | 610.5 | 619.5 | 619.5 | 627.5 |

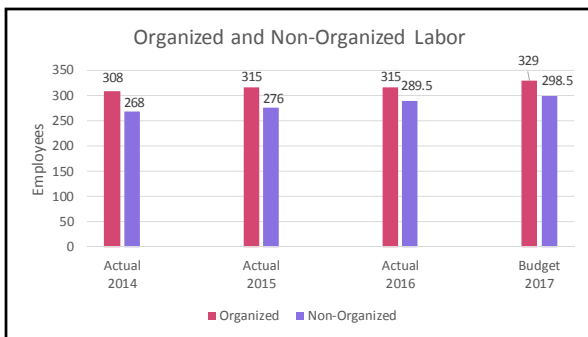
FTEs differ between the 2016 and 2017 budgets for the following reasons:

- (1) One FTE moved from MAC General to Public Affairs & Marketing.
- (2) Information Technology added three FTEs, including Information Security & Compliance Manager and two unspecified positions.
- (3) Concessions & Business Development added one FTE, Lease File Administrator.
- (4) One FTE firefighter was added in 2017.
- (5) Three FTEs were added to the Police Department.



MAC Airport Police Department

| Regular Status Full Time Equivalent Position Count by Job Classification | | | | |
|--|------------|------------|--------------|--------------|
| | 2014 | 2015 | 2016 | 2017 |
| | Actual | Actual | Actual | Budget |
| Organized | | | | |
| Local 70 Operating Engineers | 17 | 21 | 19 | 22 |
| 49er's Equipment Maintenance | 22 | 21 | 18 | 20 |
| 320's - MSP Int'l - Field | 73 | 73 | 75 | 77 |
| 320's - MSP Int'l - Facilities | 2 | 1 | 1 | 1 |
| 320's - Reliever Airports | 18 | 19 | 19 | 19 |
| Painters -386 | 8 | 8 | 10 | 10 |
| Carpenters - CAR | 9 | 10 | 10 | 10 |
| Plumbers -034 | 8 | 10 | 10 | 10 |
| Electricians - 292 | 18 | 19 | 19 | 19 |
| Emergency Communications Specialists | 14 | 12 | 12 | 12 |
| Police Lieutenants/Sergeants - 307 | 19 | 19 | 18 | 19 |
| Police Officers - 302 | 55 | 60 | 62 | 65 |
| Firefighters - S6 | 36 | 33 | 33 | 36 |
| Fire Captains - S6 | 9 | 9 | 9 | 9 |
| Total Organized | 308 | 315 | 315 | 329 |
| Non-Organized | | | | |
| Chairperson/Executive Director-CEO | 1.5 | 1.5 | 1.5 | 1.5 |
| Vice Presidents/Directors/Assistant Directors | 24 | 25.5 | 27.5 | 29 |
| Managers/Assistant Managers/Supervisors | 86.5 | 88 | 92 | 94 |
| Police Chief/Fire Chief | 2 | 2 | 2 | 2 |
| Community Service Officers | 11 | 5 | 7 | 7 |
| Passenger Service Assistants | 12.5 | 20.5 | 21.5 | 21.5 |
| Fire Marshall/Training Coordinator | 2 | 2 | 2 | 2 |
| Police Commander/Deputy Chief/Training Coordinator | 4 | 3 | 3 | 3 |
| Administrative/Professional/Technical Support | 123.5 | 128 | 133 | 138 |
| Unassigned | 1 | 0.5 | 0 | 0.5 |
| Total Non-Organized | 268 | 276 | 289.5 | 298.5 |
| Total MAC | 576 | 591 | 604.5 | 627.5 |



The above chart shows staff by job classification. "Organized" refers to those work areas or employees which are represented by a labor union contract. All unions represented have specific contracts which dictate wages, benefits, and work rules. Currently, the MAC has fourteen represented labor groups. "Non-Organized" refers to all other employees outside the labor unions. The graph to the left shows Organized FTE positions are greater than Non-Organized FTE positions.

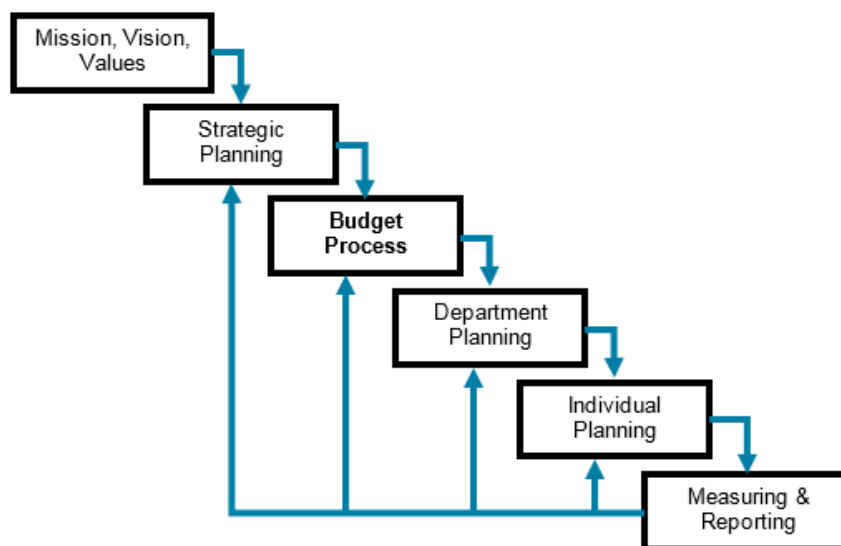


MAC Teams Raised More Than \$8,500 for Special Olympics Minnesota in the 2016 Polar Plunge

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Budget Process & Financial Policies

Budget Process



The MAC’s Mission, Vision and Values drive the Strategic Planning process which is updated annually to establish organizational priorities. The budget process is the third step in the MAC’s annual planning process.

Input is received from the Commissioners, Senior Staff, and various levels of management through planning sessions that identify critical issues, strategic goals and organizational key initiatives.

The draft Strategic Plan is presented to the Commission in conjunction with the proposed annual budget targets. The targets for the 2017 budget are presented in the Executive Summary section.

Following Commission approval, the Strategic Plan is communicated to the service centers along with guidelines and the budget targets. The service centers link their objectives to the Organizational Key Initiatives, where applicable.

The next step is to develop the budget requests for resources based on organizational priorities. Position requests and other costs are evaluated using the following criteria:

Full Time Equivalent (FTE) Requests

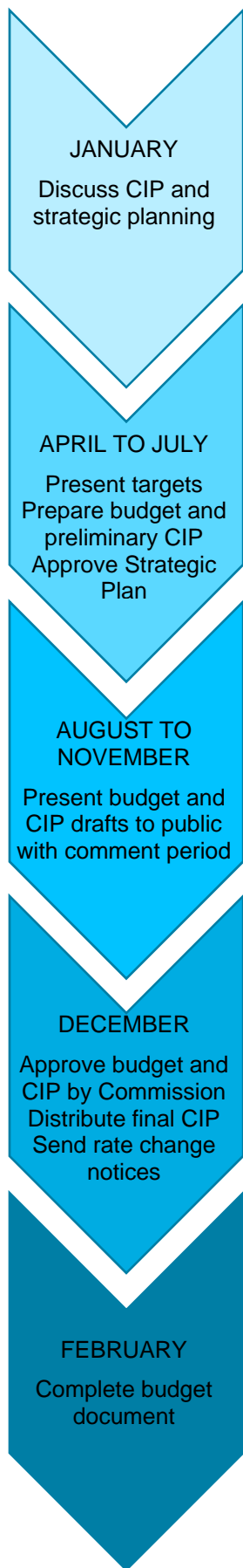
- | | |
|-----------------|--|
| First priority | Necessity to meet legal mandates and regulatory requirements |
| Second priority | Ability to maintain a safe and secure airport system |
| Third priority | General business need |

Other Costs

- | | |
|-----------------|--|
| First priority | Additional costs required to meet security requirements |
| Second priority | Embedded cost increases (i.e., scheduled increases in contracts, salary adjustments for organized labor, utility rate increases, etc.) |
| Third priority | Costs to maintain additional facilities completed in the past five years |

Controllable Expenses

The MAC prepares a line item budget for each service center. Controllable expenses allow a service center to budget for those line items for which they have direct responsibility and control. In addition to the account number, expenses are also budgeted using the appropriate subledger, which is part of the account code. Expenses are budgeted to the appropriate subledger through either direct cost or allocation. Expenses of the organization are key factors in revenue calculations. Rates and charges revenue collected from the airlines are governed by the Airline Use Agreement and corresponding amendments. Other revenue collections are dictated by either lease or ordinance. The summarized costs from the subledgers determine the calculation of various rates and charges. The Subledger Report is in the Operating Budget Expense section.



Budget Schedule

The MAC’s fiscal year is January through December. Preparation for the next year begins in January with discussions on the CIP and strategic planning. The budget process begins in March. Each department assigns a budget specialist to coordinate budget information for their respective service centers and inputs the budgets into the database. The database includes a 3-year history which includes the prior year actual data.

In April, the Finance & Administration Committee provides direction to staff with regard to growth and allocation of funds or budget targets. The direction provided by the Finance & Administration Committee is communicated to staff at various informational meetings and is included in the budget documents. The Commission approves the targets in June after a 30-day public comment period.

The budget database is available to service centers to input their data in May. Service centers have four weeks to complete their budget. Finance reviews all packages and summarizes information.

The staffing matrix is the first item reviewed by Senior Staff. The Executive Director/CEO requests preliminary approval for additional positions, if any, from the Finance & Administration Committee. The interim approval permits the organization to plan accurate projections.

August is spent compiling summary reports and completing the revenue budget, with the exception of airline rates and charges. The expense budget must be complete in order to determine airline rates and charges. Once these rates are calculated and final revenue figures are available, total revenue and expense is completed. Non-operating revenue and expenses are also taken into consideration and become part of the budget documents. Staff revisions are made as required to ensure the targets as established are met.

During September, presentations and supporting documents are prepared for the Finance & Administration Committee, Senior Staff, and airlines. In addition, a draft budget is sent to the Minnesota State Legislature. The airlines receive a formal budget presentation in October. The month of October is reserved for presentations to the Finance & Administration Committee and revisions prior to requesting final approval.

The Finance & Administration Committee will receive updates from staff during October and November. The recommendation from the Finance & Administration Committee for final approval is requested at the December Commission meeting. Final approval of the 2017 Operating Budget was given at the December Commission meeting. Notifications of rate changes are sent at the beginning of December based upon assumed approval from the Full Commission. Changes, if necessary, are communicated upon final approval.

Capital Improvement Plan – Schedule

Initial discussions of the Capital Improvement Plan (CIP) begin in January. All requests for projects, along with data related to the proposed projects, are submitted. Airport Development analyzes the project scope, costs, and priorities with a preliminary draft developed in June and July.

In September, approval of the preliminary CIP plan is requested from the Planning, Development & Environment Committee for environmental review. At this time, mailings are sent to the affected communities and municipalities. In October, a 30-day notice of public hearing is published. A public hearing is held in November.

Recommendation for approval of the CIP from the Planning, Development & Environment Committee is requested at the December Commission meeting.

Distribution of the approved CIP is made to MAC Departments, Metropolitan Council, State Historical Society, and affected communities in December.

Calendar

The following schedule provides additional details for the budget cycle, which begins in January. The Metropolitan Airports Commission fiscal year also begins in January.

| JANUARY | | |
|---|--|---|
| Task | | Responsibility |
| <ul style="list-style-type: none"> • Discuss initial CIP • Discuss initial strategic planning | | Airport Development Full Commission |
| APRIL | | |
| Task | | Responsibility |
| <ul style="list-style-type: none"> • Provide direction to staff regarding growth and allocation of funds or budget targets • Prepare service center historical information and update databases • Approve Strategic Plan | | F&A Committee Finance Full Commission |
| MAY | | |
| Task | | Responsibility |
| <ul style="list-style-type: none"> • Open budget database and strategic planning database for input • Provide direction to budget specialists • Provide information regarding inflation factors, wage, and contract adjustments to the departments | | Finance Finance Finance |
| JUNE | | |
| Task | | Responsibility |
| <ul style="list-style-type: none"> • Present preliminary budget to F&A Committee, a requirement to comply with State Statutes – taxing purposes • Develop draft preliminary CIP • Adopt budget targets after 30-day public comment period | | Finance Airport Development Finance |
| JULY | | |
| Task | | Responsibility |
| <ul style="list-style-type: none"> • Compile positions and headcount requests summary • Compile summary of capital assets requests • Present budget requests to Executive Director/CEO | | Finance & Human Resources Finance & MAC Staff Finance |
| AUGUST | | |
| Task | | Responsibility |
| <ul style="list-style-type: none"> • Approve preliminary position and headcount requests • Approve preliminary summary of capital assets requests • Prepare summary of controllable expense requests and supporting schedules • Initiate budget revisions as needed • Compile revenue analysis and projections • Complete revenue forecast | | Senior Staff Executive Director/CEO Finance Finance Finance Finance |
| SEPTEMBER | | |
| Task | | Responsibility |
| <ul style="list-style-type: none"> • Compile budget presentation information • Distribute budget packages to airlines, State Legislature, and the F&A Committee • Present draft budget to MAC staff, F&A Committee and the airlines • Implement budget revisions to projected expenses • Present preliminary CIP to PD&E Committee • Approve preliminary CIP for environmental purposes • Mail CIP to affected communities | | Finance MAC Staff, Finance, & Senior Staff Finance Finance Airport Development PD&E Committee Airport Development |

OCTOBER

| Task | Responsibility |
|---|---|
| <ul style="list-style-type: none"> • Present budget update to the F&A Committee • Revise budget as required • Present budget to airlines • Publish notice of CIP public hearing | Finance & Senior Staff Finance Finance Airport Development |

NOVEMBER

| Task | Responsibility |
|--|---|
| <ul style="list-style-type: none"> • Present budget update to F&A Committee • Revise budget as required • Hold public hearing regarding CIP | Finance Finance Airport Development |

DECEMBER

| Task | Responsibility |
|--|--|
| <ul style="list-style-type: none"> • Present preliminary notice of rate changes to all tenants • Approve budget for recommendation to Full Commission • Approve budget • Notify all tenants of any changes in rates from preliminary information • Present final CIP to PD&E • Approve final CIP • Distribute CIP to MAC Departments, Metropolitan Council, State Historical Society and affected communities | Finance F&A Committee Full Commission Finance Airport Development PD&E Committee Airport Development |

FEBRUARY

| Task | Responsibility |
|--|----------------|
| <ul style="list-style-type: none"> • Complete Budget Document | Finance |

Amendment Process

The process to amend the budget is set forth in the MAC Bylaws, Article IV, Section 8(a) and presented below:

"8(a) Establishment of the annual budget setting out anticipated expenditures by type of expenditure and/or upward or downward revision of that budget in the course of the corporation's fiscal year shall constitute prior approval of each type of expenditure. Authorization by vote of the Commission is required for transfer of budgeted amounts between or among line items or to appropriate additional funds for each line item. The Executive Director/Chief Executive Officer is directed to provide for the daily operation and management of the Commission within the expenditure guidelines of the annual budget. Commission approval of a contract shall constitute prior approval of the disbursements made pursuant to terms of the contract within the constraints of the budget for all contract payments, except final construction contract payments which shall require Commission approval.

The Executive Director/Chief Executive Officer shall have the responsibility of securing adequate quantities of office, janitorial, maintenance and repair materials and supplies, and the rent of sufficient equipment necessary for the smooth, continuous operation of the Commission's system of airports and all facilities associated with the system of airports. The Executive Director/Chief Executive Officer's authority to secure these items shall be subject to the Commission's purchasing procedures and be subject to the line-item budget constraints of the annual budget.

At any time during the fiscal year, the Executive Director/Chief Executive Officer may recommend to the full Commission that all or any unencumbered appropriation balances of individual line-items be transferred to those line-items that require additional budgeted funds. In addition, the Executive Director/Chief Executive Officer may recommend to the full Commission the appropriation of additional funds above and beyond those approved at the time of budget adoption."

The individual line-items will include the following:

Personnel

- Salaries & Wages
- Benefits
- Total Personnel

Administrative Expenses

Professional Services

Utilities

Operating Services

- Parking Management
- Shuttle Bus Services
- Service Agreements
- Storm Water Monitoring
- Other
- Total Operating Services

Maintenance

- Trades
- Building
- Field Equipment
- Cleaning
- Total Maintenance

Other

- General Insurance
- Other
- Minor Equipment
- Total Other

Non-Operating Expenses

- Debt Service
- Equipment Purchases
- Other
- Total Non-Operating Expenses



New Retail Concessions Opened in 2016

Approved Summary of Operating and Non-Operating Revenue and Expense

The Commission approved the 2017 budget in December 2016. The following tables summarize revenue and expense, including non-operating revenue and expense, and compare the 2017 budget to the 2016 year-end estimate.

| Metropolitan Airports Commission Operating & Non-Operating Summary 2017 Budget | | | | | 2017 Budget vs 2016 Estimate | |
|---|------------------------|------------------------|--------------------------|------------------------|---|---------------------|
| | 2015 Actual | 2016 Budget | 2016 Estimate | 2017 Budget | Dollar Change | % Change |
| OPERATING REVENUE | | | | | | |
| Airline Rates & Charges | | | | | | |
| Airline Agreement | | | | | | |
| Landing Fees | \$ 56,924,000 | \$ 61,406,972 | \$ 59,500,000 | \$ 63,808,136 | \$ 4,308,136 | 7.2% |
| Ramp Fees | 7,132,000 | 7,592,470 | 7,450,000 | 7,557,247 | 107,247 | 1.4% |
| Airline R&R | 3,719,000 | 4,495,172 | 4,495,172 | 4,666,311 | 171,139 | 3.8% |
| T1 Rentals | 36,797,000 | 38,310,374 | 38,300,000 | 38,520,773 | 220,773 | 0.6% |
| T1 Other | 5,783,000 | 5,779,783 | 5,950,000 | 6,301,094 | 351,094 | 5.9% |
| Concessions Rebate | (13,777,000) | (13,919,950) | (14,651,950) | (16,970,000) | (2,318,050) | 15.8% |
| Total Airline Agreement | 96,578,000 | 103,664,821 | 101,043,222 | 103,883,561 | 2,840,339 | 2.8% |
| T2 Lobby | 8,435,000 | 7,637,349 | 8,300,000 | 9,742,003 | 1,442,003 | 17.4% |
| T2 Other /Passenger | 2,793,000 | 2,388,362 | 2,725,000 | 2,837,017 | 112,017 | 4.1% |
| Total Airline Rates & Charges | \$ 107,806,000 | \$ 113,690,532 | \$ 112,068,222 | \$ 116,462,581 | \$ 4,394,359 | 3.9% |
| Concessions | | | | | | |
| Terminal | | | | | | |
| Food & Beverage | \$ 16,836,000 | \$ 20,130,029 | \$ 20,968,000 | \$ 22,857,000 | \$ 1,889,000 | 9.0% |
| News | 3,572,000 | 4,044,695 | 4,000,000 | 4,200,000 | 200,000 | 5.0% |
| Retail Stores | 4,619,000 | 5,348,961 | 4,850,000 | 6,150,000 | 1,300,000 | 26.8% |
| Passenger Services | 4,426,000 | 6,028,908 | 5,850,000 | 5,939,122 | 89,122 | 1.5% |
| Total Terminal | 29,453,000 | 35,552,593 | 35,668,000 | 39,146,122 | 3,478,122 | 9.8% |
| Parking/Ground Transport | | | | | | |
| Parking | 87,578,000 | 90,730,867 | 91,700,000 | 100,702,000 | 9,002,000 | 9.8% |
| Ground Transportation | 5,986,000 | 5,960,532 | 7,000,000 | 8,600,656 | 1,600,656 | 22.9% |
| MSP Employee Parking | 3,328,000 | 3,408,806 | 3,550,000 | 3,645,708 | 95,708 | 2.7% |
| Auto Rental - On Airport | 18,708,000 | 17,601,000 | 18,900,000 | 19,200,000 | 300,000 | 1.6% |
| Total Parking/Ground Transport | 115,600,000 | 117,701,205 | 121,150,000 | 132,148,364 | 10,998,364 | 9.1% |
| Other Concessions | 1,840,000 | 2,108,471 | 2,100,000 | 2,100,000 | - | 0.0% |
| Total All Concessions | \$ 146,893,000 | \$ 155,362,269 | \$ 158,918,000 | \$ 173,394,486 | \$ 14,476,486 | 9.1% |
| Rentals & Fees | | | | | | |
| Buildings & Facilities | \$ 8,506,000 | \$ 9,227,506 | \$ 9,300,000 | \$ 9,376,150 | \$ 76,150 | 0.8% |
| Auto Rental CFC | 11,913,000 | 21,000,000 | 21,500,000 | 21,850,000 | 350,000 | 1.6% |
| Ground Rentals | 8,728,000 | 9,133,148 | 9,500,000 | 10,092,284 | 592,284 | 6.2% |
| Reliever Airports | 6,939,000 | 6,914,402 | 7,100,000 | 7,303,336 | 203,336 | 2.9% |
| Total Rentals & Fees | \$ 36,086,000 | \$ 46,275,056 | \$ 47,400,000 | \$ 48,621,770 | \$ 1,221,770 | 2.6% |
| Utilities & Other Revenues | | | | | | |
| Utilities | \$ 4,665,000 | \$ 4,671,634 | \$ 4,500,000 | \$ 5,048,955 | \$ 548,955 | 12.2% |
| General Aviation/Airside Fees | 3,799,000 | 3,369,018 | 3,500,000 | 3,936,900 | 436,900 | 12.5% |
| Consortium Fees | 3,306,000 | 3,348,816 | 3,348,816 | 3,812,000 | 463,184 | 13.8% |
| Other Revenues | 1,638,000 | 1,685,316 | 1,685,000 | 1,700,000 | 15,000 | 0.9% |
| Reimbursed Expense | 3,229,000 | 1,950,000 | 2,600,000 | 2,130,000 | (470,000) | -18.1% |
| Total Utilities & Other Revenue | \$ 16,637,000 | \$ 15,024,784 | \$ 15,633,816 | \$ 16,627,855 | \$ 994,039 | 6.4% |
| Total Operating Revenue | \$ 307,422,000 | \$ 330,352,641 | \$ 334,020,038 | \$ 355,106,692 | \$ 21,086,654 | 6.3% |

| Metropolitan Airports Commission Operating & Non-Operating Summary 2017 Budget | | | | | | 2017 Budget vs 2016 Estimate | |
|---|------------------------|------------------------|--------------------------|-------------------------|--------------------------|---|--|
| | 2015 Actual | 2016 Budget | 2016 Estimate | 2017 Budget | Dollar Change | % Change | |
| <i>Total Operating Revenue</i> | \$ 307,422,000 | \$ 330,352,641 | \$ 334,020,038 | \$ 355,106,692 | \$ 21,086,654 | 6.3% | |
| OPERATING EXPENSE | | | | | | | |
| Personnel | \$ 75,998,000 | \$ 80,418,673 | \$ 78,000,000 | \$ 82,908,614 | \$ 4,908,614 | 6.3% | |
| Administrative Expenses | 1,521,000 | 1,935,373 | 1,850,000 | 1,964,430 | 114,430 | 6.2% | |
| Professional Services | 5,574,000 | 6,175,111 | 5,900,000 | 6,681,338 | 781,338 | 13.2% | |
| Utilities | 18,304,000 | 19,223,725 | 18,805,000 | 19,851,846 | 1,046,846 | 5.6% | |
| Operating Services/Expenses | 21,230,000 | 24,494,712 | 23,400,000 | 26,416,717 | 3,016,717 | 12.9% | |
| Maintenance | 32,089,000 | 37,333,444 | 36,500,000 | 38,777,072 | 2,277,072 | 6.2% | |
| Other | 3,454,000 | 4,147,281 | 4,200,000 | 4,171,951 | (28,049) | -0.7% | |
| Total Operating Expense | \$ 158,170,000 | \$ 173,728,319 | \$ 168,655,000 | \$ 180,771,968 | \$ 12,116,968 | 7.2% | |
| <i>(Excludes Depreciation and Noise Amortization)</i> | | | | | | | |
| Net Operating Revenue | \$ 149,252,000 | \$ 156,624,322 | \$ 165,365,038 | \$ 174,334,724 | \$ 8,969,686 | 5.4% | |
| NON-OPERATING REVENUE (EXPENSE) | | | | | | 2017 Budget vs 2016 Estimate | |
| | 2015 Actual | 2016 Budget | 2016 Estimate | 2017 Budget | Dollar Change | % Change | |
| Other Non-Operating Revenue | | | | | | | |
| Interest Income | \$ 5,451,000 | \$ 5,538,000 | \$ 6,000,000 | \$ 6,250,000 | \$ 250,000 | 4.2% | |
| Self-Liquidating Income | 6,306,000 | 4,444,000 | 4,576,000 | 4,654,000 | 78,000 | 1.7% | |
| | \$ 11,757,000 | \$ 9,982,000 | \$ 10,576,000 | \$ 10,904,000 | \$ 328,000 | 3.1% | |
| Debt Service | | | | | | | |
| Short Term Financing | \$ (1,994,000) | \$ (2,161,000) | \$ (2,000,000) | \$ (1,967,000) | \$ 33,000 | -1.7% | |
| Bond Principal/Int-Operating Fund Transfer | (90,843,000) | (88,523,000) | (89,970,000) | (95,028,509) | (5,058,509) | 5.6% | |
| Equip Financing Principal/Int Pymts | (3,161,000) | (4,408,000) | (4,355,000) | (5,040,425) | (685,425) | 15.7% | |
| | \$ (95,998,000) | \$ (95,092,000) | \$ (96,325,000) | \$ (102,035,934) | \$ (5,710,934) | 5.9% | |
| Equipment | | | | | | | |
| Capital Expenditures | \$ (943,000) | \$ (978,000) | \$ (978,000) | \$ (999,371) | \$ (21,371) | 2.2% | |
| Equipment Purchases | (9,975,000) | (9,932,406) | (9,932,406) | (9,943,500) | (11,094) | 0.1% | |
| Baggage Handling System | (2,000,000) | - | (4,000,000) | - | - | | |
| Passenger Facility Charge Revenue | 2,000,000 | - | 4,000,000 | - | - | | |
| Equipment Financing | 4,187,000 | 3,194,000 | 3,194,000 | 3,779,000 | 585,000 | 18.3% | |
| | \$ (6,731,000) | \$ (7,716,406) | \$ (7,716,406) | \$ (7,163,871) | \$ 552,535 | -7.2% | |
| Other | | | | | | | |
| Six Month Reserve Transfer | \$ (6,982,000) | \$ (5,029,000) | \$ (5,029,000) | \$ (3,521,825) | 1,507,176 | -30.0% | |
| Interstate Settlement/Medicare D | 720,000 | 460,000 | 460,000 | 105,000 | (355,000) | -77.2% | |
| Grant Reimbursements | - | - | - | - | - | | |
| Easement Receipt | 22,000 | - | - | - | - | | |
| Gain (Loss) on Equipment & Other | 84,000 | - | - | - | - | | |
| | \$ (6,156,000) | \$ (4,569,000) | \$ (4,569,000) | \$ (3,416,825) | \$ 1,152,176 | -25.2% | |
| Total Non-Operating Revenue (Expense) | \$ (97,128,000) | \$ (97,395,406) | \$ (98,034,406) | \$ (101,712,630) | \$ (3,678,224) | 3.8% | |
| Net Revenue Available for Designation | \$ 52,124,000 | \$ 59,228,916 | \$ 67,330,632 | \$ 72,622,095 | \$ 5,291,463 | 7.9% | |

Summary of Operating Revenue and Expense (GAAP)

The following table is shown below for GAAP (General Accepted Accounting Principles of the United States of America) purposes. The financial statements are issued in conformance with GAAP. The "Basis of Budgeting" in this section explains the differences in the approved budget and the GAAP statement.

| Metropolitan Airports Commission Operating & Non-Operating Summary GAAP Presentation Summary 2017 Budget (\$ in 000) | | | | | | |
|---|------------------------|------------------------|--------------------------|------------------------|---|---------------------|
| | | | | | 2017 Budget vs 2016 Estimate | |
| OPERATING REVENUE | 2015 Actual | 2016 Budget | 2016 Estimate | 2017 Budget | Dollar Change | % Change |
| Airline Rates & Charges | \$ 107,805 | \$ 113,691 | \$ 112,068 | \$ 113,691 | \$ 1,623 | 1.4% |
| Concessions | 146,893 | 155,362 | 158,918 | 155,362 | (3,556) | -2.2% |
| Rentals/Fees | 36,086 | 46,275 | 47,400 | 46,275 | (1,125) | -2.4% |
| Utilities & Other Revenues | 16,637 | 15,025 | 15,634 | 15,025 | (609) | -3.9% |
| Total Operating Revenue | \$ 307,421 | \$ 330,353 | \$ 334,020 | \$ 330,353 | \$ (3,667) | -1.1% |
| OPERATING EXPENSE | | | | | | |
| Personnel ¹ | \$ 81,728 | \$ 80,419 | \$ 83,000 | \$ 87,909 | \$ 4,909 | 5.9% |
| Administrative Expenses | 1,521 | 1,935 | 1,935 | 1,964 | 29 | 1.5% |
| Professional Services | 5,574 | 6,175 | 5,900 | 6,681 | 781 | 13.2% |
| Utilities | 18,304 | 19,224 | 18,805 | 19,852 | 1,047 | 5.6% |
| Operating Services/Expenses | 21,230 | 24,495 | 23,400 | 26,417 | 3,017 | 12.9% |
| Maintenance | 32,089 | 37,333 | 36,500 | 38,777 | 2,277 | 6.2% |
| Other | 3,454 | 4,147 | 4,200 | 4,172 | (28) | -0.7% |
| Depreciation | 134,419 | 139,200 | 139,200 | 145,202 | 6,002 | 4.3% |
| Total Operating Expense | \$ 298,319 | \$ 312,928 | \$ 312,940 | \$ 330,974 | \$ 18,034 | 5.8% |
| Operating Gain (Loss) | \$ 9,102 | \$ 17,425 | \$ 21,080 | \$ (621) | \$ (21,701) | 102.9% |
| NON-OPERATING REVENUE (EXPENSE) & CONTRIBUTIONS | | | | | | |
| Interest Income and Other | \$ 9,900 | \$ 8,500 | \$ 11,036 | \$ 11,009 | \$ (27) | -0.2% |
| Passenger Facility Charges (PFCs) | \$ 70,471 | \$ 70,400 | \$ 72,091 | \$ 73,276 | \$ 1,185 | 1.6% |
| Interest Expense | \$ (57,614) | \$ (65,000) | \$ (64,052) | \$ (55,413) | \$ 8,639 | -13.5% |
| Capital Contributions & Grants | \$ 14,686 | \$ 8,000 | \$ 5,000 | \$ 10,801 | \$ 5,801 | 116.0% |
| Total Non-Operating Revenue (Expense) | \$ 37,443 | \$ 21,900 | \$ 24,075 | \$ 39,673 | \$ 15,598 | 64.8% |
| Change in Net Position | \$ 46,545 | \$ 39,325 | \$ 45,155 | \$ 39,052 | \$ (6,103) | -13.5% |

¹ Personnel includes GASB 68 Pension Adjustment

Financial Policies

The following Metropolitan Airports Commission Financial Policies are addressed:

- Operating Budget
- Cash Management/Investment
- Capital Projects
- Purchasing
- Debt Service and Reserve Policies

The Commission utilizes these policies to provide structure and to ensure the development of the budget meets the MAC's mission, vision and values:

Financial Policies – Operating Budget

The Metropolitan Airports Commission uses the budget process to help plan for the future, ensure customer service and satisfaction and maintain effective cost management and overall performance. The following represent the basic Operating Budget Policies under which the operating budget was prepared:

A. Operating Budget Policies

1. The Commission will pay all current expenditures from current revenues.
2. The Budget shall be prepared under the accrual basis of accounting.
3. The Operating Budget will be submitted with operating and non-operating revenue to exceed operating and non-operating expenses with a sufficient margin to provide for replacement of property, plant, and equipment.
4. The budget will provide for adequate funding of all retirement systems.
5. The Finance Department will assist service centers in reviewing monthly variance reports comparing actual versus budget revenue and expense on the financial software system.
6. The budget will provide summary information using the Operating Fund, Construction Fund, and Debt Service Fund projected for the next three years.
7. Where possible, the Commission will integrate performance measurement and/or efficiency indicators in the budget.
8. Department heads will review monthly reports comparing actual revenues and expenses to budgeted amounts. Any variance in expense (spending category or capital expenditures for their department as a whole projected to exceed \$100,000 by year-end) will be reported in writing to the Director of Finance and the Executive Director/Chief Executive Officer.

B. Budget Targets

The Commission will adopt budget targets to provide direction to staff in the preparation of the annual Operating Budget for the upcoming year. Budget targets may be established in the areas of non-airline revenue, operating expense (less depreciation), total airline charges, and debt service coverage ratios. Targets will be developed taking into account items such as the Capital Improvement Program, the rate of inflation, the state of the airline industry, and existing labor and vendor contracts. To allow for public input into the Operating Budget, the following will occur:

1. When targets are presented to the Commission, final adoption will occur no earlier than the following month. Targets will be presented no later than May of the preceding budget year.
2. A draft of the Operating Budget must be presented to the Commission and mailed to the appropriate legislative committees ninety days prior to anticipated budget approval.

C. Operating Reserve

The Operating Reserve was established by the Finance and Administration Committee at six months of operating expenses less depreciation. The 2017 operating budget expenses are \$180.8 million with the reserve account reflecting a balance of \$90.4 million or six months of expenses. If the Commission deems it appropriate to reduce the operating reserve for the portion above the formula amount, such reductions shall not exceed 50% of the excess in any one year. In the event of a revenue shortfall in a current budget year, the Executive Director/Chief Executive Officer could freeze new hires, reduce temporary work force, defer cost of living wage increases, reduce discretionary spending, decrease capital and project expenditures, and may recommend a transfer from the Commission's operating reserve.

D. Revenue

The Commission monitors revenues on a monthly basis to ensure revenue from each source is at the maximum, with deviations from budget identified.

1. One-Time Revenues include, but are not limited to, grants and rebates. Grants are accounted for as contributions while rebates are accounted for as miscellaneous operating revenue. This revenue generated will become available to the Construction Fund, Capital equipment purchases, or other one-time expenditures as approved by the Commission.
2. Revenue Diversification is a Commission policy. The Commission maintains a diversified revenue system which is consistently monitored to help protect from possible short-term fluctuations.
3. Although the Commission has the ability to levy ad valorem property taxes upon properties at the airport and, under certain circumstances, upon all taxable property within the Metropolitan Area, the Commission is not currently levying taxes for these purposes. Rentals, rates and charges, and other fees will be sufficient to meet all operational and maintenance expenses.

Basis of Budgeting

The annual Operating Budget is prepared based on targets established by the Commission. MAC uses the accrual basis of accounting for budgeting. The accrual basis of accounting in the operating budget contains certain elements that are not expensed under GAAP such as debt service and reserve requirements. In addition, the budget excludes depreciation, noise amortization and GASB 68 pension expense while these expenses are included on the financial statements.

The Commission operates as an Enterprise Fund with three segregated areas: Operating Fund (used for day to day operations), Debt Service Fund (used to pay required debt principal and interest payments), and Construction Fund (used to pay capital costs associated with the Capital Improvement Program).

An Enterprise Fund may be used to “report any activity for which a fee is charged to external users for goods or services.” GASB-34 states that an Enterprise Fund *must* be used to account for an activity if any one of the following criteria is satisfied (GASB-34, par. 67):

- The activity is financed with debt that is secured *solely* by a pledge of the net revenues from fees and charges of the activity.
- Laws or regulations require that the activity’s costs of providing services, including capital costs (such as depreciation or capital debt service) be recovered with fees and charges, rather than with taxes or similar revenues.
- The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

Each year the Finance Department, with the assistance of Airport Development, Landside-Administration, Reliever Airports, Concessions, and Commercial Management Departments, projects revenue for the upcoming budget year.

Accrual Basis of Accounting

The budgets for all three Segregated Funds identified above are prepared using the accrual basis of accounting in accordance with GAAP (Generally Accepted Accounting Principles) as this is the same method used for MAC accounting. The accrual basis of accounting attempts to record financial transactions in the period they occur rather than recording them in the period they are paid. In addition, the audited fund financial statements are also produced using the same accrual method of accounting. Strictly speaking, the accrual basis of accounting is described as follows:

Accrual accounting attempts to record the financial effects on an enterprise of transactions and other events and circumstances which have cash consequences for an enterprise in the periods in which those transactions, events and circumstances occur, rather than only in the periods in which cash is received or paid by the enterprise. Accrual accounting is concerned with the process by which cash expended on resources and activities is returned as more (or perhaps less) cash to the enterprise, not just with the beginning and end of that process.

Balanced Budget

Minnesota Statute 473.661, Subd. 1 refers to the general law regarding expenditure of public funds for public purposes. The appropriate Minnesota Legislative Committee and the public provide input prior to the budget approval. By December of each year, the Commission will adopt an annual balanced budget, defined as all revenues and non-operating revenues exceeding expenses and non-operating expenditures in all funds. Year-end operating surpluses will be used in maintaining reserves and may be available to the Construction Fund for capital projects as approved by the Commission.

Use of Estimates

The use of 2016 estimates in the reporting of the 2017 budget financial statements is based upon assumptions and estimates at the time of completion of the final budget draft. Actual results could differ from those estimates.

Budget Monitoring

Throughout the year the budget is monitored and compared to actual expenses. Various service centers utilize controls. For example, Purchasing verifies requisitions and budget amounts and Human Resources compares wages and hiring with the budgets along with managers responsible for their service center budgets. Reports are distributed monthly to the Commissioners.

Financial Policies – Cash Management/Investment

The Cash Management/Investment Policies are as follows:

Investment/Cash Management Policies

1. Cash Management
 - All securities are safekept at one institution.
 - All deposits must be insured or collateralized.
2. Investments
 - All investment purchases require bids to be taken from several different dealers.
 - Investments purchased will be diversified under legal requirements trying to maximize the rate of return.
 - The average rate of return will exceed the six-month Treasury Bill.
 - All repurchase agreements are required to be collateralized. The maturity of any investment shall not exceed four years (ten years for post-retirement medical funds).
 - To the extent possible, the MAC will attempt to match its investments with anticipated cash flow requirements.
 - The addition of new accounts shall require the written authorization of the Director – Finance and Executive Director/Chief Executive Officer.
3. Collateral
 - Collateral must always be held by an independent third party with whom the MAC has a custodial agreement.
 - A clear marked evidence of ownership (safekeeping) must be supplied to the entity and retained.
 - To the extent that funds deposited are in excess of the available Federal Deposit Insurance, the MAC shall require the financial institutions to furnish collateral, security, or corporate surety bond executed by a company authorized to do business in the State.

Financial Policies – Capital Projects

Each year, the Commission reviews, revises and approves capital projects that will start within the next twelve months and adopts a Capital Improvement Program (CIP) which covers all projects to be started during the second calendar year. Commission approval authorizes staff to proceed with plans and specifications and to obtain bids for contract award by the Commission. In addition, a CIP that covers an additional five years is adopted. These serve as a basis for determining funding requirements and other operational planning decisions. The Commission's policy is to include in the CIP those projects which enable the Commission to maximize federal aid, enhance safety, and those that are customer service oriented. Projects which have a metropolitan significance are also submitted to the Metropolitan Council for review and approval. The

Metropolitan Council is a regional planning agency responsible for coordinating and planning certain governmental services for the metropolitan area.

Projects

Commission policies for Capital Projects are:

1. Safety and customer service oriented.
2. Maximize all federal aid.
3. Metropolitan Council approval required on Reliever Airport projects in excess of \$2 million and MSP International projects in excess of \$5 million if they are viewed as having a metropolitan significance.
4. Project priority categories in order of importance include:
 - Projects which the Commission has made a commitment to complete
 - Projects that enhance or ensure continued safety at each of the airports in the airport system
 - Projects that cannot be accomplished by Commission maintenance crews, but are essential for reasons of economics or continued operation
 - Projects that are necessitated by regulatory requirements, such as FAA regulations and local, state, or federal laws
 - Projects which address various environmental issues ranging from asbestos abatement to wetland mitigation
 - Projects constituting preventative maintenance
 - Projects which improve customer service and/or convenience
 - Projects which have been identified as improving various operational aspects of the airport system, whether applicable to aircraft, tenants, Commission staff, or off-airport service providers
 - Estimated useful life of a capital improvement project typically range from 5 to 40 years

Capital Equipment

All equipment purchases for 2017 will be accounted for based on MAC's capital equipment guidelines:

1. The total cost of each piece of equipment is amortized over its useful life through depreciation charges.
2. Snow plowing equipment qualifies for state and federal aid. Total eligible aid is limited.
3. Aid for equipment purchases must compete with eligible construction projects.
4. All equipment purchases must follow MAC's purchasing policies.
5. All equipment or project costs must be greater than or equal to \$10,000.
6. Estimated useful life for capital equipment ranges from 3 to 15 years.

Financial Policies – Purchasing

The Purchasing Department is responsible for the purchase, rental, sale, and disposal of equipment, supplies, minor construction, repair, or maintenance of real and/or personal property for MAC. Its primary responsibility is to provide purchases that ensure the following: 1) Availability; 2) Quality; and 3) Price consistency with the needs of MAC. The Purchasing objective is to provide a foundation for effective, consistent, and complete consideration of all aspects of purchasing including:

1. Ensuring fair and equitable treatment of all suppliers and persons who deal with the procurement system of MAC
2. Fostering public confidence in the procurement procedures followed by MAC
3. Ensuring compliance with applicable state and federal laws
4. Securing the advantages and economies derived from a centralized and standardized purchasing system

5. Promoting the use of modern, professional, and ethical business methods when using public funds to secure supplies, materials, equipment (or the rental thereof), or the minor construction, alteration, repair, or maintenance of real or personal property.

Financial Policies – Debt Service and Reserve Policies

The Debt Service and Reserve Policies are as follows:

A. Debt

1. Currently the Commission is able to issue General Obligation Revenue Bonds and General Airport Revenue Bonds, both fixed and variable rate.
2. Funds will be managed to avoid any property tax levy.
3. MAC will maintain the highest rating available from Fitch, Moody's, and/or Standard and Poor's Rating Agencies.
4. Procedures/mechanisms will be developed and maintained to obtain the highest possible rating on the General Airport Revenue Bonds.
5. All refundings of General Obligation Revenue Bonds or Airport Revenue Bonds must show a minimum 3% Net Present Value (NPV) savings as specified in Minnesota Statute Section 475.67, Subd. 12.
6. The current remaining authorized level of issuance for General Obligation Revenue Bonds is \$55 million.
7. The MAC will endeavor to keep the total maturity length of General Obligation Bonds below 20 years and retire at least 50% of the principal within 10 years. In all cases, the maturity shall be shorter than the life of the related assets.
8. Regarding Special Facility Bonds, staff will adhere to Administrative Policy 2701 dealing with Special Facility Financing.
9. In December 2003, the Commission approved a policy to deal with derivative financing products. The Commission, along with its Financial Advisor and Bond Counsel, refined this policy further in July 2004. The refinements include establishing separate savings criteria and efficiency criteria in dealing with derivative financing products.

- B. Reserve** - The Commission is required to have a restricted investment balance on October 10th each year for General Obligation Revenue Bonds in an amount sufficient to cover debt service to the end of the second following year. For General Airport Revenue Bonds, a one-year maximum annual debt service reserve is required.

- C. Debt Limits** - Currently the Commission has three forms of indebtedness: Revolving Line of Credit, General Airport Revenue Bonds (GARBs) and General Obligation Revenue Bonds (GORBs). The GORB instrument has the most straightforward legal limit. That is, the Commission must receive Legislative approval to authorize and issue this type of debt. Currently the Commission is authorized to issue up to \$55 million of additional GORB debt. With regard to Revolving Line of Credit, the total authorized limit is currently \$75 million. The legal limit for GARBs is based on the Commission's ability to generate sufficient revenues to pass the Additional Bonds test required under the Master Bond Indenture. As long as there are adequate revenues to pass the test, additional debt can be issued.

Compliance Statement

The Metropolitan Airports Commission is in compliance with all of the above stated policies.

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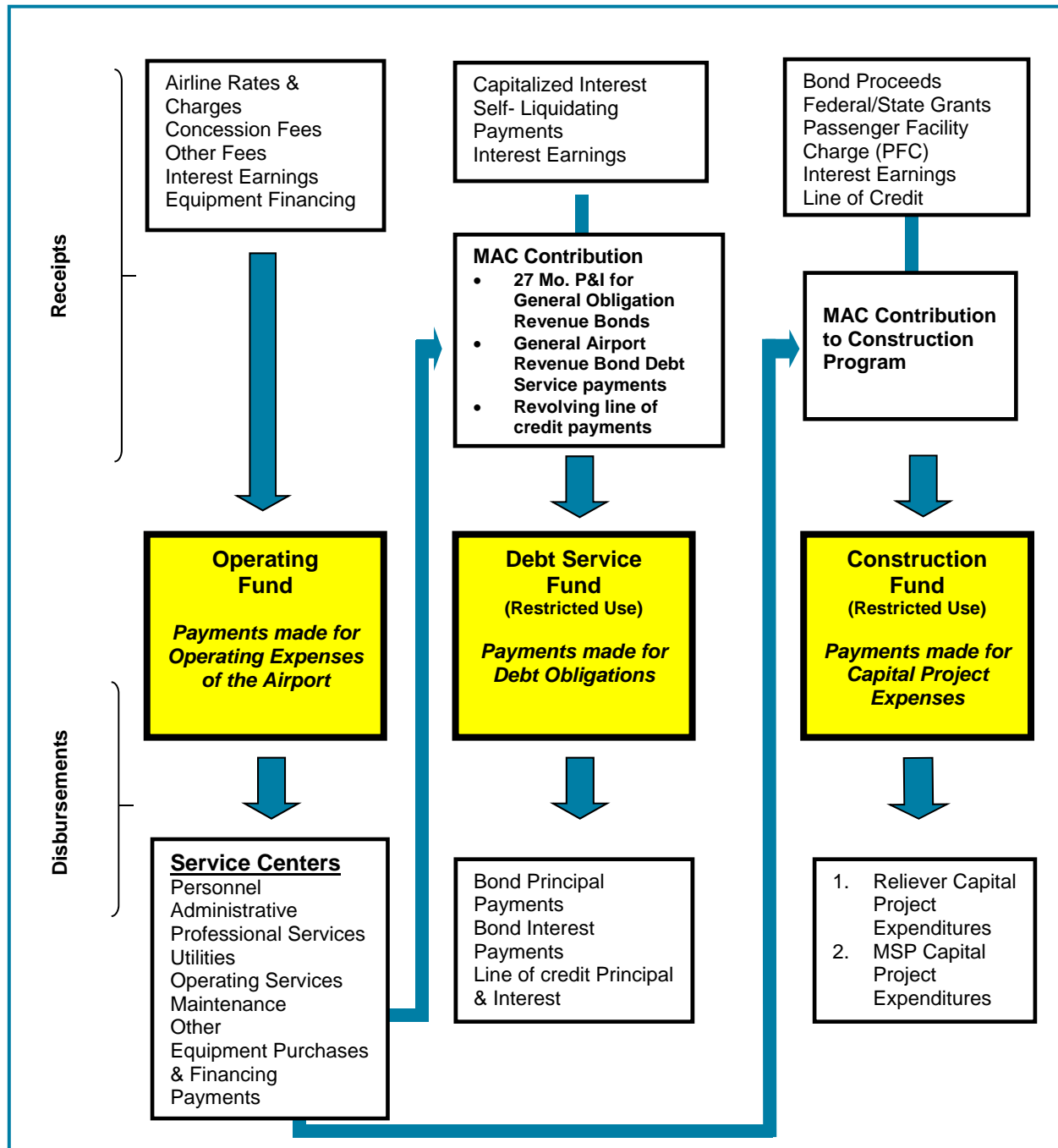
Fund Structure

The MAC is accounted for as an Enterprise Fund. An Enterprise Fund reports any activity for which a fee is charged to external users for goods or services. Amounts are restricted, internally or externally, for construction and debt redemption. For internal purposes, MAC maintains three funds corresponding to three major functions: Operating Fund, Construction Fund and Debt Service Fund. The budgets for all three Segregated Funds identified here are prepared using the accrual basis of accounting in accordance with (GAAP) Generally Accepted Accounting Principles and is the same method used for MAC accounting.

Service center expenses are within the Operating Fund as shown in the below chart.

Fund Relationship

The Flow of Funds chart below identifies the sources and uses of dollars within each fund and between funds.



Fund Balance Summary

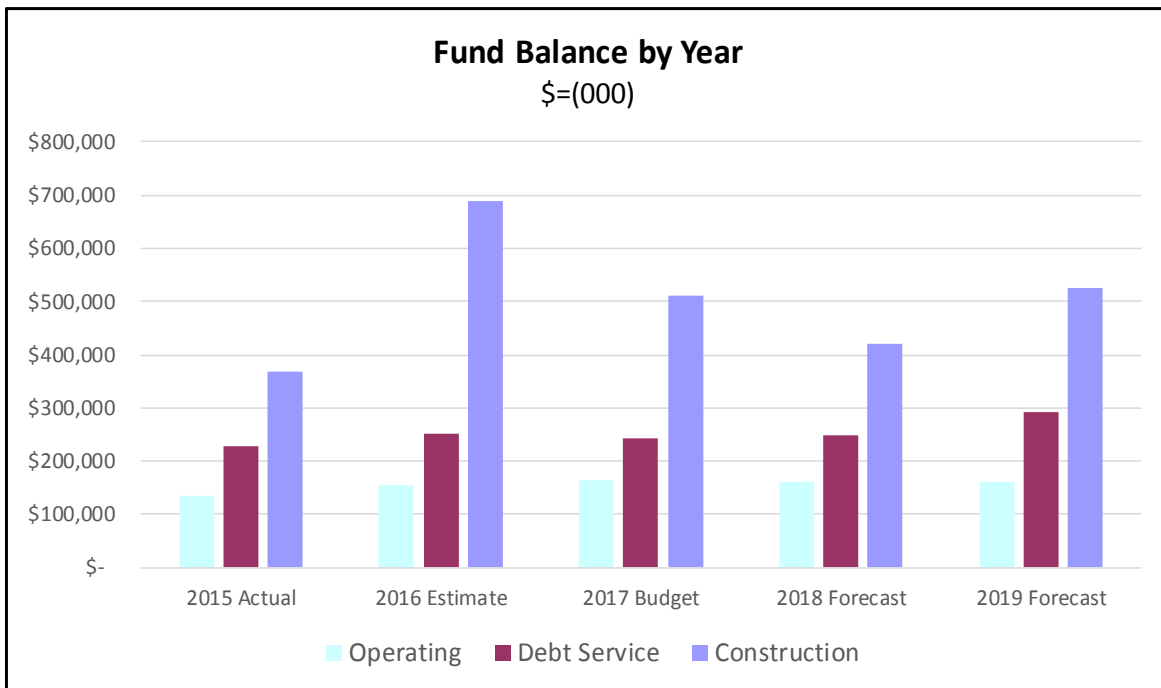
The table below is presented to show the general overview of the flow of funds and the amount of dollars moving through each fund on an annual basis. The details for each fund are shown in their respective sections of the budget.

| FUND BALANCE SUMMARY - 2017 BUDGET | | | | | | |
|--|-------------------|-------------------|--------------------|-------------------|-------------------|-------------------|
| (\$ = 000) | | | | | | |
| | 2015 | 2016 | 2016 | 2017 | 2018 | 2019 |
| | Actual | Budget | Estimate | Budget | Projection | Projection |
| OPERATING FUND | | | | | | |
| 1/1 Balance | \$ 121,742 | \$ 131,317 | \$ 133,913 | \$ 154,149 | \$ 162,962 | \$ 159,984 |
| Total Sources of Funds | 324,192 | 340,795 | 348,250 | 369,895 | 375,150 | 385,505 |
| Total Uses of Funds | (312,021) | (326,066) | (328,014) | (361,082) | (378,128) | (384,012) |
| Transfers | - | - | - | - | - | - |
| Ending Balance | <u>\$ 133,913</u> | <u>\$ 146,046</u> | <u>\$ 154,149</u> | <u>\$ 162,962</u> | <u>\$ 159,984</u> | <u>\$ 161,477</u> |
| CONSTRUCTION FUND | | | | | | |
| 1/1 Balance | \$ 354,543 | \$ 328,913 | \$ 368,365 | \$ 688,408 | \$ 511,082 | \$ 419,228 |
| Total Sources of Funds | 170,854 | 507,206 | 532,732 | 177,124 | 192,261 | 334,635 |
| Total Uses of Funds | (157,032) | (299,604) | (212,689) | (354,450) | (284,115) | (227,901) |
| Ending Balance | <u>\$ 368,365</u> | <u>\$ 536,515</u> | <u>\$ 688,408</u> | <u>\$ 511,082</u> | <u>\$ 419,228</u> | <u>\$ 525,962</u> |
| DEBT SERVICE FUND | | | | | | |
| 1/1 Balance | \$ 210,517 | \$ 227,439 | \$ 227,487 | \$ 251,930 | \$ 242,808 | \$ 247,425 |
| Total Sources of Funds | 122,981 | 192,491 | 805,283 | 113,435 | 128,832 | 179,725 |
| Total Uses of Funds | (106,011) | (117,794) | (780,840) | (122,557) | (124,215) | (135,714) |
| Ending Balance | <u>\$ 227,487</u> | <u>\$ 302,136</u> | <u>\$ 251,930</u> | <u>\$ 242,808</u> | <u>\$ 247,425</u> | <u>\$ 291,436</u> |
| TOTAL ALL FUNDS | | | | | | |
| 1/1 Balance | \$ 686,802 | \$ 687,669 | \$ 729,765 | \$1,094,487 | \$ 916,852 | \$ 826,637 |
| Total Sources of Funds | 618,027 | 1,040,492 | 1,686,265 | 660,454 | 696,243 | 899,865 |
| Total Uses of Funds | (575,064) | (743,464) | (1,321,543) | (838,089) | (786,458) | (747,627) |
| Transfers | - | - | - | - | - | - |
| Ending Balance | <u>\$ 729,765</u> | <u>\$ 984,697</u> | <u>\$1,094,487</u> | <u>\$ 916,852</u> | <u>\$ 826,637</u> | <u>\$ 978,875</u> |
| Funds are described in detail and show all sources/uses of funds in their respective sections of the document. | | | | | | |

The overall change in the operating fund balance from estimated 2016 (\$154 million) to projected 2019 (\$161 million) increases slightly. Increases in operating revenues are keeping up in increases in operating expenses as well as additional debt service requirements associated with the new debt issue in 2016.

A change occurs in the construction fund from a high of \$688 million in 2016 to a low of \$419 million in 2018. In order to implement an \$856 million Capital Improvement Program (CIP) from 2017-2019, the Commission sold \$402 million bonds in 2016 and anticipate selling another \$175 million in 2019. The remainder of the CIP will be financed with PFC's, Federal and State grants, utilizing the Commission's short-term borrowing program as well as funds generated from operations.

The debt service fund is expected to increase from a low of \$227 million in 2015 to a high of \$291 million in 2019. The increases from 2015 to 2016 estimate are a result of a new debt issue in 2016 partially offset by the savings associated with the 2016 bond refunding issue. The increase in fund balance in 2019 is a result of the new 2019 bond issue. For new money bond issues, the Commission typically borrows the capitalized interest portion of that bond issue to cover the interest payments due on the debt during the period of construction. Upon completion of the associated project, the Commission will start to collect from the users of the airport the debt service requirements.



Taxing Authority

The Commission has the ability to levy ad valorem property taxes upon properties at the Airport and, under certain circumstances, upon all taxable property within the Metropolitan Area. Such taxing authority includes:

1. The power to levy property taxes on land leased at the Airport for police and fire protection, operation, and maintenance of roadway systems.
2. The power to levy property taxes not in excess of .00806 percent in each year upon the net tax capacity of all taxable property in the Metropolitan Area for Airport operation and maintenance costs of Airport facilities, provided revenues are not otherwise available.

Although the Commission may levy property taxes for operation and maintenance expenses, the Commission is not currently levying taxes for these purposes. The Commission has entered into agreements, in accordance with the Airport Law and the Resolution, whereby rental received by the Commission, together with other charges, rates, and fees imposed by the Commission, are sufficient to meet all expense of operation and maintenance of the Commission's property.

If the Commission were to have levied a tax based on recent values, the maximum amount available for maintenance and operations of the Commission would have been approximately \$25.0 million.

Sources and Uses of Funds

In this section, revenues and expenses from operating the facilities are combined with non-operating revenues and expenses. The summary on the following page illustrates how dollars are received and disbursed.

| OPERATING FUND (\$ = 000) | 2015 Actual | 2016 Budget | 2016 Estimate | 2017 Budget | 2018 Projection | 2019 Projection |
|---|----------------|----------------|------------------|----------------|--------------------|--------------------|
| <u>Sources</u> | | | | | | |
| 1/1 Balance | \$ 121,742 | \$ 134,768 | \$ 133,913 | \$ 154,149 | \$ 162,962 | \$ 159,984 |
| Operating Revenues | | | | | | |
| Airline Rates & Charges | 107,806 | 113,691 | 112,068 | 116,463 | 118,975 | 124,379 |
| Concessions | 146,893 | 155,362 | 158,918 | 173,394 | 175,037 | 178,363 |
| Other Operating Revenues | 52,723 | 61,300 | 63,034 | 65,250 | 67,050 | 68,611 |
| Subtotal Operating Revenues | \$ 307,422 | \$ 330,353 | \$ 334,020 | \$ 355,107 | \$ 361,062 | \$ 371,353 |
| Other/Non Operating Revenues | | | | | | |
| Interest Earnings ¹ | 5,451 | 5,538 | 6,000 | 6,250 | 5,186 | 4,985 |
| Self-Liquating Revenue | 6,306 | 4,444 | 4,576 | 4,654 | 4,902 | 5,167 |
| Transfer from Construction Fund | - | - | - | - | - | - |
| Gain (Loss) on Assets and Other | 826 | 460 | 460 | 105 | - | - |
| Subtotal Other/Non Operating Revenue | 12,583 | 10,442 | 11,036 | 11,009 | 10,088 | 10,152 |
| Total Sources | \$ 320,005 | \$ 340,795 | \$ 345,056 | \$ 366,116 | \$ 371,150 | \$ 381,505 |
| <u>Uses</u> | | | | | | |
| Operating Expenses | | | | | | |
| Personnel | \$ 75,998 | \$ 80,419 | \$ 78,000 | \$ 82,909 | \$ 86,143 | \$ 89,303 |
| Administration | 1,521 | 1,935 | 1,850 | 1,964 | 2,003 | 2,051 |
| Professional Services | 5,574 | 6,175 | 5,900 | 6,681 | 6,678 | 6,881 |
| Utilities | 18,304 | 19,224 | 18,805 | 19,852 | 20,506 | 21,277 |
| Operating Services | 21,230 | 24,495 | 23,400 | 26,417 | 27,129 | 28,520 |
| Maintenance | 32,089 | 37,433 | 36,500 | 38,777 | 39,655 | 40,710 |
| Other/Insurance | 3,454 | 4,047 | 4,200 | 4,172 | 4,375 | 4,486 |
| Subtotal Operating Expenses | \$ 158,170 | \$ 173,728 | \$ 168,655 | \$ 180,772 | \$ 186,489 | \$ 193,228 |
| Non Operating Expenses | | | | | | |
| Equipment | | | | | | |
| Equipment Purchases/Capital Expenditures | (10,918) | (10,910) | (10,910) | (10,943) | (11,000) | (11,000) |
| Equipment Financing | 4,187 | 3,194 | 3,194 | 3,779 | 4,000 | 4,000 |
| Principal/Interest-Equip. Financing | (3,161) | (4,408) | (4,355) | (5,040) | (5,100) | (5,500) |
| Subtotal Equipment | \$ (9,892) | \$ (12,124) | \$ (12,071) | \$ (12,204) | \$ (12,100) | \$ (12,500) |
| Debt Service | | | | | | |
| Transfer Out - Debt Service | (92,837) | (90,684) | (91,970) | (96,996) | (102,917) | (106,500) |
| Subtotal Debt Service | (92,837) | (90,684) | (91,970) | (96,996) | (102,917) | (106,500) |
| Total Uses | \$ (260,899) | \$ (276,536) | \$ (272,696) | \$ (289,972) | \$ (301,506) | \$ (312,228) |
| Unrestricted Net Transfer Out-Construction | (46,935) | (49,530) | (52,124) | (67,331) | (72,622) | (67,784) |
| Operating Fund Balance | \$ 133,913 | \$ 149,497 | \$ 154,149 | \$ 162,962 | \$ 159,984 | \$ 161,477 |
| ¹ Interest Rate Assumed 1.0% for 2017 - 2019 | | | | | | |

Sources of Funds

Generally, there are three sources of revenues within the Operating Fund.

1. The 1/1 Balance reflects the Operating Reserve established by the Commission plus the amount to be transferred to the Construction fund in the following year. In 2006 the Commission established a six month reserve of operating expenses. The operating reserve figure for 2017 is \$90.4 million.
2. Operating Revenues consist of Airline Rates and Charges, Concessions, Rentals/Fees, Utilities and Other Revenues. The changes in each of these areas are explained in detail in the Operating Budget Revenue Section. In general, Airline Rates and Charges will increase beginning in 2017 as a result of inflationary increases as well as increases in headcount. Concessions rose in almost all areas as a result of increases in (a) passenger activity, (b) parking rates and (c) opening of new concession concepts in 2017 and 2019. Rentals/Fees, Utilities and Other Revenues increases can be attributed to rent changes primarily a new ground rental ordinance that became effective in July 2016 as well as an increase in rental rates for space leased to non-airline tenants. Operating Revenues total \$355.1 million for 2017.

3. Other Non-Operating Revenues consist of Interest Earnings, Self-Liquidating Revenue and Gain/Loss on Disposal of Assets and Other Sources. Interest Earnings is assumed to be 1.0% for the period 2017-2019. Interest is earned on the balance in the Operating Fund which includes self-liquidating leases. Interest earnings are increasing slightly due to a small increase in interest rates and larger cash balances. Self-liquidating leases are those facilities built by MAC and then leased to tenants.



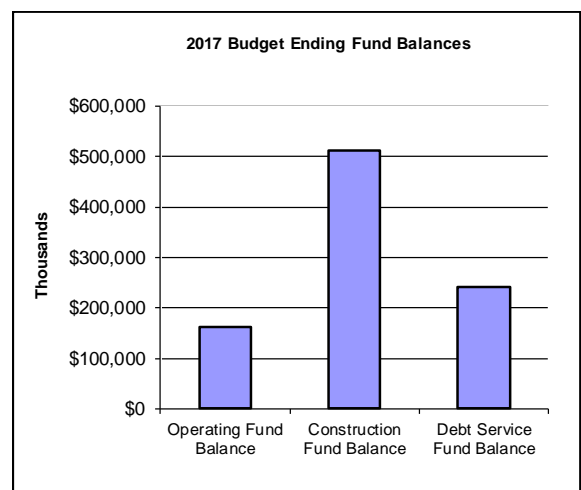
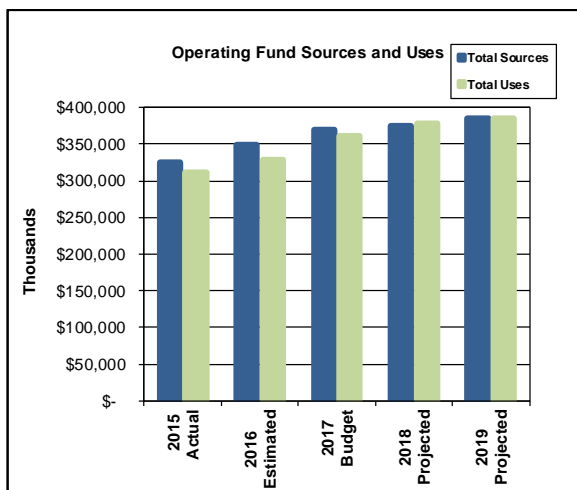
Terminal 1-Lindbergh Retail Shops

Uses of Funds

In general, there are three uses of operating revenues.

1. Operating expenses consist of Personnel, Administration, Professional Services, Utilities, Operating Services, Maintenance and Other/Insurance. Details of changes for each of these areas are identified in the Operating Budget Expense section. The total expense for 2017 is \$180.8 million.
2. Non-Operating Expenses is comprised of an Equipment section and Debt Service section.
 - A. Equipment includes capital equipment (cost greater than \$10,000) to be purchased based on Commission approval. The anticipated amount for 2017 is \$10.9 million and includes other capital expenditures. A portion of this equipment will be leased. The offset to the equipment is shown as Equipment Financing (\$3.8 million). Finally, the actual lease financing cost and miscellaneous other capital expenditures are shown.
 - B. Debt Service – Transfers are required to cover all debt service. In June and December, the Commission must transfer the required amount for the General Airport Revenue Bond (GARB) reserve. The debt service portion also includes payments on the Commission revolving line of credit. The total payments for the GARB's and the revolving line of credit are expected to be approximately \$97 million.
3. Unrestricted Net Transfer Out - Construction represents the amount of internally generated funds that are transferred to the Construction Fund after payment of all operating expenses have been made, all debt service requirements accounted for and the Operating Reserve is funded at six months of Operating Expenses. \$67.3 million is anticipated for 2017 based on 2016 estimates and \$72.6 million anticipated for 2018 based on 2017 budgeted amounts.

The graphs below illustrate the sources and uses of revenue and the three 2017 budgeted fund balances.



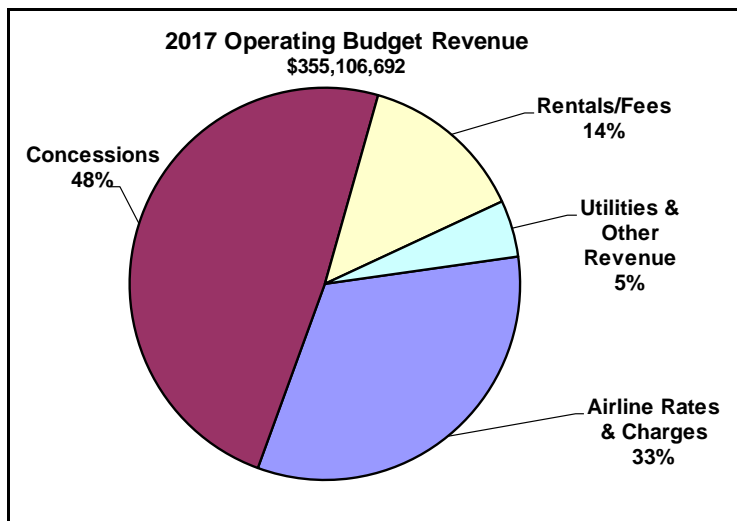
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Operating Budget Revenue

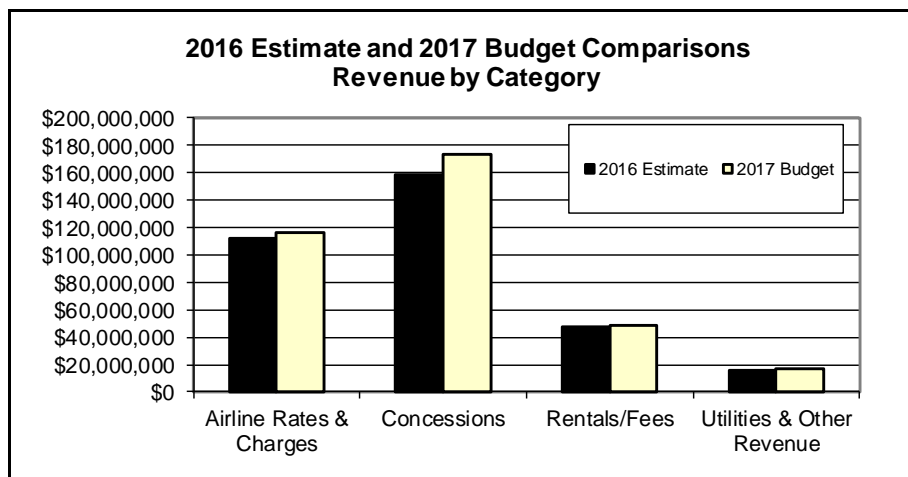
Total Operating Budget Revenue for 2017 is \$355.1 million, which is a \$21.1 million or 6.3% increase compared to 2016 estimates. The detailed explanations for Airline Rates & Charges, along with other major changes in revenue, are included in this section.

Operating budget revenue is divided into four categories: Airline Rates & Charges, Concessions, Rentals/Fees and Utilities & Other Revenue.

| Revenue Summary (\$=000) | 2017 Budget vs 2016 Estimate | | | | | |
|--------------------------------|------------------------------|------------------|------------------|------------------|-----------------|-------------|
| | 2015 Actual | 2016 Budget | 2016 Estimate | 2017 Budget | Dollar Change | % Change |
| REVENUE | | | | | | |
| Airline Rates & Charges | \$107,805 | \$113,691 | \$112,068 | \$116,463 | \$4,394 | 3.9% |
| Concessions | 146,893 | 155,362 | 158,918 | 173,394 | 14,476 | 9.1% |
| Rentals/Fees | 36,086 | 46,275 | 47,400 | 48,622 | 1,222 | 2.6% |
| Utilities & Other Revenue | 16,637 | 15,025 | 15,634 | 16,628 | 994 | 6.4% |
| Total Operating Revenue | \$307,422 | \$330,353 | \$334,020 | \$355,107 | \$21,087 | 6.3% |



The following chart compares 2016 estimate and 2017 budget revenue by category:



Operating Budget Revenue

2017 Operating Revenue

2017 Budget vs 2016 Estimate

| | 2015 Actual | 2016 Budget | 2016 Estimate | 2017 Budget | Dollar Change | % Change |
|--|--------------------|--------------------|--------------------|--------------------|-------------------|-------------|
| Airline Rates & Charges | | | | | | |
| Airline Agreement | | | | | | |
| Landing Fees | 56,923,918 | 61,406,972 | 59,500,000 | 63,808,136 | 4,308,136 | 7.2% |
| Ramp Fees | 7,131,716 | 7,592,470 | 7,450,000 | 7,557,247 | 107,247 | 1.4% |
| Airline R&R | 3,718,604 | 4,495,172 | 4,495,172 | 4,666,311 | 171,139 | 3.8% |
| T1 Rentals | 36,796,864 | 38,310,374 | 38,300,000 | 38,520,773 | 220,773 | 0.6% |
| T1 Other | 5,783,231 | 5,779,783 | 5,950,000 | 6,301,094 | 351,094 | 5.9% |
| Concessions Rebate | (13,776,907) | (13,919,950) | (14,651,950) | (16,970,000) | (2,318,050) | 0.0% |
| <i>Total Airline Agreement</i> | 96,577,426 | 103,664,821 | 101,043,222 | 103,883,561 | 2,840,339 | 2.8% |
| Terminal 2 Fees | | | | | | |
| T2 Lobby | 8,435,110 | 7,637,349 | 8,300,000 | 9,742,003 | 1,442,003 | 17.4% |
| T2 Other/Passenger | 2,792,845 | 2,388,362 | 2,725,000 | 2,837,017 | 112,017 | 4.1% |
| Total Airline Rates & Charges | 107,805,381 | 113,690,532 | 112,068,222 | 116,462,581 | 4,394,359 | 3.9% |
| Concessions | | | | | | |
| Terminal | | | | | | |
| Food & Beverage | 16,836,419 | 20,130,029 | 20,968,000 | 22,857,000 | 1,889,000 | 9.0% |
| News | 3,571,622 | 4,044,695 | 4,000,000 | 4,200,000 | 200,000 | 5.0% |
| Retail Stores | 4,619,465 | 5,348,961 | 4,850,000 | 6,150,000 | 1,300,000 | 26.8% |
| Passenger Services | 4,425,762 | 6,028,908 | 5,850,000 | 5,939,122 | 89,122 | 1.5% |
| <i>Total Terminal</i> | 29,453,268 | 35,552,593 | 35,668,000 | 39,146,122 | 3,478,122 | 9.8% |
| Parking/Grnd Transport | | | | | | |
| Parking | 87,577,795 | 90,730,867 | 91,700,000 | 100,702,000 | 9,002,000 | 9.8% |
| Ground Transportation | 5,985,796 | 5,960,532 | 7,000,000 | 8,600,656 | 1,600,656 | 22.9% |
| MSP Employee Parking | 3,328,398 | 3,408,806 | 3,550,000 | 3,645,708 | 95,708 | 2.7% |
| Auto Rental - On Airport | 18,707,974 | 17,601,000 | 18,900,000 | 19,200,000 | 300,000 | 1.6% |
| <i>Total Parking/Grnd Transport</i> | 115,599,963 | 117,701,205 | 121,150,000 | 132,148,364 | 10,998,364 | 9.1% |
| Other | | | | | | |
| Other Concessions | 1,839,888 | 2,108,471 | 2,100,000 | 2,100,000 | 0 | 0.0% |
| Total Concessions | 146,893,119 | 155,362,269 | 158,918,000 | 173,394,486 | 14,476,486 | 9.1% |
| Rentals/Fees | | | | | | |
| Buildings & Facilities | 8,506,000 | 9,227,506 | 9,300,000 | 9,376,150 | 76,150 | 0.8% |
| Auto Rental CFC | 11,912,607 | 21,000,000 | 21,500,000 | 21,850,000 | 350,000 | 1.6% |
| Ground Rentals | 8,728,095 | 9,133,148 | 9,500,000 | 10,092,284 | 592,284 | 6.2% |
| Reliever Airports | 6,939,248 | 6,914,402 | 7,100,000 | 7,303,336 | 203,336 | 2.9% |
| Total Rentals/Fees | 36,085,950 | 46,275,056 | 47,400,000 | 48,621,770 | 1,221,770 | 2.6% |
| Utilities & Other Revenue | | | | | | |
| Utilities | 4,664,531 | 4,671,634 | 4,500,000 | 5,048,955 | 548,955 | 12.2% |
| GA/Airside Fees | 3,799,123 | 3,369,018 | 3,500,000 | 3,936,900 | 436,900 | 12.5% |
| Consortium Fees | 3,306,318 | 3,348,816 | 3,348,816 | 3,812,000 | 463,184 | 13.8% |
| Other Revenues | 1,638,451 | 1,685,316 | 1,685,000 | 1,700,000 | 15,000 | 0.9% |
| Reimbursed Expense | 3,229,035 | 1,950,000 | 2,600,000 | 2,130,000 | (470,000) | -18.1% |
| Total Utilities & Other Revenue | 16,637,458 | 15,024,784 | 15,633,816 | 16,627,855 | 994,039 | 6.4% |
| Total Operating Revenue | 307,421,908 | 330,352,641 | 334,020,038 | 355,106,692 | 21,086,654 | 6.3% |

Revenue Assumptions and Guidelines

The revenue projections for 2017 are based on the following assumptions and guidelines:

- Revenue will be prepared on an accrual basis. This basis of accounting attempts to record financial transactions in the period in which they occur, rather than recording them in the period in which they are received. The Commission uses this method for both accounting and budgeting.
- The revenue projections are based on estimates compiled from the following sources:
 - Lease agreements
 - Contracts
 - Projected enplaned passengers and operations activity provided by the airlines and other users of MAC facilities
 - Expense projections, which determine rates and charges per the Airline Agreement
 - Historical trends
 - MAC Ordinances
- Airline Rates and Charges are based on the Airline Lease Agreement.

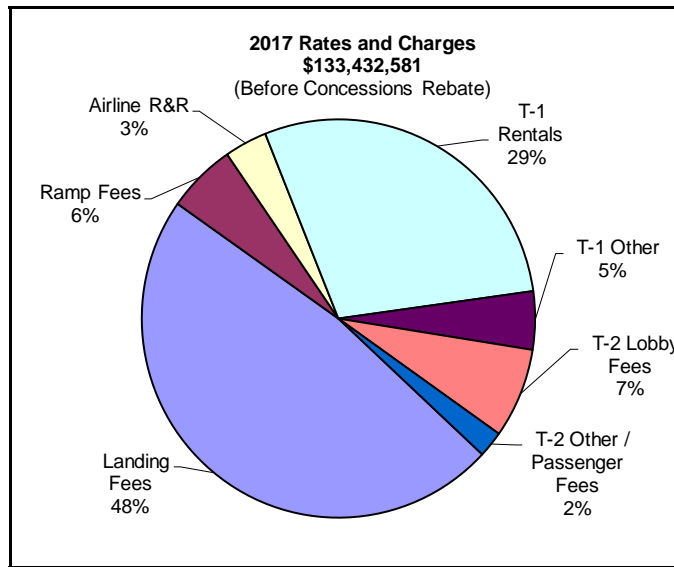
The explanations for revenue assumptions are based on a comparison of 2017 budget figures versus 2016 estimates.

Airline Rates and Charges

The Airline Rates and Charges category, which is approximately \$116.5 million or 33% of MAC’s \$355.1 million in revenues, is generated from rates charged to the airlines. This category is projected to increase \$4.4 million or 3.9% from 2016 estimated levels. The formulas for the rates are established in the Airline Use Agreement and are composed of landing fees, ramp fees, airline Terminal 1-Lindbergh rental rates, and the Terminal 1 International Arrivals Facility (IAF) use fees. This agreement incorporates debt service in the calculation of rates and charges, instead of depreciation and interest, for the recovery of capital improvements. In accordance with this Agreement, expenses from Police, Fire, Maintenance Labor, Maintenance Equipment, and Administration service centers are allocated to the Field & Runway, Ramp, Terminal Building, and International Arrivals Facility service centers, as detailed in the Operating Budget Expense section. Total costs, plus allocations, are then used to determine Airline Rates and Charges. Fluctuations in allocated costs can cause a change in the airline rates. For 2017, rates for landing fees, ramp fees, and airline Terminal 1 rental rates are calculated as per the Airline Use Agreement. Rates for Terminal 2 are set by ordinance, which is primarily based on the recovery of budgeted operating and maintenance costs. The Concessions Rebate of \$17.0 million represents the revenue sharing found in the Airline Use Agreement.

| 2017 Airline Rates and Charges (\$=000) | | | | | 2017 Budget vs 2016 Estimate | |
|--|------------------|------------------|------------------|------------------|------------------------------------|-------------|
| | 2015 Actual | 2016 Budget | 2016 Estimate | 2017 Budget | Dollar Change | % Change |
| Airline Rates & Charges | | | | | | |
| Landing Fees | \$56,924 | \$61,407 | \$59,500 | \$63,808 | \$4,308 | 7.2% |
| Ramp Fees | 7,132 | 7,592 | 7,450 | 7,557 | 107 | 1.4% |
| Airline R&R | 3,719 | 4,495 | 4,495 | 4,666 | 171 | 3.8% |
| T1 Rentals | 36,797 | 38,310 | 38,300 | 38,521 | 221 | 0.6% |
| T1 Other | 5,783 | 5,780 | 5,950 | 6,301 | 351 | 5.9% |
| Concessions Rebate | (13,777) | (13,920) | (14,652) | (16,970) | (2,318) | 15.8% |
| T2 Lobby | 8,435 | 7,637 | 8,300 | 9,742 | 1,442 | 17.4% |
| T2 Other/Passenger | 2,793 | 2,388 | 2,725 | 2,837 | 112 | 4.1% |
| Total Airline Rates & Charges | \$107,805 | \$113,691 | \$112,068 | \$116,463 | \$4,394 | 3.9% |

The following pie chart indicates the percentage of each revenue source in Airline Rates & Charges and compares it to the total Airline Rates & Charges revenue, excluding the Concessions Rebate.



Landing Fees

The landing fee is based upon total estimated expense in the Field & Runway service center. By dividing total field and runway expenses by the estimated landed weight (provided by the airlines and historical data), a budgeted landing fee is established for use during the year. This is a residual (breakeven) calculation. At year-end, an adjustment will be made for any overage or shortage.

The landing fee is expected to increase \$0.06 in 2017 from 2016 estimates. The first half of the winter of 2016 was relatively mild as compared to previous winters, which resulted in lower-than-budget field and runway costs. The 2017 snow removal operating budget was prepared on a 3 year average. In addition, higher labor, benefits, snow removal material costs and higher airline contributions for field and runway repair and replacement contributed to the higher landing fee.

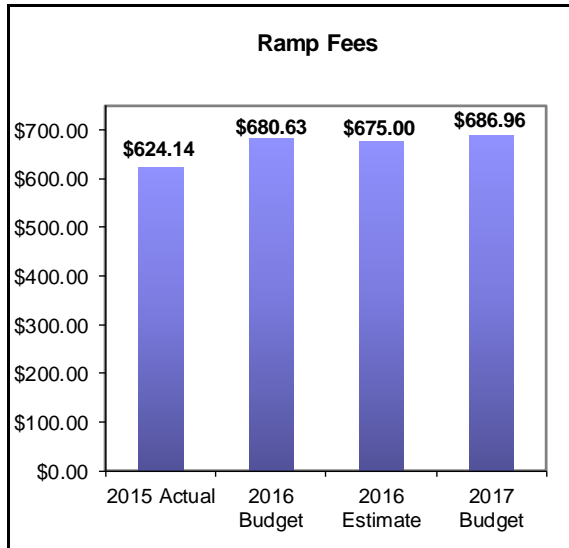
| <u>Landing Fee</u> | <u>2015 Actual</u> | <u>2016 Budget</u> | <u>2016 Estimate</u> | <u>2017 Budget</u> |
|---------------------|--------------------|--------------------|----------------------|--------------------|
| Landing Fee | \$2.64 | \$2.78 | \$2.73 | \$2.79 |
| Landed Weight (000) | 21,562 | 22,089 | 21,795 | 22,870 |
| Revenue (000) | \$56,924 | \$61,407 | \$59,500 | \$63,808 |

Ramp Fees

Aircraft parking ramp fees are calculated in the same manner as landing fees. Ramp fees are determined by dividing the total Terminal 1 ramp expenses by total lineal feet of ramp available. The ramp fee rate calculation is also residual (breakeven). At year-end, an adjustment will be made for any overage or shortage.

The major increase in ramp fees from 2016 estimates (\$675.00) to 2017 budget (\$686.96) per lineal foot can be attributed to wage and benefit increases, as well as increases in material costs used for snow removal operations and lower ramp footage.

| <u>Ramp Fee</u> | <u>2015 Actual</u> | <u>2016 Budget</u> | <u>2016 Estimate</u> | <u>2017 Budget</u> |
|---------------------------|--------------------|--------------------|----------------------|--------------------|
| Ramp Fee (Per Lineal Ft.) | \$624.14 | \$680.63 | \$675.00 | \$686.96 |
| Ramp Footage | 11,427 | 11,179 | 11,111 | 11,001 |
| Revenue (000) | \$56,924 | \$61,407 | \$59,500 | \$63,808 |



E Concourse at Terminal 1-Lindbergh

Airline Repair and Replacement Surcharge

As per the Airline Lease Amendment, there is an additional surcharge (R&R) for the airlines leasing space at Terminal 1. This surcharge increases annually at a rate of 3%. The rate for 2017 is \$7.14 per square foot.

Terminal 1 Rentals

Airline Terminal 1 rates are calculated by allocating Terminal 1 building expense over the total rentable square footage in Terminal 1. Airlines are charged for the space they occupy. Unlike landing fees and ramp fees, which are residual calculations, airline Terminal 1 building rates are a compensatory calculation. Under this calculation method, costs are recovered from the airlines in proportion to the rentable space they occupy in the terminal building. Terminal 1 building rate does not include the repair and replacement surcharge. Effective January 1, 2016, the Commission took over management and operational control of the G Concourse from Delta airlines, which has an impact on both rental rates and revenues.

The Terminal 1 rental rate is increasing from \$58.25 to \$58.34 per square foot. The primary reasons for the increase in the Exclusive rates (\$0.09) between 2016 estimate and 2017 budget is due to increases in utility, labor, and building maintenance costs partially offset by lower debt service costs.

| Terminal 1-Lindbergh Rates | 2015 Actual | 2016 Budget | 2016 Estimate | 2017 Budget |
|-----------------------------------|------------------------|------------------------|--------------------------|------------------------|
| Exclusive (Per Sq. Ft.) | \$64.56 | \$58.83 | \$58.25 | \$58.34 |
| Exclusive Janitored (Per Sq. Ft.) | \$72.54 | \$68.22 | \$67.64 | \$68.48 |
| Total Revenue (000) | \$36,797 | \$38,310 | \$38,300 | \$38,521 |

Terminal 1 Other

Revenue from Terminal 1 Other is expected to increase \$351,094 or 5.9%. Revenues in this area are generated by the International Arrivals Facility (IAF), porter service fees, baggage claim maintenance fees, queue line management fees, and conveyors and carousels.

The agreement for the IAF facility includes a fee calculation similar to the ramp and landing fees (residual). Users of the facility will be charged a passenger use fee based upon projected expenses. At year-end, an adjustment will be made for any overage or shortage.

The table below shows the IAF fees for actual 2015, budgeted 2016, estimated 2016 and budgeted 2017.

| <u>International Arrival Fee</u> (\$=000) | 2015 | 2016 | 2016 | 2017 |
|--|----------------------|----------------------|------------------------|----------------------|
| | <u>Actual</u> | <u>Budget</u> | <u>Estimate</u> | <u>Budget</u> |
| Total Cost | \$3,642 | \$3,631 | \$3,600 | \$3,722 |
| Passengers | 757,173 | 699,615 | 739,220 | 750,403 |
| Fee Per Passenger | \$4.81 | \$5.19 | \$4.87 | \$4.96 |

The \$0.09 increase in the IAF fee is due to an increase in costs, primarily service agreements that are offset partially by an increase in passengers.

In late 2014, the Commission completed construction and installation of a checked baggage inspection system, which replaces each airline’s outbound baggage system. The Commission will be responsible for the maintenance of the baggage system and will charge the airlines the full cost of maintaining the baggage system. The cost is estimated at \$1,000,000, and the charge to the airlines will be based on the number of enplaned passengers.

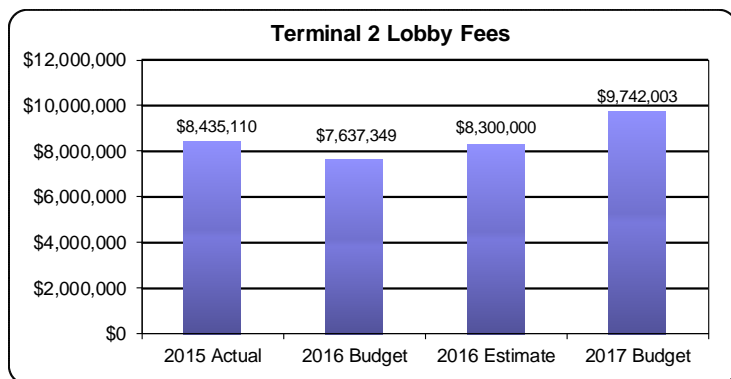
The remaining revenues consisted of conveyors, carousels, porter service, and queue line management fees. These revenues are expected to increase slightly.

Concessions Rebate

As part of the Airline Use Agreement, the airlines share a portion of concessions revenue, or selected concessions revenue, from food & beverage, news, retail, and on-airport auto rental revenues. The amount of concessions revenue shared is based upon the Commission meeting certain concessions revenue levels and the airlines meeting certain passenger levels. For the 2017 budget, this rebate is projected to be \$17.0 million. The increase of \$2.3 million is due to an increase in food, beverage, retail, and on-airport auto rental revenues due to the opening of new food, beverage, and retail units, plus an increase in passengers. For 2017, the air carriers will share in approximately 33% of the Commission’s selected Concessions Revenue.

Terminal 2 Lobby Fees

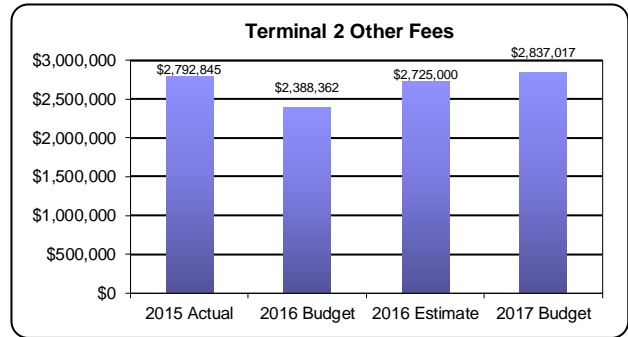
Terminal 2 Lobby Fees are expected to increase \$1,442,000 or 17.4%. Lobby fees are set by MAC Ordinance in which rates are set on a budgetary basis with no true-up based on actual expenses or year-end operational activity. Each gate at Terminal 2 has a revenue cap (for 2017 the gate cap is \$712,148) by airline associated with it based upon the number of aircraft operations. The Commission opened 4 additional gates in October 2016 for a total of 14 gates. MAC assumes that of the 14 gates at Terminal 2, ten of those gates will reach the revenue cap and four gates will not. The MAC estimates the revenue from the non-capped gates based upon operational data obtained from historical data and from the airlines. The 2017 budget increase in revenue from 2016 estimates is due to additional activity derived from the additional gates.



In order to keep both Terminal 1 and Terminal 2 rates competitive for the respective airlines, the Terminal 2 rate calculation limits the increase/decrease in certain elements of the rates charged in Terminal 2 to the percentage increase or decrease in rates in Terminal 1.

Terminal 2 Other/Passenger Fees

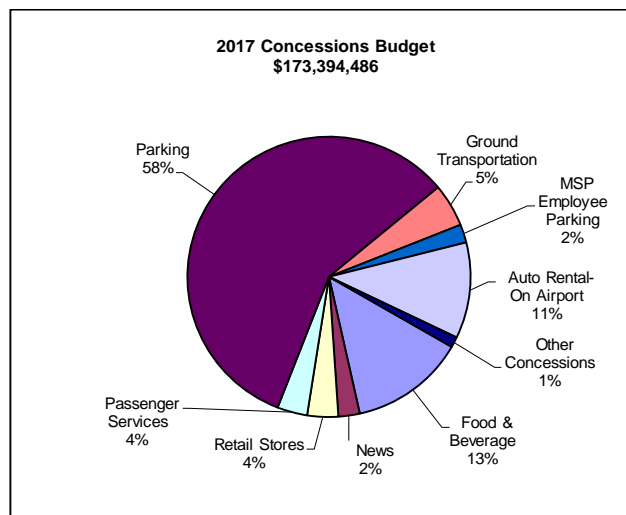
Terminal 2 Other/Passenger fee revenue is budgeted to increase \$112,000 or 4.1%. This category includes Federal Inspection Service (FIS) charges for international passengers, Terminal 2 building rentals, and non-signatory landing fees. As with Lobby Fees mentioned above, the rates are based on budgetary data with no year-end true up of actual expenses. For 2017, higher FIS revenue is expected due to a higher number of international passengers utilizing Terminal 2.



Concessions

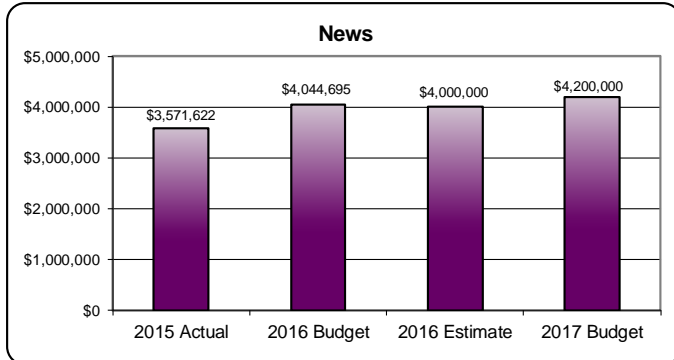
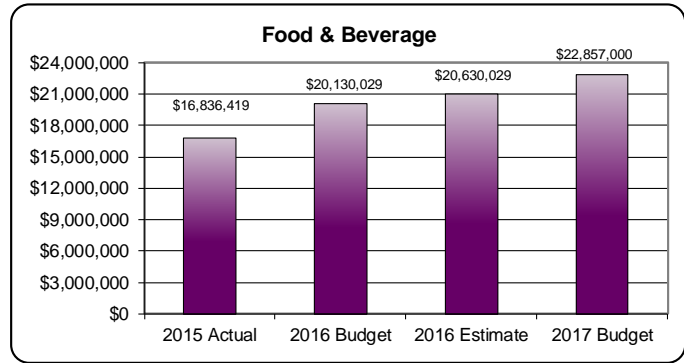
The Concessions category is \$173.4 million or 49% of total operating revenue for 2017. The rates charged for parking are approved by the Commission, while ground transportation fees are authorized according to MAC Ordinances. The revenues from auto rental, food & beverage, news, retail, and passenger services are based on various lease agreements, which allow the concessionaires to operate in MAC facilities. Concessions are projected to increase \$14.5 million or 9.1% from estimated 2016 levels and are based upon the following: 1) Parking rate increase; 2) New food & beverage, news and retail stores; and 3) Revenue from Transportation Network Companies (TNC).

| 2017 Concessions (\$=000) | | | | | 2017 Budget vs 2016 Estimate | |
|------------------------------|------------------|------------------|------------------|------------------|------------------------------------|-------------|
| | 2015 Actual | 2016 Budget | 2016 Estimate | 2017 Budget | Dollar Change | % Change |
| Concessions | | | | | | |
| Food & Beverage | \$16,836 | \$20,130 | \$20,968 | \$22,857 | \$1,889 | 9.0% |
| News | 3,572 | 4,045 | 4,000 | 4,200 | 200 | 5.0% |
| Retail Stores | 4,619 | 5,349 | 4,850 | 6,150 | 1,300 | 26.8% |
| Passenger Services | 4,426 | 6,029 | 5,850 | 5,939 | 89 | 1.5% |
| Parking | 87,578 | 90,731 | 91,700 | 100,702 | 9,002 | 9.8% |
| Ground Transportation | 5,986 | 5,961 | 7,000 | 8,601 | 1,601 | 22.9% |
| MSP Employee Parking | 3,328 | 3,409 | 3,550 | 3,646 | 96 | 2.7% |
| Auto Rental - On Airport | 18,708 | 17,601 | 18,900 | 19,200 | 300 | 1.6% |
| Other Concessions | 1,840 | 2,108 | 2,100 | 2,100 | 0 | 0.0% |
| Total All Concessions | \$146,893 | \$155,362 | \$158,918 | \$173,394 | \$14,476 | 9.1% |



Food & Beverage

Food & Beverage is projected to increase by \$1,889,000 or 9.0% from the 2016 estimate due to an increase in passengers and the opening of new food and beverage restaurants.

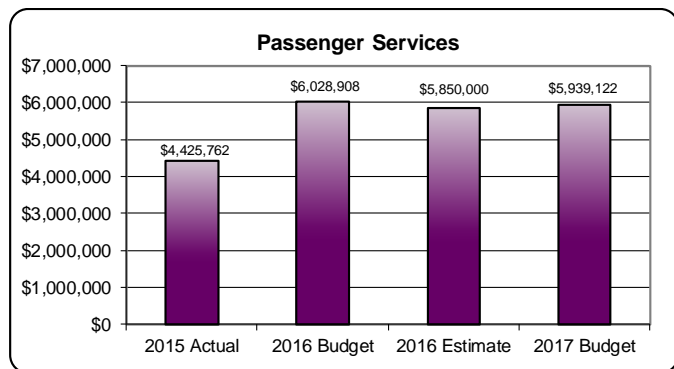
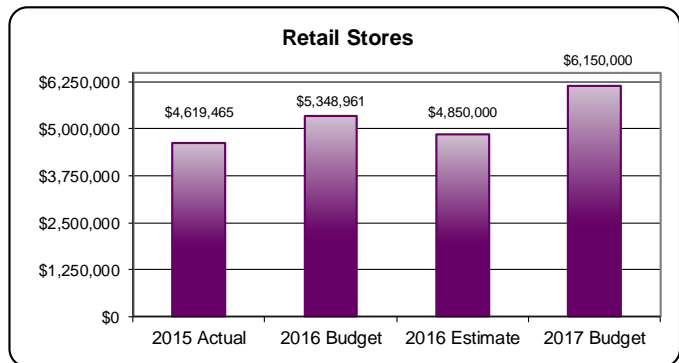


News

News is projected to increase \$200,000 or 5.0% from the 2016 estimate due to an increase in passengers and the opening of new stores.

Retail Stores

Retail is projected to increase by \$1,300,000 or 26.8% from the 2016 estimate due to an increase in passengers and the opening of new retail stores.

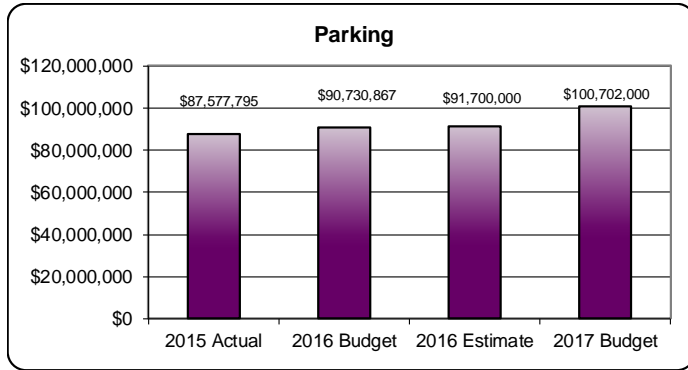


Passenger Services

Passenger Services are budgeted to increase \$89,122 or 1.5% from the 2016 estimate. A new indoor advertising contract accounted for the majority of the increase.

Parking

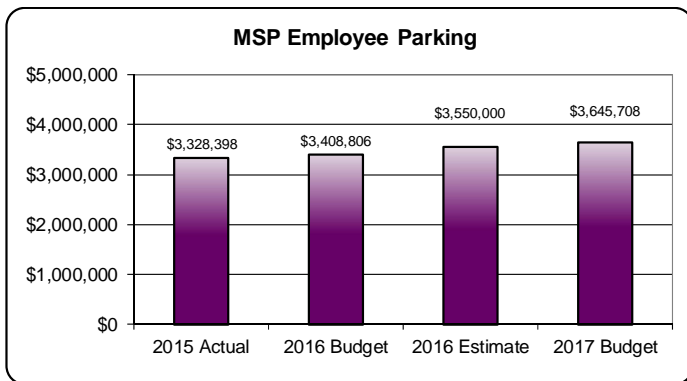
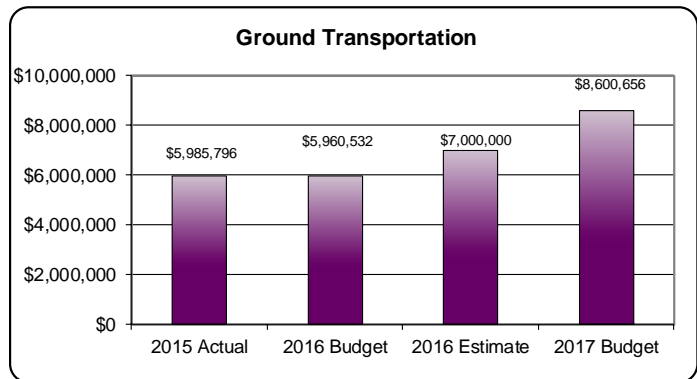
Parking is expected to increase from the 2016 estimate by \$9.0 million or 9.8%. The increase in revenue is due to a parking rate increase effective January 1, 2017 and passenger growth.



Parking Facility at Terminal 2-Humphrey

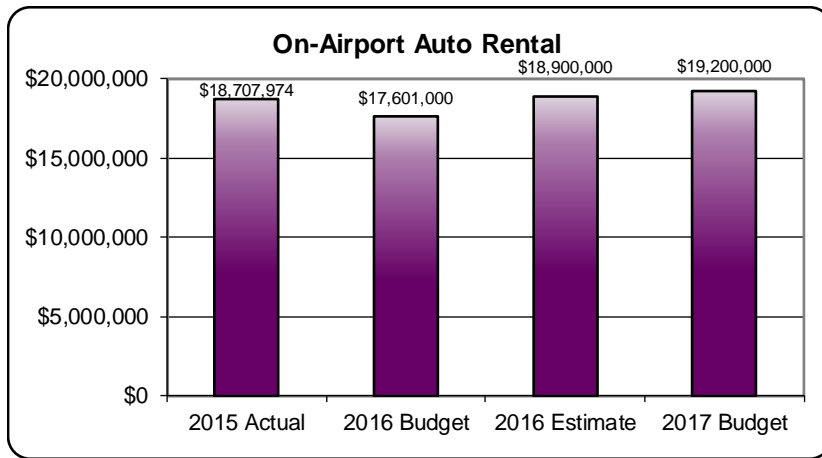
Ground Transportation Fees

Ground Transportation fees are projected to increase \$1.6 million or 22.9%. This is primarily a result of additional revenue from Transportation Network Companies (e.g. Uber and Lyft) and off-airport auto rental companies.



MSP Employee Parking

MSP Employee Parking includes ePark Elite parking services and is budgeted to increase \$95,708 or 2.7%. More passengers are utilizing ePark Elite services (which are billed through the billing system used for Employee Parking) and the number of employee parkers is increasing.

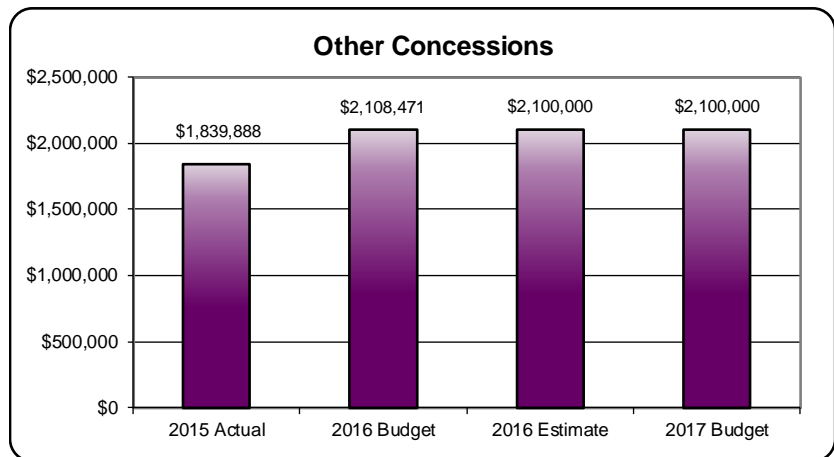


On-Airport Auto Rental

Auto rental fees are projected to increase \$300,000 or 1.6% due to increases in passengers and higher percent revenue estimated to be received.

Other Concessions

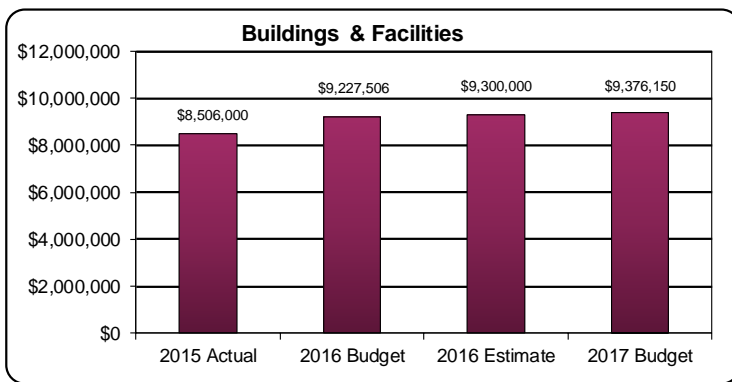
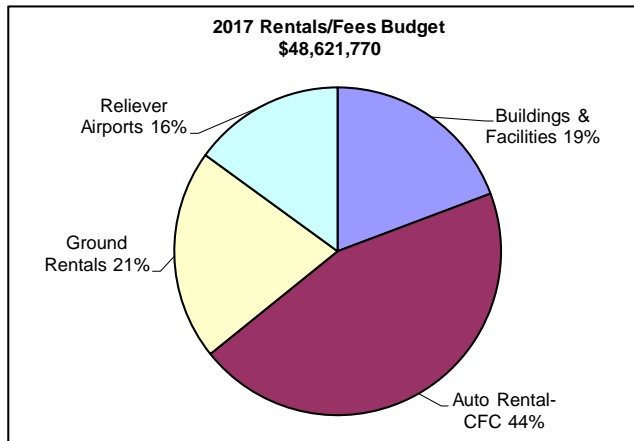
The majority of revenue in the Other Concessions category consists of Outdoor Advertising, auto services, In-Flite Catering, a pet boarding facility, and other miscellaneous concessions. Other Concessions are budgeted to stay at the same level as 2016 estimated levels based upon trends and activity at the time of budget preparation.



Rentals/Fees

Rentals/Fees are \$48.6 million or 13.7% of total operating revenue for 2017 and are projected to increase \$1.2 million or 2.6% from 2016 estimated levels. This revenue section consists of the Auto Rental-Customer Facility Charge (CFC), building rentals (non-airline), ground rental space, and reliever airport fees. Ground rental space revenues and a portion of reliever airport revenue are based on MAC Ordinances, while the remaining revenue items are based on leases and agreements. The following chart shows the revenue sources.

| 2017 Rentals/Fees (\$=000) | | | | | 2017 Budget vs 2016 Estimate | |
|-------------------------------|-----------------|-----------------|-----------------|-----------------|------------------------------|-------------|
| | 2015 Actual | 2016 Budget | 2016 Estimate | 2017 Budget | Dollar Change | % Change |
| Rentals/Fees | | | | | | |
| Buildings & Facilities | \$8,506 | \$9,228 | \$9,300 | \$9,376 | \$76 | 0.8% |
| Auto Rental CFC | 11,913 | 21,000 | 21,500 | 21,850 | 350 | 1.6% |
| Ground Rentals | 8,728 | 9,133 | 9,500 | 10,092 | 592 | 6.2% |
| Reliever Airports | 6,939 | 6,914 | 7,100 | 7,303 | 203 | 2.9% |
| Total Rentals/Fees | \$36,086 | \$46,275 | \$47,400 | \$48,622 | \$1,222 | 2.6% |

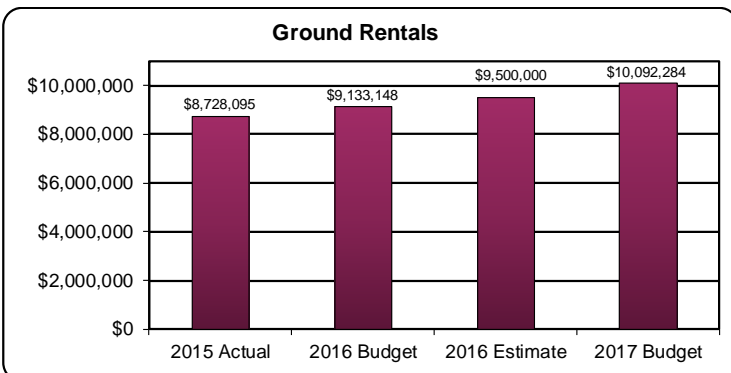
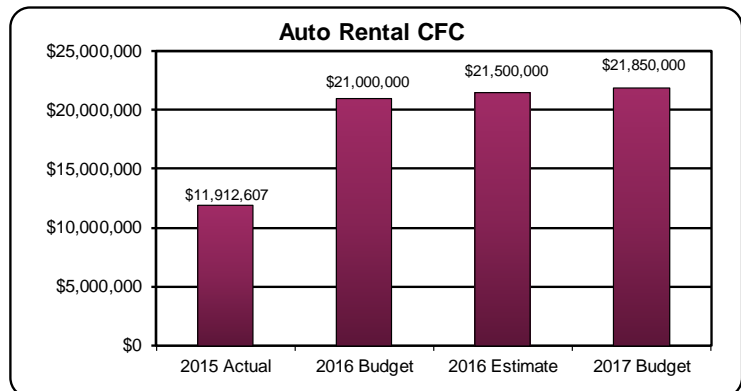


Buildings & Facilities

Building and facility rentals are projected to increase \$76,150 or 0.8% over the 2016 estimate as a result of new building leases for non-terminal airline tenants.

Auto Rental-Customer Facility Charge (CFC)

Auto Rental CFCs are budgeted to increase \$350,000 or 1.6% from the 2016 estimate due to an increase in transactions. The current CFC rate is \$5.90 per rental car transaction per day.

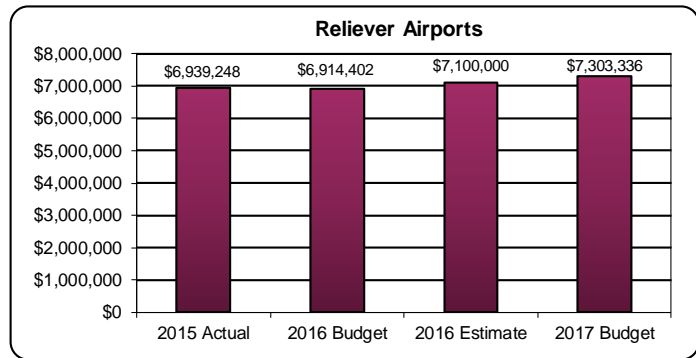


Ground Rentals

Ground Rentals are budgeted to increase by \$592,284 or 6.2% from 2016 estimated levels. The Commission updated its ground rental rates ordinance in July 2016. The increase in ground rentals is based upon a full year of revenue to be received in 2017 under the new ordinance.

Reliever Airports

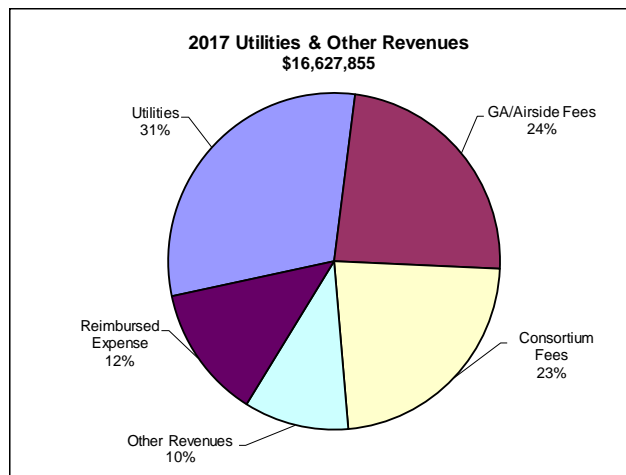
Reliever Airports revenue is expected to increase \$203,000 or 2.9% from 2016 estimated levels based upon activity and trends at the time of the budget completion.



Utilities & Other Revenue

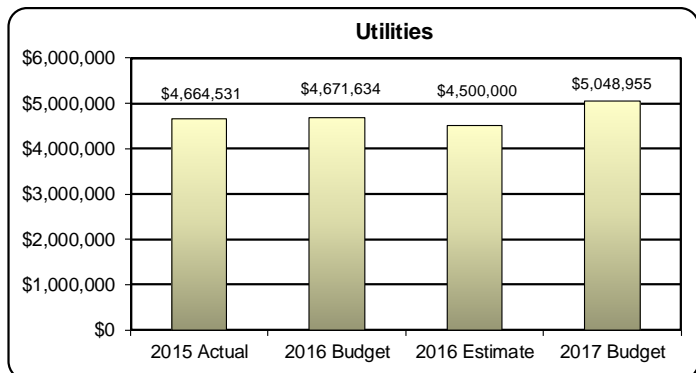
Utilities & Other Revenues are \$16.6 million or 5% of total operating revenue for 2017 and are projected to increase \$1.0 million or 6.4% from 2016 estimated levels. Included in this category are utilities, general aviation/airside fees, consortium fees, other revenues, and reimbursed expense.

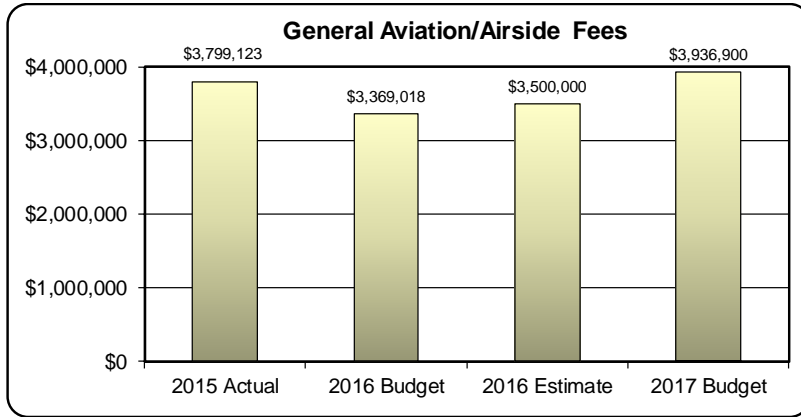
| 2017 Utilities & Other Revenue (\$=000) | 2017 Budget vs 2016 Estimate | | | | | |
|--|------------------------------|-----------------|-----------------|-----------------|---------------|-------------|
| | 2015 Actual | 2016 Budget | 2016 Estimate | 2017 Budget | Dollar Change | % Change |
| Utilities & Other Revenue | | | | | | |
| Utilities | \$4,665 | \$4,672 | \$4,500 | \$5,049 | \$549 | 12.2% |
| General Aviation/Airside Fees | 3,799 | 3,369 | 3,500 | 3,937 | 437 | 12.5% |
| Consortium Fees | 3,306 | 3,349 | 3,349 | 3,812 | 463 | 13.8% |
| Other Revenues | 1,638 | 1,685 | 1,685 | 1,700 | 15 | 0.9% |
| Reimbursed Expense | 3,229 | 1,950 | 2,600 | 2,130 | (470) | -18.1% |
| Total Utilities & Other Revenue | \$16,637 | \$15,025 | \$15,634 | \$16,628 | \$994 | 6.4% |



Utilities

Included in Utilities are water, sewer, electricity, heating, and ground power. The increase of \$548,955 or 12.2% in this category is due to new lease agreements that increase the amount of utilities to be paid by concessionaires.



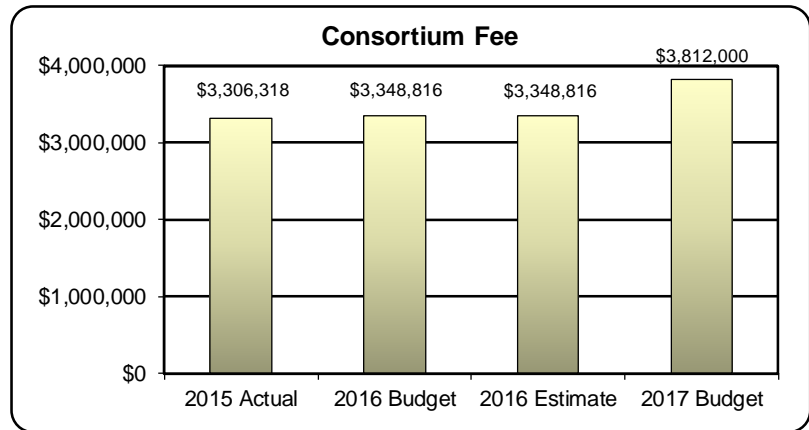


General Aviation/Airside Fees

This category includes general aviation landing fees, ramp fees, fuel flowage fees, and apron services. This category is expected to increase \$436,900 or 12.5% as a result of additional revenue from airside services, including aircraft cleaning, deicing, and other services.

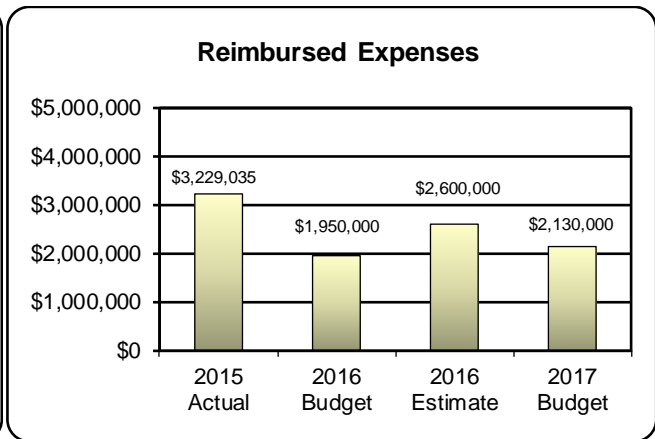
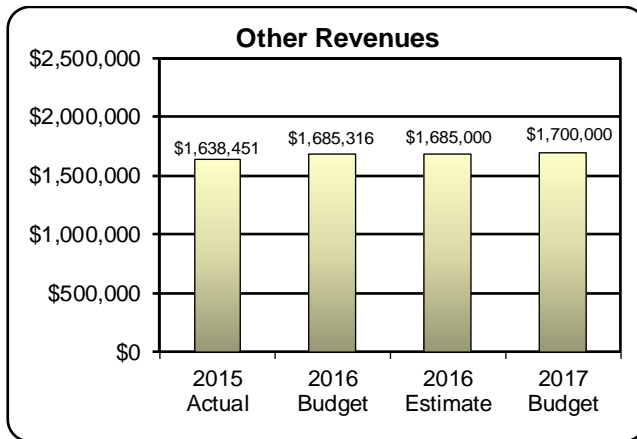
Consortium Fees

Consortium fees are expected to increase \$463,184 or 13.8%. These fees are a percent of concession sales and are used to cover loading dock and other services for the concessions.



Other Revenues and Reimbursed Expenses

Included in this category are parking fines, auction revenue, building permits, security badges, and miscellaneous revenues and expenses reimbursed by others. These categories combined are expected to decrease \$470,000 or 18.1% due to one-time reimbursements from energy rebates and other miscellaneous items received in 2016.



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Operating Budget Expense

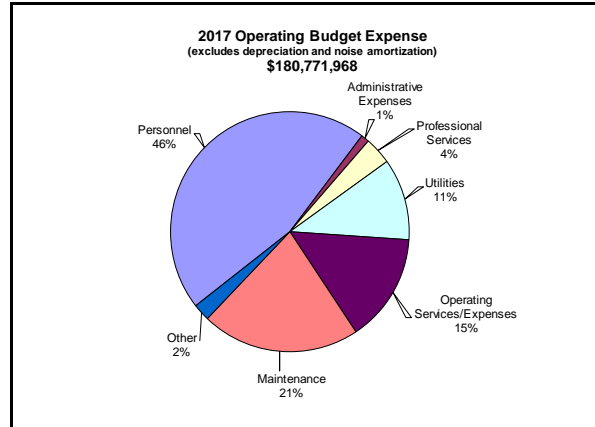
Expenses arise from daily operations and are located within the Operating Fund. Expenses are also key factors in determining revenue. Rates and Charges revenue collected from the airlines are governed by the Airline Use Agreement. Other revenue collections are dictated by the lease or ordinance.

Total Operating Expense for 2017 is \$180.8 million (excluding depreciation and amortization) which is an increase of \$12.1 million or 7.2% over the 2016 estimate.

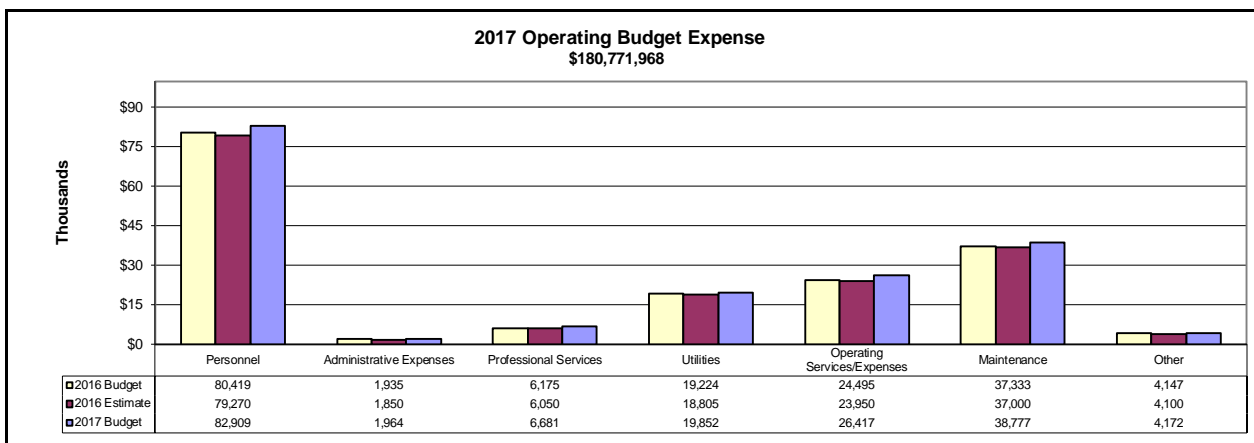
The expense tables and charts throughout this section compare the 2017 budget with the 2016 estimate.

| 2017 Expense Summary (\$=000) | | | | | 2017 Budget vs 2016 Estimate | |
|----------------------------------|------------------|------------------|------------------|------------------|------------------------------|-------------|
| | 2015 Actual | 2016 Budget | 2016 Estimate | 2017 Budget | Dollar Change | % Change |
| EXPENSE | | | | | | |
| Personnel | \$75,998 | \$80,419 | \$78,000 | \$82,909 | \$4,909 | 6.3% |
| Administrative Expenses | 1,521 | 1,935 | 1,850 | 1,964 | 114 | 6.2% |
| Professional Services | 5,574 | 6,175 | 5,900 | 6,681 | 781 | 13.2% |
| Utilities | 18,304 | 19,224 | 18,805 | 19,852 | 1,047 | 5.6% |
| Operating Services/Expenses | 21,230 | 24,495 | 23,400 | 26,417 | 3,017 | 12.9% |
| Maintenance | 32,089 | 37,333 | 36,500 | 38,777 | 2,277 | 6.2% |
| Other | 3,454 | 4,147 | 4,200 | 4,172 | (28) | -0.7% |
| Total Operating Expense | \$158,170 | \$173,728 | \$168,655 | \$180,772 | \$12,117 | 7.2% |

The pie chart shows Personnel, Maintenance, and Operating Services/Expenses are the greatest expense areas.



The bar chart compares the 2016 budget, 2016 estimate and 2017 budget which shows a slow growth in all areas.



Operating Budget Expense

2017 Operating Expense

2017 Budget vs 2016 Estimate

| | 2015 Actual | 2016 Budget | 2016 Estimate | 2017 Budget | Dollar Change | % Change |
|--|--------------------|--------------------|--------------------|--------------------|-------------------|--------------|
| Personnel | | | | | | |
| Salaries & Wages | 51,094,253 | 54,421,659 | 54,500,000 | 57,159,594 | 2,659,594 | 4.9% |
| Benefits | 24,903,988 | 25,997,015 | 23,500,000 | 25,749,020 | 2,249,020 | 9.6% |
| Total Personnel | 75,998,241 | 80,418,674 | 78,000,000 | 82,908,614 | 4,908,614 | 6.3% |
| Administrative Expenses | 1,521,470 | 1,935,373 | 1,850,000 | 1,964,430 | 114,430 | 6.2% |
| Professional Services | 5,573,603 | 6,175,111 | 5,900,000 | 6,681,338 | 781,338 | 13.2% |
| Utilities | | | | | | |
| Electricity | 12,946,316 | 13,653,029 | 13,450,000 | 14,006,051 | 556,051 | 4.1% |
| Heating Fuel | 2,744,352 | 2,704,905 | 2,500,000 | 2,998,806 | 498,806 | 20.0% |
| Water & Sewer | 2,056,500 | 2,262,824 | 2,260,000 | 2,211,480 | (48,520) | -2.1% |
| Telephones | 556,730 | 602,967 | 595,000 | 635,509 | 40,509 | 6.8% |
| Total Utilities | 18,303,897 | 19,223,725 | 18,805,000 | 19,851,846 | 1,046,846 | 5.6% |
| Operating Services/Expenses | | | | | | |
| Parking Management | 6,163,020 | 6,566,055 | 6,450,000 | 6,694,404 | 244,404 | 3.8% |
| Shuttle Bus Services | 1,651,323 | 1,948,764 | 2,000,000 | 2,016,396 | 16,396 | 0.8% |
| Service Agreements | 8,256,002 | 9,977,949 | 9,329,000 | 10,724,800 | 1,395,800 | 15.0% |
| Storm Water Monitoring | 1,454,163 | 1,490,857 | 1,200,000 | 1,554,000 | 354,000 | 29.5% |
| Other | 3,705,347 | 4,511,087 | 4,421,000 | 5,427,117 | 1,006,117 | 22.8% |
| Total Operating Services/Expenses | 21,229,856 | 24,494,712 | 23,400,000 | 26,416,717 | 3,016,717 | 12.9% |
| Maintenance | | | | | | |
| Trades | 1,734,753 | 2,388,529 | 1,750,000 | 2,290,149 | 540,149 | 30.9% |
| Field | 3,429,790 | 4,020,379 | 3,735,000 | 4,102,679 | 367,679 | 9.8% |
| Building | 12,010,090 | 13,084,509 | 13,225,000 | 13,624,871 | 399,871 | 3.0% |
| Equipment | 2,402,325 | 2,808,824 | 2,740,000 | 2,752,643 | 12,643 | 0.5% |
| Cleaning | 12,512,165 | 15,031,203 | 15,050,000 | 16,006,730 | 956,730 | 6.4% |
| Total Maintenance | 32,089,122 | 37,333,444 | 36,500,000 | 38,777,072 | 2,277,072 | 6.2% |
| Other | | | | | | |
| General Insurance | 1,935,821 | 2,075,001 | 2,000,000 | 2,086,259 | 86,259 | 4.3% |
| Minor Equipment | 802,388 | 1,376,104 | 1,355,000 | 1,378,982 | 23,982 | 1.8% |
| Other | 715,829 | 696,176 | 845,000 | 706,710 | (138,290) | -16.4% |
| Total Other | 3,454,038 | 4,147,281 | 4,200,000 | 4,171,951 | (28,049) | -0.7% |
| Total Operating Expense | 158,170,227 | 173,728,320 | 168,655,000 | 180,771,968 | 12,116,968 | 7.2% |

Expense Assumptions and Guidelines

The operating expense budget is built with information provided by MAC departments, utility companies, vendors and historical analysis. The expense budget projections for 2017 are based on the following assumptions and guidelines:

- MAC will continue to maintain all facilities at the standards established with our tenants and traveling public.
- MAC will provide a safe and secure airport.
- As positions in the organization become available due to retirement or separation, each vacant position will be reviewed for business need and prioritized based upon organizational needs.
- The 2016 budget included 9 new FTE positions identified as follows. The full year's impact is included in the 2017 budget.
 - 6 Information Technology – IT Enterprise Solutions Director, Public Safety Systems Manager, Web Programmer, Data Management Specialist and 2 System Analysts
 - 1 Police – Video Surveillance Specialist
 - 1 Sustainability and Strategy – Sustainability Specialist
 - 1 Public Affairs – Public Affairs & Marketing Coordinator
- The 2017 budget includes 8 additional FTE positions to meet workload demands and the increasing complexity of issues facing MAC. The positions include:
 - 2 Information Technology – Administrative Assistant and Information Security & Compliance Manager
 - 1 Concessions & Business Development – Lease File Administrator
 - 3 Police Officers
 - 1 Firefighter
 - 1 Environment General – Air Emissions Manager
- The total FTE position count in the 2017 budget is temporarily at 627.5 until two retirements occur in the Energy Management Center (EMC), reducing the total FTE position count to 625.5.
- Cost increases, such as scheduled contract increases, salary adjustments for existing organized and non-organized workforce, utility rate changes, insurance rate adjustments, etc., have been included.
- Discretionary cost increases were considered only if offset by corresponding annual reduction in expenses, an annual increase in revenue, or was necessary for the ongoing efficient operation of the airport.
- Expenses are prepared on an accrual basis. This basis of accounting attempts to record financial transactions in the period they occur rather than recording them in the period they are paid. The Commission uses this method for both accounting and budgeting.

Personnel

Personnel costs will increase \$4.9 million or 6.3% over the 2016 estimates.

| 2017 Personnel (\$=000) | 2017 Budget vs 2016 Estimate | | | | | |
|----------------------------|------------------------------|-----------------|-----------------|-----------------|----------------|-------------|
| | 2015 Actual | 2016 Budget | 2016 Estimate | 2017 Budget | Dollar Change | % Change |
| Personnel | | | | | | |
| Salaries & Wages | \$51,094 | \$54,422 | \$54,500 | \$57,160 | \$2,660 | 4.9% |
| Benefits | 24,904 | 25,997 | 23,500 | 25,749 | 2,249 | 9.6% |
| Total Personnel | \$75,998 | \$80,419 | \$78,000 | \$82,909 | \$4,909 | 6.3% |

Major differences between the 2016 estimates and 2017 budgets are as follows:

Salaries & Wages – Increase of \$2.7 million or 4.9% due to the following:

- Wages – Regular – Effective January 2017, a 2.75% cost of living wage increase was included in the budget for non-organized and organized employees. In total, wages increased approximately \$1.5 million for cost of living and step increases. The 2017 budget also includes:
 - Two operating engineer trainee positions, in anticipation of retirements, continue to be included in the budget due to hiring difficulties in this specialized licensed work area.
 - Other labor contract obligations such as shift differentials, equipment premium pay, and Labor Union 320 longevity pay are included in the budget.
 - Wages were adjusted to reflect a vacancy factor to account for the time necessary to fill open positions.
 - Eight new positions, identified earlier, added approximately \$400,000 to the budget.
 - Open positions in 2016 resulted in a lower 2016 estimate. Although a vacancy factor has been included, many of the open positions occurred in Information Technology and Police that require a more intensive hiring process. A majority of these positions are expected to be filled by the end of 2016.
 - The 2017 budget includes a full year impact for the new 2016 positions totaling \$800,000.

| Full Time Equivalent Positions | | | | | |
|--|-------------|-------------|-------------|---------------|-------------|
| 2013 Actual | 2014 Actual | 2015 Actual | 2016 Budget | 2016 Estimate | 2017 Budget |
| 566* | 576* | 591* ** | 619.5*** | 607 | 627.5^ |
| * includes 2 trainee positions ** includes 10 new and 9.5 status change positions *** includes 9 additional positions ^ includes 8 additional positions | | | | | |

- Overtime – Regular and Double-time are increasing \$187,000 in the 2017 budget from the 2016 estimate due to the mild winter conditions in the first quarter of 2016 that resulted in costs under budget for 2016. In preparing the 2017 budget, MAC used a historical average in budgeting for snow removal costs. Also included are wage increases, work call-backs and additional overtime necessary to ensure coverage for vacations, holidays and peak time periods.

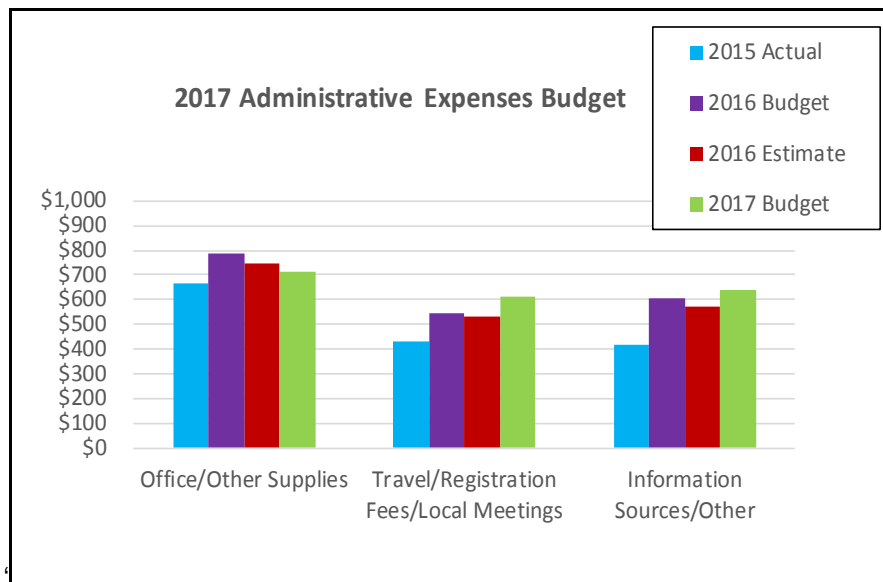
- Temporary employees – The increase of \$487,000 or 19.0% is due to budgeting for temporary positions for trainees in a new firefighter apprenticeship initiative and to develop MAC’s internship program. The 2017 budget also includes additional part-time officers to patrol the security checkpoints.

Benefits – Included in benefits are employee insurance/post-retirement healthcare, retirement plans, severance, workers compensation and other miscellaneous items. An increase of \$2.2 million or 9.6% is projected over 2016. The bulk of the change comes from expected healthcare cost increases of 5.6% in 2017. Other increases are based upon healthcare trends, new hires, and allowance for the potential retirement of several employees. Additionally, healthcare costs in 2016 were lower than a typical year. The 2017 budget anticipates typical healthcare costs and post-retirement benefits based on an actuarial projected liability.

Administrative Expenses

Administrative Expenses are increasing \$114,430 or 6.2% as identified in the table below. The major areas of increase are further explained.

| 2017 Administrative Expenses (\$=000) | 2015 | 2016 | 2016 | 2017 | 2017 Budget vs 2016 Estimate | |
|--|----------------|----------------|----------------|----------------|------------------------------|-------------|
| | Actual | Budget | Estimate | Budget | Dollar Change | % Change |
| Office/Other Supplies | \$669 | \$787 | \$744 | \$714 | (\$30) | -4.0% |
| Travel/Registration Fees/Local Meetings | 432 | 543 | 535 | 613 | 78 | 14.6% |
| Information Sources/Other | 420 | 605 | 571 | 637 | 66 | 11.6% |
| Total Administrative Expenses | \$1,521 | \$1,935 | \$1,850 | \$1,964 | \$114 | 6.2% |



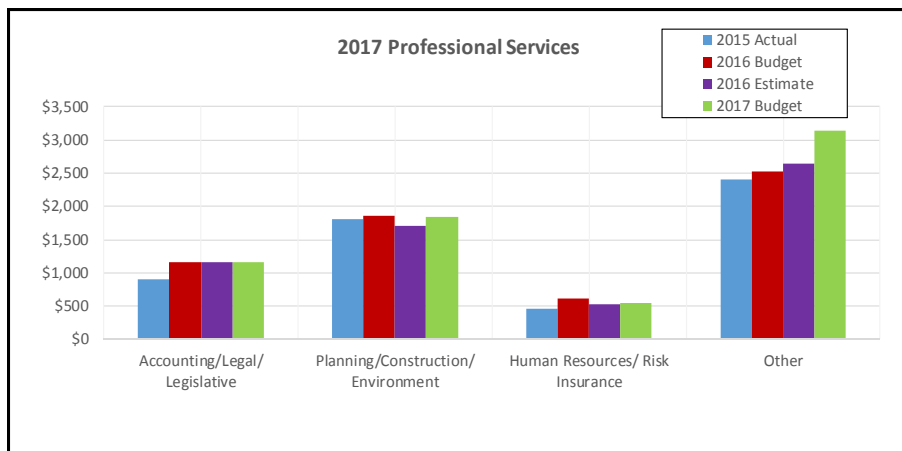
Travel/Registration Fees/Local Meetings – The increase in the 2017 budget is due to higher airfares, lodging costs, mileage, etc. for attending conferences and meetings. In addition, a number of staff serve on national committees that typically require out of state travel.

Information Sources/Other – As a sustainability measure, \$23,000 was added to the 2017 budget to enhance public communication by hosting functions and incorporating MAC presence at community events.

Professional Services

Professional Services have increased \$781,000 or 13.2% from 2016 estimates.

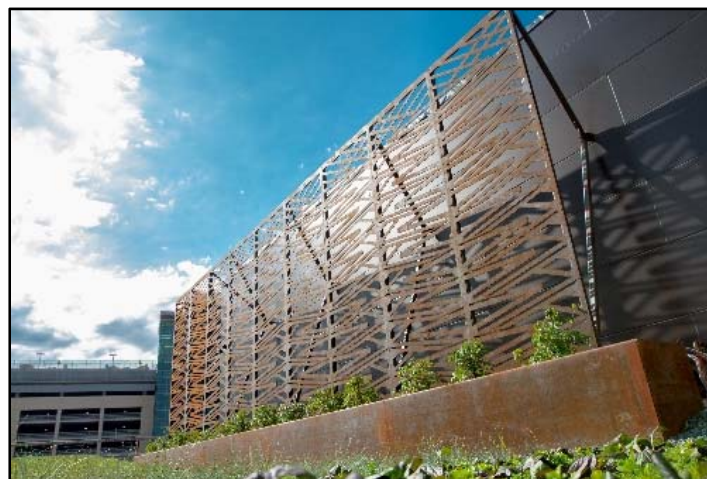
| 2017 Professional Services (\$=000) | 2015 Actual | 2016 Budget | 2016 Estimate | 2017 Budget | 2017 Budget vs 2016 Estimate | |
|--|----------------|----------------|------------------|----------------|---------------------------------|--------------|
| | | | | | Dollar Change | % Change |
| Accounting/Legal/Legislative | \$905 | \$1,167 | \$1,166 | \$1,160 | (\$6) | -0.5% |
| Planning/Construction/Environment | 1,800 | 1,859 | 1,702 | 1,839 | 137 | 8.0% |
| Human Resources/Risk Insurance | 464 | 618 | 532 | 550 | 18 | 3.4% |
| Other | 2,405 | 2,531 | 2,500 | 3,132 | 632 | 25.3% |
| Total Professional Services | \$5,574 | \$6,175 | \$5,900 | \$6,681 | \$781 | 13.2% |



The following combination of changes in Professional Services explains the increase:

Planning/Construction/Environment – The increase of \$137,000 is primarily related to updating MAC’s Economic Impact Study and will cost approximately \$125,000. The current study is based on 2012 data.

Other – The major factors driving the \$784,338 increase in this category is to develop a green storm water infrastructure plan and to gain engineering service related to the sprinkler fire alarm plan review. Additional funds are budgeted to engage the community in the Noise Program and for various Sustainability and Strategy projects. In addition, an illustrator is included in 2017 for various video projects.

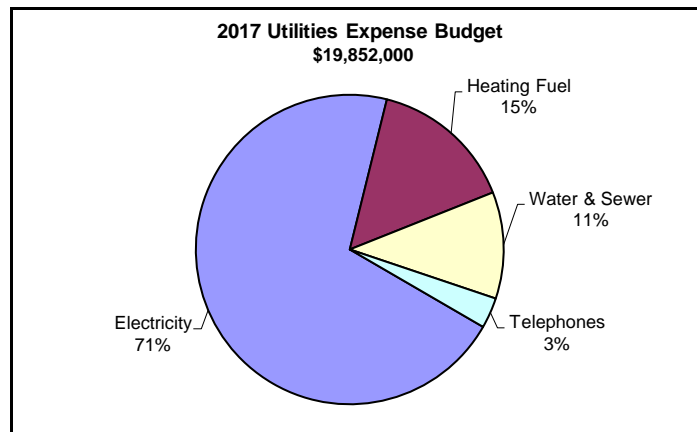


Terminal 2-Humphrey Green Roof

Utilities

Total Utilities are budgeted to increase \$1.0 million or 5.6% over 2016 estimates and are explained as follows.

| 2017 Utilities Expense (\$=000) | 2015 Actual | 2016 Budget | 2016 Estimate | 2017 Budget | 2017 Budget vs 2016 Estimate | |
|------------------------------------|-----------------|-----------------|------------------|-----------------|------------------------------------|-------------|
| | | | | | Dollar Change | % Change |
| Utilities | | | | | | |
| Electricity | \$12,946 | \$13,653 | \$13,450 | \$14,006 | \$556 | 4.1% |
| Heating Fuel | 2,744 | 2,705 | 2,500 | 2,999 | 499 | 20.0% |
| Water & Sewer | 2,056 | 2,263 | 2,260 | 2,211 | (49) | -2.1% |
| Telephones | 557 | 603 | 595 | 636 | 41 | 6.8% |
| Total Utilities | \$18,304 | \$19,224 | \$18,805 | \$19,852 | \$1,047 | 5.6% |



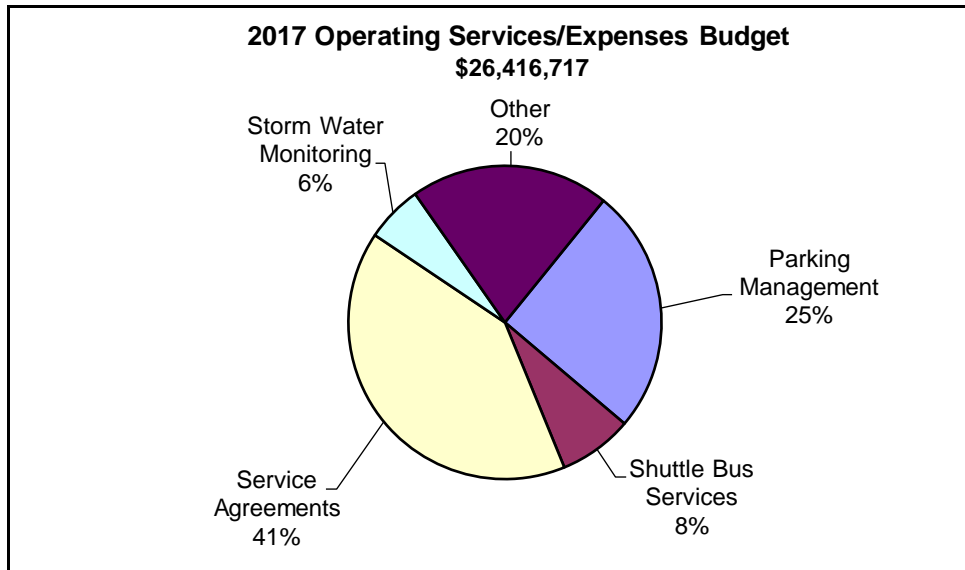
Electricity – The increase in electricity of \$556,000 or 4.1% is based upon the forecast provided by the utility company and an outside consultant. Electricity cost is rising due to a rate increase and additional usage from the expansion of Terminal 2.

Natural Gas-Heating Fuel – The increase in heating fuel of \$499,000 is due to higher natural gas prices expected in 2017 and increase in usage from the expansion of Terminal 2.

Operating Services/Expenses

Operating Service expenses are increasing \$3.0 million or 12.9%. The following chart lists the major components in this category.

| 2017 Operating Services/Expense (\$=000) | 2015 Actual | 2016 Budget | 2016 Estimate | 2017 Budget | 2017 Budget vs 2016 Estimate | |
|---|-----------------|-----------------|------------------|-----------------|------------------------------------|--------------|
| | | | | | Dollar Change | % Change |
| Parking Management | \$6,163 | \$6,566 | \$6,450 | \$6,694 | \$244 | 3.8% |
| Shuttle Bus Services | \$1,651 | \$1,949 | \$2,000 | \$2,016 | \$16 | 0.8% |
| Service Agreements | \$8,256 | \$9,978 | \$9,329 | \$10,725 | \$1,396 | 15.0% |
| Storm Water Monitoring | \$1,454 | \$1,491 | \$1,200 | \$1,554 | \$354 | 29.5% |
| Other | 3,705 | 4,511 | 4,421 | 5,427 | 1,006 | 22.8% |
| Total Operating Services/Expense | \$21,230 | \$24,495 | \$23,400 | \$26,417 | \$3,017 | 12.9% |



Service Agreements – Service agreements are increasing \$1,396,000 or 15.0% over 2016 estimates. A major factor driving the increase is renewal of information technology-related contracts soon to expire, expansion of current technology solutions, and implementation of new technology. Some examples of service agreements leading to the increase include the following:

- Maintaining the newly installed networking equipment at \$200,000
- Improving the use of the Learning Management System (LMS) at \$175,000
- Renewing the expanded use of our airline interface for common use equipment at \$280,000
- Storing increased amounts of data electronically to the offsite cloud and other storage at \$260,000

Twenty-six Remote Noise Monitoring Tower (RMT) poles were originally installed in 1992. These poles will be replaced over 3 years at \$8,000 per pole. 2017 is the first of the three years with eight poles being purchased.

Storm Water Monitoring – Storm Water Monitoring will increase \$354,000 or 29.5% and is based upon historical amounts and additional new regulatory compliance requirements. The estimate for 2016 is lower than budget due to mild winter conditions during the first quarter of 2016.

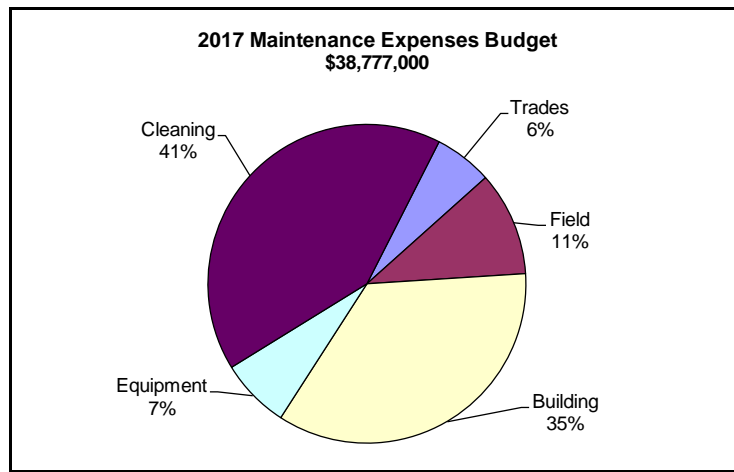
Other – Other expenses are increasing \$1.0 million or 22.8% related to the following increases:

- Security Services increased \$690,034 or 122.4% for additional security staffed at three field gate locations around the Terminal 1 campus, additional security staffing at the employee entrance inside Terminal 1, and a supervisor and vehicle to supervise the officers.
- Airport Foundation increased \$297,000 or 62.6% for the addition of rotating exhibits, performing arts music program, and administrative costs for the new Percent for Arts and Culture program.

Maintenance

The Maintenance category has five components: Trades (Painters, Carpenters, Electricians and Plumbers); Field (Snow Removal, Summer Maintenance and Landscaping); Building (Carrousel/Conveyors, Elevators/Escalators, Moving Walks and Automated People Mover); Equipment (Parts, Shop Supplies and Gas); and Cleaning (Janitorial, Windows, Cleaning Supplies and Rubbish Removal). Total maintenance will increase 6.2% or \$2.3 million over 2016 estimates.

| 2017 Maintenance Expenses (\$=000) | 2017 Budget vs 2016 Estimate | | | | | |
|---------------------------------------|------------------------------|-----------------|-----------------|-----------------|----------------|-------------|
| | 2015 Actual | 2016 Budget | 2016 Estimate | 2017 Budget | Dollar Change | % Change |
| Maintenance | | | | | | |
| Trades | \$1,735 | \$2,389 | \$1,750 | \$2,290 | \$540 | 30.9% |
| Field | 3,430 | 4,020 | 3,735 | 4,103 | 368 | 9.8% |
| Building | 12,010 | 13,085 | 13,225 | 13,625 | 400 | 3.0% |
| Equipment | 2,402 | 2,809 | 2,740 | 2,753 | 13 | 0.5% |
| Cleaning | 12,512 | 15,031 | 15,050 | 16,007 | 957 | 6.4% |
| Total Maintenance | \$32,089 | \$37,333 | \$36,500 | \$38,777 | \$2,277 | 6.2% |



Trades – Trades increased \$540,000 or 30.9%. Maintenance for the solar project will cost \$45,000. Various maintenance and upgrades throughout the MAC will increase this budget category, and a milder winter in 2016 contributed to a lower 2016 estimated amount.

Field – Field costs include snow removal, summer maintenance and landscaping. Snow removal costs make up the majority of this \$4.1 million budget. Field maintenance expenses are budgeted for snow removal costs associated with an average winter.

Cleaning – Cleaning expenses are budgeted to increase \$957,000 or 6.4%. This is a result of an annual contractual increase, more frequent restroom cleanings due to greater passenger traffic, and the Terminal 2-Humphrey Four Gate Expansion that opened in late 2016.



MAC High Speed Plow Removing Snow from the Runways



MAC Maintenance Electric Truck

Other

The Other expense category is projected to decrease \$28,000 or 0.7%. This category includes General Insurance, Minor Assets (less than \$10,000) and miscellaneous items.

The following table identifies the changes in the three major components.

| 2017 Other Expenses (\$=000) | | | | | 2017 Budget vs 2016 Estimate | |
|---------------------------------|----------------|----------------|------------------|----------------|------------------------------------|--------------|
| | 2015 Actual | 2016 Budget | 2016 Estimate | 2017 Budget | Dollar Change | % Change |
| Other | | | | | | |
| General Insurance | \$1,936 | \$2,075 | \$2,000 | \$2,086 | \$86 | 4.3% |
| Minor Equipment | 802 | 1,376 | 1,355 | 1,379 | 24 | 1.8% |
| Other | 716 | 696 | 845 | 707 | (138) | -16.4% |
| Total Other | \$3,454 | \$4,147 | \$4,200 | \$4,172 | (\$28) | -0.7% |

General Insurance – General Insurance has increased \$86,000 or 4.3%. The insurance market is based upon factors worldwide (losses under the deductible, litigation costs, history of cost, and inflationary factors). The cost increase in 2017 is primarily for rate increases. Other expenses are lower due to higher one time purchases in 2016 which were not included in the 2016 budget.



Night View of Minneapolis-St. Paul International Airport

2017 Budget Expenses by Subledger

| | Total | Terminal 1 | Terminal 1 Int'l Facility | Energy Management Center | Ramp Fees | Field & Runways | Control Tower | Terminal Roads/Landside | Parking Facilities |
|--------------------------------------|-------------------|------------------|---------------------------|--------------------------|-----------|------------------|---------------|-------------------------|--------------------|
| Personnel | | | | | | | | | |
| Wages | 57,159,594 | 755,756 | - | 1,732,066 | - | 1,110,872 | - | 2,147,518 | - |
| Benefits | 25,749,020 | 480,065 | - | 739,587 | - | 123,820 | - | 879,156 | 500 |
| Total Personnel | 82,908,614 | 1,235,821 | - | 2,471,653 | - | 1,234,692 | - | 3,026,674 | 500 |
| Administrative Expenses | | | | | | | | | |
| Supplies | 547,307 | 3,300 | 8,750 | 3,410 | - | 11,226 | - | 14,748 | - |
| Travel | 553,395 | 5,700 | - | - | - | 33,892 | - | 21,279 | - |
| Other Admin Expenses | 863,728 | 1,000 | - | 928 | - | 1,425 | - | 35,340 | - |
| Total Administrative Expenses | 1,964,430 | 10,000 | 8,750 | 4,338 | - | 46,543 | - | 71,367 | - |
| Professional Services | | | | | | | | | |
| Accounting/Audit Fees | 204,100 | - | - | - | - | - | - | - | - |
| Affirmative Action Fees | 30,000 | - | - | - | - | - | - | - | - |
| Appraisals | 50,000 | - | - | - | - | - | - | - | - |
| RFP/Leases | 195,000 | - | - | - | - | - | - | - | - |
| Concept Dev/Feasibility | 20,000 | - | - | - | - | - | - | - | - |
| Economic Impact Study | 125,000 | - | - | - | - | - | - | - | - |
| Computer Services | 683,600 | - | - | - | - | - | - | - | - |
| Engineering Fees | 816,380 | 78,750 | - | 45,630 | - | 508,750 | - | - | - |
| Graphic Design | 25,000 | - | - | - | - | - | - | - | - |
| Insurance Consultants | 320,000 | - | - | - | - | - | - | - | - |
| Legal Fees | 749,000 | - | - | - | - | - | - | - | - |
| Legislative | 207,350 | - | - | - | - | - | - | - | - |
| Medical Fees | 49,264 | - | - | - | - | - | - | - | - |
| Planning | 245,000 | - | - | - | - | 40,000 | - | - | - |
| Pollution/Environ Fees | 4,400 | - | - | - | - | - | - | - | - |
| Public Information | 193,000 | - | - | - | - | - | - | - | - |
| Recruiting Expenses | 110,000 | - | - | - | - | - | - | - | - |
| Safety Consultants | 40,825 | - | - | - | - | - | - | - | - |
| Miscellaneous Expenses | 2,613,419 | 247,981 | - | - | - | 61,000 | - | 20,000 | - |
| Total Professional Services | 6,681,338 | 326,731 | - | 45,630 | - | 609,750 | - | 20,000 | - |
| Utilities | | | | | | | | | |
| Electricity | 14,006,051 | 8,743,830 | - | - | - | 902,746 | - | 304,659 | 784,118 |
| Heating Fuel | 2,998,806 | 143,747 | - | 1,873,053 | - | 11,815 | 11,760 | 87,847 | 77,377 |
| Sewer | 1,174,140 | 230,000 | - | 80,000 | - | 20,000 | 50 | 90 | 12,000 |
| Water | 1,037,340 | 370,000 | - | 100,000 | - | 2,300 | 40 | 2,000 | 22,000 |
| Telephone | 635,509 | 7,584 | - | 9,820 | - | 6,696 | - | 7,200 | - |
| Total Utilities | 19,851,846 | 9,495,161 | - | 2,062,873 | - | 943,557 | 11,850 | 401,796 | 895,495 |

2017 Budget Expenses by Subledger

| | Cargo Area | Terminal 2 | Public Area/ Roads | Hangars & Other Bldgs | Maintenance Employees | Equipment Maintenance | Inventory/ Trades |
|--------------------------------------|----------------|------------------|-----------------------|--------------------------|--------------------------|--------------------------|----------------------|
| Personnel | | | | | | | |
| Wages | - | 644,797 | - | - | 14,629,884 | - | - |
| Benefits | - | 149,059 | - | - | 7,056,573 | - | 8,350 |
| Total Personnel | - | 793,856 | - | - | 21,686,457 | - | 8,350 |
| Administrative Expenses | | | | | | | |
| Supplies | - | 29,530 | - | - | 100 | 500 | 9,800 |
| Travel | - | 9,925 | - | - | 2,250 | - | 3,629 |
| Other Administrative Expenses | - | 1,300 | - | - | 1,000 | 500 | 3,393 |
| Total Administrative Expenses | - | 40,755 | - | - | 3,350 | 1,000 | 16,822 |
| Professional Services | | | | | | | |
| Accounting/Audit Fees | - | - | - | - | - | - | - |
| Affirmative Action Fees | - | - | - | - | - | - | - |
| Appraisals | - | - | - | - | - | - | - |
| RFP/Leases | - | - | - | - | - | - | - |
| Concept Dev/Feasibility | - | - | - | - | - | - | - |
| Economic Impact Study | - | - | - | - | - | - | - |
| Computer Services | - | - | - | - | - | - | - |
| Engineering Fees | - | 15,750 | - | - | - | - | - |
| Graphic Design | - | - | - | - | - | - | - |
| Insurance Consultants | - | - | - | - | - | - | - |
| Legal Fees | - | - | - | - | - | - | - |
| Legislative | - | - | - | - | - | - | - |
| Medical Fees | - | - | - | - | - | - | - |
| Planning | - | - | - | - | - | - | - |
| Pollution/Environmental Fees | - | - | - | - | - | - | - |
| Public Information | - | - | - | - | - | - | - |
| Recruiting Expenses | - | - | - | - | - | - | - |
| Safety Consultants | - | - | - | - | - | - | - |
| Miscellaneous Expenses | - | 35,528 | - | - | - | - | 304,800 |
| Total Professional Services | - | 51,278 | - | - | - | - | 304,800 |
| Utilities | | | | | | | |
| Electricity | 167,913 | 1,455,984 | 302,913 | 352,458 | - | - | 319,187 |
| Heating Fuel | 117,731 | 311,160 | 461 | 78,383 | - | - | 174,335 |
| Sewer | 4,000 | - | 760,000 | 1,000 | - | - | 30,000 |
| Water | - | 104,000 | 400,000 | 3,200 | - | - | 22,400 |
| Telephone | - | 2,886 | - | - | 16,700 | - | 41,573 |
| Total Utilities | 289,644 | 1,874,030 | 1,463,374 | 435,041 | 16,700 | - | 587,495 |

2017 Budget Expenses by Subledger

| | Concourses A-D | Police | Fire | Administration | Building Official | Comm- unication/ Operations | Noise & Environment | Total Reliever Airports |
|--------------------------------------|-------------------|-------------------|------------------|-------------------|----------------------|-----------------------------------|------------------------|----------------------------|
| Personnel | | | | | | | | |
| Wages | - | 10,579,954 | 4,877,914 | 12,901,850 | 881,611 | 3,146,280 | 1,265,760 | 2,485,332 |
| Benefits | - | 4,944,998 | 2,285,662 | 5,895,669 | 331,899 | 1,125,440 | 473,451 | 1,254,791 |
| Total Personnel | - | 15,524,952 | 7,163,576 | 18,797,519 | 1,213,510 | 4,271,720 | 1,739,211 | 3,740,123 |
| Administrative Expenses | | | | | | | | |
| Supplies | - | 175,517 | 2,500 | 239,985 | 3,050 | 30,500 | 8,675 | 5,716 |
| Travel | - | 34,894 | 11,685 | 330,249 | 12,470 | 36,035 | 31,787 | 19,600 |
| Other Administrative Expenses | - | 34,555 | 4,900 | 682,887 | 19,187 | 56,728 | 12,905 | 7,680 |
| Total Administrative Expenses | - | 244,966 | 19,085 | 1,253,121 | 34,707 | 123,263 | 53,367 | 32,996 |
| Professional Services | | | | | | | | |
| Accounting/Audit Fees | - | - | - | 204,100 | - | - | - | - |
| Affirmative Action Fees | - | - | - | 30,000 | - | - | - | - |
| Appraisals | - | - | - | 50,000 | - | - | - | - |
| RFP/Leases | - | - | - | 50,000 | 145,000 | - | - | - |
| Concept Dev/Feasibility | - | - | - | 20,000 | - | - | - | - |
| Economic Impact Study | - | - | - | 125,000 | - | - | - | - |
| Computer Services | - | 170,000 | - | 490,600 | - | 23,000 | - | - |
| Engineering Fees | - | - | - | 13,000 | - | - | 50,000 | 104,500 |
| Graphic Design | - | - | - | 25,000 | - | - | - | - |
| Insurance Consultants | - | - | - | 320,000 | - | - | - | - |
| Legal Fees | - | - | - | 642,000 | - | - | 92,000 | 15,000 |
| Legislative | - | - | - | 207,350 | - | - | - | - |
| Medical Fees | - | - | - | 49,264 | - | - | - | - |
| Planning | - | - | - | 35,000 | - | - | - | 170,000 |
| Pollution/Environmental Fees | - | - | - | - | - | - | 1,600 | 2,800 |
| Public Information | - | - | - | 193,000 | - | - | - | - |
| Recruiting Expenses | - | - | - | 110,000 | - | - | - | - |
| Safety Consultants | - | 2,825 | - | 38,000 | - | - | - | - |
| Miscellaneous Expenses | - | 54,924 | 55,200 | 752,063 | 280,000 | 110,423 | 544,000 | 147,500 |
| Total Professional Services | - | 227,749 | 55,200 | 3,354,377 | 425,000 | 133,423 | 687,600 | 439,800 |
| Utilities | | | | | | | | |
| Electricity | - | - | 134,880 | 220,553 | - | - | 2,113 | 314,697 |
| Heating Fuel | - | - | 37,619 | 39,494 | - | - | - | 34,024 |
| Sewer | - | - | 1,300 | 2,000 | - | - | - | 33,700 |
| Water | - | - | 4,700 | 4,000 | - | - | - | 2,700 |
| Telephone | - | 66,165 | 14,360 | 335,288 | 5,484 | 29,131 | 29,545 | 63,077 |
| Total Utilities | - | 66,165 | 192,859 | 601,335 | 5,484 | 29,131 | 31,658 | 448,198 |

2017 Budget Expenses by Subledger

| | Total | Terminal 1 | Terminal 1 Int'l Facility | Energy Management Center | Ramp Fees | Field & Runways | Control Tower | Terminal Roads/Landside | Parking Facilities |
|--|--------------------|-------------------|---------------------------|--------------------------|---------------|------------------|---------------|-------------------------|--------------------|
| Operating Services/Expenses | | | | | | | | | |
| Advertising | 602,804 | - | - | - | - | - | - | - | 408,912 |
| Environmental Control | 209,400 | - | - | - | - | 1,650 | - | - | - |
| GISW Management | 1,554,000 | 4,000 | - | - | - | 1,450,000 | - | - | - |
| Grd Transport Services | 30,000 | - | - | - | - | - | - | 30,000 | - |
| Shuttle Services | 2,016,396 | 957,432 | - | - | - | - | - | 917,100 | - |
| Parking Lots | 6,694,404 | - | - | - | - | - | - | - | 6,694,404 |
| Met Council Fees | 200,000 | - | - | - | - | 200,000 | - | - | - |
| Employee Programs | 176,500 | - | - | - | - | - | - | - | - |
| Conference Center | 30,000 | - | - | - | - | - | - | - | - |
| Events & Exercises | 78,375 | - | - | - | - | 7,800 | - | - | - |
| Other Charges/Fees | 4,100,038 | 603,000 | - | - | - | 33,996 | - | - | 492,168 |
| Service Agreements | 10,724,800 | 3,111,428 | 528,424 | - | - | 133,850 | - | 394,036 | 798,324 |
| Total Operating Services/Expenses | 26,416,717 | 4,675,860 | 528,424 | - | - | 1,827,296 | - | 1,341,136 | 8,393,808 |
| Maintenance | | | | | | | | | |
| Trades - Painters | 300,027 | 30,997 | - | 1,513 | - | 185,076 | - | - | 9,180 |
| Trades - Carpenters | 227,357 | 124,124 | - | - | - | - | - | - | - |
| Trades - Plumbers | 250,060 | 113,600 | - | 3,220 | - | 11,000 | - | 2,025 | - |
| Trades - Electricians | 1,512,705 | 399,413 | - | 6,500 | - | 312,682 | - | 5,100 | 331,245 |
| Maintenance - Field | 4,102,679 | 38,474 | - | - | 27,000 | 2,114,100 | - | 100,500 | 655,500 |
| Maintenance - Building | 13,624,871 | 9,030,439 | 47,589 | 263,856 | - | 10,000 | - | 1,493,645 | 338,049 |
| Maintenance - Cleaning | 16,006,730 | 11,315,554 | 194,107 | - | - | 52,500 | - | 67,171 | 449,281 |
| Maintenance-Equipment | 2,752,643 | 128,055 | 2,500 | 241,197 | - | - | - | 8,140 | 221,441 |
| Total Maintenance | 38,777,072 | 21,180,656 | 244,196 | 516,286 | 27,000 | 2,685,358 | - | 1,676,581 | 2,004,696 |
| Other | | | | | | | | | |
| General Insurance | 2,086,259 | 583,854 | - | 95,285 | 61,355 | 103,365 | - | 30,352 | 124,357 |
| Safety | 142,739 | - | - | 4,911 | - | 4,000 | - | - | - |
| Medical Inform/Supply | 18,362 | 2,750 | - | 581 | - | 3,100 | - | - | - |
| Rentals | 49,640 | - | - | - | - | - | - | 1,440 | - |
| Licenses/Permits | 15,101 | - | - | 1,701 | - | 4,000 | - | - | - |
| Miscellaneous Expenses | 480,868 | 600 | 2,500 | - | - | 10,000 | - | - | - |
| Capital Assets | 1,378,982 | 6,000 | - | 12,000 | - | - | - | - | - |
| Total Other | 4,171,951 | 593,204 | 2,500 | 114,478 | 61,355 | 124,465 | - | 31,792 | 124,357 |
| Grand Total | 180,771,968 | 37,517,433 | 783,870 | 5,215,258 | 88,355 | 7,471,661 | 11,850 | 6,569,346 | 11,418,856 |

2017 Budget Expenses by Subledger

| | Cargo Area | Terminal 2 | Public Area/ Roads | Hangars & Other Bldgs | Maintenance Employees | Equipment Maintenance | Inventory/ Trades |
|--|----------------|------------------|-----------------------|--------------------------|--------------------------|--------------------------|----------------------|
| Operating Services/Expenses | | | | | | | |
| Advertising | - | - | - | - | - | - | - |
| Environmental Control | - | - | 18,000 | - | - | 11,750 | 17,500 |
| GISW Management | - | - | - | - | - | - | - |
| Grd Transportation Services | - | - | - | - | - | - | - |
| Shuttle Services | - | 141,864 | - | - | - | - | - |
| Parking Lots | - | - | - | - | - | - | - |
| Met Council Fees | - | - | - | - | - | - | - |
| Employee Programs | - | - | - | - | - | - | - |
| Conference Center | - | - | - | - | - | - | - |
| Events & Exercises | - | - | - | - | - | - | - |
| Other Charges/Fees | - | 2,000 | - | - | - | - | - |
| Service Agreements | - | 923,938 | - | - | 14,970 | 55,067 | 61,645 |
| Total Operating Services/Expenses | - | 1,067,802 | 18,000 | - | 14,970 | 66,817 | 79,145 |
| Maintenance | | | | | | | |
| Trades - Painters | - | 3,033 | - | - | - | - | 59,308 |
| Trades - Carpenters | - | 20,782 | - | - | - | - | 65,555 |
| Trades - Plumbers | - | 26,630 | 2,050 | 15,275 | - | 5,500 | 45,620 |
| Trades - Electricians | - | 85,821 | 52,000 | 43,325 | - | - | 66,463 |
| Maintenance - Field | 61,000 | - | 75,600 | - | - | 927,600 | - |
| Maintenance - Building | 165,300 | 913,549 | - | 74,122 | - | 4,609 | 140,177 |
| Maintenance - Cleaning | 25,772 | 2,508,072 | - | 117,088 | - | - | 135,123 |
| Maintenance - Equipment | - | 24,985 | - | 2,578 | - | 1,308,300 | 90,745 |
| Total Maintenance | 252,072 | 3,582,872 | 129,650 | 252,388 | - | 2,246,009 | 602,991 |
| Other | | | | | | | |
| General Insurance | - | 62,965 | 35,223 | 32,119 | - | 198,417 | 10,529 |
| Safety | - | - | 4,500 | - | 15,000 | - | 30,903 |
| Medical Information/Supply | - | - | - | - | - | - | - |
| Rentals | - | - | - | - | - | - | 27,400 |
| Licenses/Permits | - | - | - | - | - | 1,050 | - |
| Miscellaneous Expenses | - | 3,000 | - | - | - | 44,254 | - |
| Capital Assets | - | 2,600 | - | - | - | 39,860 | 33,047 |
| Total Other | - | 68,565 | 39,723 | 32,119 | 15,000 | 283,581 | 101,879 |
| Grand Total | 541,716 | 7,479,158 | 1,650,747 | 719,548 | 21,736,477 | 2,597,407 | 1,701,482 |

2017 Budget Expenses by Subledger

| | Concourses A-D | Police | Fire | Administration | Building Official | Comm- unication/ Operations | Noise & Environment | Total Reliever Airports |
|---|-------------------|-------------------|------------------|-------------------|----------------------|-----------------------------------|------------------------|----------------------------|
| <u>Operating Services/Expenses</u> | | | | | | | | |
| Advertising | - | - | - | 79,092 | 104,000 | - | - | 10,800 |
| Environmental Control | - | - | 5,000 | 8,000 | - | - | 2,000 | 145,500 |
| GISW Management | - | - | - | 100,000 | - | - | - | - |
| Grd Transportation Services | - | - | - | - | - | - | - | - |
| Shuttle Services | - | - | - | - | - | - | - | - |
| Parking Lots | - | - | - | - | - | - | - | - |
| Met Council Fees | - | - | - | - | - | - | - | - |
| Employee Programs | - | - | - | 176,500 | - | - | - | - |
| Conference Center | - | - | - | - | 30,000 | - | - | - |
| Events & Exercises | - | - | - | 46,000 | - | 16,075 | - | 8,500 |
| Other Charges/Fees | - | 1,103,000 | - | 578,266 | 1,197,500 | 75,108 | 5,000 | 10,000 |
| Service Agreements | - | 397,347 | 47,600 | 3,682,714 | 3,800 | 312,692 | 243,374 | 15,591 |
| Total Operating Services/Expenses | - | 1,500,347 | 52,600 | 4,670,572 | 1,335,300 | 403,875 | 250,374 | 190,391 |
| <u>Maintenance</u> | | | | | | | | |
| Trades - Painters | - | - | 1,000 | - | - | - | - | 9,920 |
| Trades - Carpenters | - | - | - | 1,000 | - | - | - | 15,896 |
| Trades - Plumbers | - | - | 9,000 | 4,400 | - | - | - | 11,740 |
| Trades - Electricians | - | 16,600 | 27,036 | 27,900 | - | - | - | 138,620 |
| Maintenance - Field | - | - | - | 500 | - | - | - | 102,405 |
| Maintenance - Building | - | - | 13,765 | 19,782 | 1,000,000 | 10,000 | 28 | 99,961 |
| Maintenance - Cleaning | - | - | 30,607 | 81,423 | 926,410 | 14,252 | - | 89,370 |
| Total Maintenance | - | 219,548 | 175,602 | 182,505 | 1,926,410 | 57,752 | 3,528 | 810,972 |
| <u>Other</u> | | | | | | | | |
| General Insurance | - | 216,423 | 160,869 | 110,508 | - | 9,395 | 6,713 | 244,530 |
| Safety | - | 6,801 | - | 74,024 | - | - | - | 2,600 |
| Medical Information/Supply | - | 9,431 | 2,000 | 200 | - | - | - | 300 |
| Rentals | - | - | - | 20,800 | - | - | - | - |
| Licenses/Permits | - | - | - | - | 600 | - | 2,000 | 5,750 |
| Miscellaneous Expenses | - | 317,194 | 52,500 | 13,029 | - | 27,000 | - | 10,791 |
| Capital Assets | - | 2,893 | 91,000 | 1,182,250 | 3,000 | 6,332 | - | - |
| Total Other | - | 552,742 | 306,369 | 1,400,811 | 3,600 | 42,727 | 8,713 | 263,971 |
| Grand Total | - | 18,336,469 | 7,965,291 | 30,260,240 | 4,944,011 | 5,061,891 | 2,774,451 | 5,926,451 |

Construction Fund

All capital asset expenditures are within the Construction Fund and are broken down into two categories which are:

- Equipment and Technology Related Expenditures
- Capital Improvement Program Expenditures

Capital asset expenditures relate to the acquisition of assets in which the benefits extend over one or more accounting periods beyond the current period. It is the Commission's policy to amortize the carrying amount of the assets over their estimated useful lives on a straight-line basis by annual depreciation charges to income. Estimated useful lives on depreciable assets are as follows:

| | |
|------------------------------------|---------------|
| Airport improvements and buildings | 10 - 40 years |
| Moveable equipment | 3 - 15 years |

Costs incurred for major improvements are carried in construction in progress until disposition or completion of the related projects. Costs relating to projects not pursued are expensed, while costs relating to completed projects are capitalized. The capitalization threshold for capital assets is \$10,000.

For Capital Improvement Program expenditures, a monthly report of all final payments, including any change orders, are reviewed and approved by the Commission.

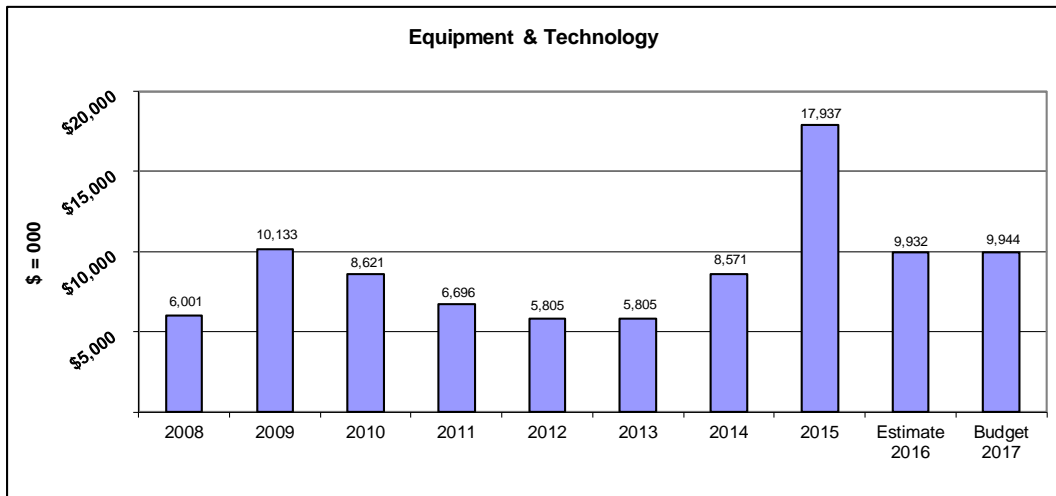
Equipment and Technology-Related Expenditures

Annually MAC completes its capital equipment requests for new and replacement equipment. All technology related capital equipment was also reviewed by the Information Technology (IT) Department. The capital equipment requests in the 2017 budget increased slightly by approximately \$11,094.

In 2008, the Commission fully incorporated the changes in the Amendment to the Airline Use and Lease Agreement. This change resulted in a significant modification to the way the Commission acquires capital equipment. In the past, internally generated funds were used to purchase all capital equipment and the resulting depreciation associated with that equipment was charged to the tenants, in particular, the airlines. In the Amendment, this process changed due to elimination of using depreciation and now incorporating the use of various types of debt as a chargeback to the tenants and airlines. Currently, the \$9.9 million capital equipment budget listed below is funded in two ways. First, those pieces of equipment which are chargeable to the tenants and airlines are now acquired through equipment financing (Notes Payable). The amount of equipment financed for 2017 is approximately \$3.8 million. The term of these financings is ten years. The principal and interest associated with these equipment financings will be charged back based on the appropriate percentage found in the Airline Use and Lease Agreement resulting in recovery of all or a portion of the total dollars. Lastly, the remaining value of capital equipment (approximately \$6.1 million) will be funded with internally generated funds.

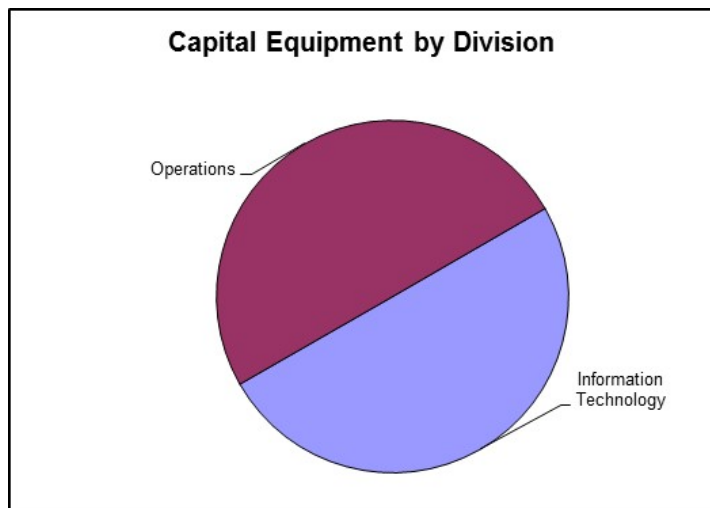
| 2017 Equipment & Technology Budget | | | | |
|---|----------------------|--------------------|--------------------|-------------------|
| | 2016 Estimate | 2017 Budget | \$ Variance | % Variance |
| Equipment & Technology | \$ 9,932,406 | \$ 9,943,500 | \$ 11,094 | 0.1% |

The chart on the next page compares equipment and technology purchases for the past 10 years:



This chart displays the 2017 capital equipment requests by Information Technology (IT) and Operations.

The chart below represents the capital equipment requests for 2017 through 2019. As MAC held down expenditures in the past few years, the upcoming years show a larger dollar amount for capital equipment requests as more equipment and technology require updating.



| Service Center | 2017 | 2018 | 2019 |
|-------------------------------------|--------------------|---------------------|---------------------|
| Airport Development | \$35,000 | \$0 | \$0 |
| Information Technology | 4,977,800 | 500,000 | 2,000,000 |
| MSP Airport Operations | 0 | 0 | 0 |
| Airside Operations | 260,000 | 55,000 | 60,000 |
| Landside Administration | 47,000 | 0 | 75,000 |
| Fire | 770,000 | 303,240 | 0 |
| Police | 176,000 | 90,000 | 100,000 |
| Environment-General | 0 | 40,000 | 0 |
| Facilities-Terminal 1 | 40,000 | 0 | 0 |
| Facilities-Energy Management Center | 157,000 | 0 | 0 |
| Trades-Electricians | 0 | 32,000 | 0 |
| Trades-Painters | 349,000 | 0 | 0 |
| Trades-Carpenters | 0 | 0 | 0 |
| Trades-Plumbers | 0 | 0 | 0 |
| Field Maintenance | 2,897,700 | 7,349,760 | 8,090,000 |
| Reliever-Administration | 0 | 35,000 | 0 |
| Relievers-St Paul | 0 | 350,000 | 300,000 |
| Relievers-Crystal | 0 | 810,000 | 75,000 |
| Relievers-Airlake | 209,500 | 35,000 | 50,000 |
| Relievers-Flying Cloud | 24,500 | 75,000 | 100,000 |
| Relievers-Anoka/Blaine | 0 | 75,000 | 100,000 |
| Relievers-Lake Elmo | 0 | 750,000 | 50,000 |
| Total | \$9,943,500 | \$10,500,000 | \$11,000,000 |

Capital Equipment and Technology Projects

77000 Airport Development

| Equipment/Project Name | Est Life | New | Rpl | Qty | Individual Price | Trade-in Value | Total |
|---|----------|-----|-----|-----|------------------|----------------|-----------------|
| Department Vehicle (4 x 4 SUV) | 15 | | x | 1 | \$35,000 | \$0 | \$35,000 |
| A new 4x4 SUV is needed to replace a 1998 Dodge Durango that has 161,000 miles. | | | | | | | |
| 77000 Airport Development Total: | | | | | | | \$35,000 |

79000 Information Technology

| Equipment/Project Name | Est Life | New | Rpl | Qty | Individual Price | Trade-in Value | Total |
|--|----------|-----|-----|-----|------------------|----------------|-----------|
| Enterprise GIS | 5 | x | | 1 | \$150,000 | | \$150,000 |
| A geographic information system (GIS) is currently used in many departments at the MAC. This project will continue the focus for GIS strategy on one single state of the art solution to integrate this function with the entire MAC Information Technology eco-system and continue to facilitate the presentation of spatial data to end users using multiple devices. | | | | | | | |
| Enterprise Business Automation and Workflow | 5 | x | | 1 | \$300,000 | | \$300,000 |
| MAC staff spend a great deal of time and effort completing task-based efforts to get approval for professional services, travel, access to systems and more. The enterprise business automation and workflow will continue the efforts to eliminate manual tasks and bring automation. Automation of manual processes will save significant staff time and provide a more quality-based process. | | | | | | | |
| Access Control System (SAACS) Enhancements | 5 | x | | 1 | \$300,000 | | \$300,000 |
| The MSP secure area access control system (SAACS) is a critical platform for the safe and secure operation of our airport. This project focuses on installing biometric badge readers from non-sterile to sterile doors around the MSP campus. | | | | | | | |
| Enterprise Integration Platform | 5 | x | | 1 | \$200,000 | | \$200,000 |
| Data needs to flow through the MAC in an organized and efficient manner for access and use by the business areas. A robust integration/message broker platform allows for real time access to MAC's data, ensuring the MAC leverages the "system of record" for key information. The enterprise integration platform will continue the roll-out of the Mulesoft platform. | | | | | | | |
| Enterprise Resource Program Enhancements | 5 | x | | 1 | \$500,000 | | \$500,000 |
| Enterprise resource program enhancements will continue the implementation of new business modules in JD Edwards EnterpriseOne. These areas and modules include expanding reporting functionality and inventory uses, supporting tenants' management/work orders and purchasing cards, and improving the overall user experience. | | | | | | | |
| Common Use Systems Hardware Refresh (CUSE & FIDS) | 5 | x | | 1 | \$225,000 | | \$225,000 |
| To ensure the common use systems in use by our airline partners are up to date and reliable, we need to ensure equipment near the end of its life is retired and replaced. This includes computers, screens, digital displays and other related common use devices. | | | | | | | |

79000 Information Technology (Continued)

| Equipment/Project Name | Est Life | New | Rpl | Qty | Individual Price | Trade-in Value | Total |
|--|----------|-----|-----|-----|------------------|----------------|-----------|
| Common Use AODB, RMS, FIDS Bid | 5 | x | | 1 | \$700,000 | | \$700,000 |
| <p>The common use systems were bid in 2006. The common use system equipment was upgraded in 2015, but the airport operations database (AODB), resource management system (RMS), and Flight Information Display System (FIDS) are in need of an upgrade. This project is to upgrade or rebid the systems to bring them current with the industry.</p> | | | | | | | |
| Enterprise Web and Mobile Platform | 5 | x | | 1 | \$500,000 | | \$500,000 |
| <p>MAC has invested in refreshing its web presence by investing in progressive technologies. Improved functionality includes mobile technology, social media tie ins, and sms/text. The investment in the enterprise web and mobile platforms will continue the refresh of MAC's websites.</p> | | | | | | | |
| MSP ELS Update | 5 | x | | 1 | \$125,000 | | \$125,000 |
| <p>The MSP Electronic Logging System update will upgrade the Woolpert Electronic Logging and Inspection System that is at the end of its life. The upgrade will utilize the updated airport safety manager system.</p> | | | | | | | |
| Digital Asset Management | 5 | x | | 1 | \$75,000 | | \$75,000 |
| <p>A digital asset management application will allow Public Affairs & Marketing and Airside Operations to catalog and share digital photos and videos. The solution will work with currently used Adobe applications, such as Lightroom, Photoshop, Illustrator, and InDesign products.</p> | | | | | | | |
| Crashphone System Upgrade | 5 | x | | 1 | \$75,000 | | \$75,000 |
| <p>The MAC will evaluate the current crashphone system for potential upgrade or replacement to ensure top performance in handling emergencies on the airfield.</p> | | | | | | | |
| Enterprise Document Storage | 5 | x | | 1 | \$50,000 | | \$50,000 |
| <p>MAC currently uses Laserfiche for its document storage solution. The system is in need of upgrading and expanding the software usability. Legal, Airside, and other departments will benefit by improved document storage and retrieval.</p> | | | | | | | |
| Voice System Upgrade - Phase 2 | 5 | x | | 1 | \$820,000 | | \$820,000 |
| <p>Phones will be converted to Internet Protocol (IP) sets, including conversion of arbitrary strength units and adding a fax server.</p> | | | | | | | |
| Enterprise Program Management | 5 | x | | 1 | \$150,000 | | \$150,000 |
| <p>The Information Technology service center will design and implement the next phase of the comprehensive enterprise project portfolio management software program. The next phase will focus on request intake and planning, expanding from Capital Improvement Planning to Information Technology.</p> | | | | | | | |
| Public Safety Hardware | 5 | x | | 1 | \$232,800 | | \$232,800 |
| <p>Public Safety is in need of new squad mounted video recorders and badge card readers.</p> | | | | | | | |

79000 Information Technology (Continued)

| Equipment/Project Name | Est Life | New | Rpl | Qty | Individual Price | Trade in Value | Total |
|---|----------|-----|-----|-----|------------------|----------------|-----------|
| Public Safety Software Improvements Public Safety is in need of software improvements for badge renewal and perimeter security monitoring. | 5 | x | | 1 | \$100,000 | | \$100,000 |
| MAVIS 2017 Enhancements Ordinance changes for commercial vehicle, taxi, and transportation network companies will require enhancements to the MAC Automatic Vehicle Information System (MAVIS). | 5 | x | | 1 | \$150,000 | | \$150,000 |
| ZipPass-MnPass Alliance Phase II The second phase of the ZipPass-MnPass Alliance will automate and streamline the application process for a customer who wants a pass or tag that works in both systems. Customers will be directed to the appropriate location to purchase the product that fits their needs. If the MAC Automatic Vehicle Information System (MAVIS) requires customer or purchasing information, it will be automatically provided through the application process. | 5 | x | | 1 | \$200,000 | | \$200,000 |
| HUB Reservation Parking Enhancement Reservation parking will be an added customer service feature for public parking customers. The initiative will also introduce yield management into MAC's parking operations. Customers choosing the reservation option will prepay online with a bank card, later using the same card to enter the parking facility. The web-based system will make reserved parking available at the time of ticket purchase and display the full menu of public parking options available at MSP. | 5 | x | | 1 | \$125,000 | | \$125,000 |

79000 Information Technology Total: \$4,977,800

82600 Airside Operations

| Equipment/Project Name | Est Life | New | Rpl | Qty | Individual Price | Trade-in Value | Total |
|--|----------|-----|-----|-----|------------------|----------------|-----------|
| Scare Wars Upgrade/Replacement The original 21 Scare Wars propane cannons/distress cry generators were purchased in 2000 and require significant repairs and maintenance each year. Per the manufacturer, they are at the end of their life. Existing units will be replaced by 10 new units covering the airfield and providing remote use off of the airfield. | 10 | | x | 1 | \$45,000 | \$5,000 | \$40,000 |
| Continuous Friction Measuring Equipment A new vehicle will replace the existing 2007 Saab Surface Friction Tester (SFT) that has the highest set of pavement test miles of all of Airside's SFTs and is nearing its end of life. This vehicle is a critical tool used during winter storm events to ascertain the objective values of decreasing friction. That data is utilized as a decision-making tool to assist in the safe and efficient closing of runway surfaces. During the summer, the SFT also provides mandated testing of runway surfaces to determine minimum friction standards as set by the FAA. Friction measurement is a critical tool for Airside Operations. | 10 | | x | 1 | \$195,000 | \$0 | \$195,000 |

82600 Airside Operations (Continued)

| Equipment/Project Name | Est Life | New | Rpl | Qty | Individual Price | Trade-in Value | Total |
|--|----------|-----|-----|-----|------------------|----------------|------------------|
| Drivers' Training Center Furnishings | 10 | x | | 1 | \$25,000 | | \$25,000 |
| <p>The Drivers' Training Center (DTC) provides training and testing services to thousands of airport employees each year. DTC classrooms, testing center, and other facilities were remodeled and expanded in late 2016. Project funds will provide the final furnishings that were not provided in 2016. Anticipated furnishings include tables, cabinets, desks, podiums, white boards, and other items.</p> | | | | | | | |
| 82600 Airside Operations Total: | | | | | | | \$260,000 |

83400 Landside-Administration

| Equipment/Project Name | Est Life | New | Rpl | Qty | Individual Price | Trade-in Value | Total |
|---|----------|-----|-----|-----|------------------|----------------|-----------------|
| Parking 4 Door Extended Cab Truck | 5 | | x | 1 | \$25,000 | \$3,000 | \$22,000 |
| <p>A new 4 door extended cab truck will replace a 2 door truck that is currently used to transport customers and their luggage.</p> | | | | | | | |
| Parking 4 Door Extended Cab Truck | 5 | x | | 1 | \$25,000 | | \$25,000 |
| <p>A new extended cab truck will be used at the Quick Ride Ramp to assist with onsite customer parking operations.</p> | | | | | | | |
| 83400 Landside-Administration Total: | | | | | | | \$47,000 |

83600 Fire

| Equipment/Project Name | Est Life | New | Rpl | Qty | Individual Price | Trade-in Value | Total |
|---|----------|-----|-----|-----|------------------|----------------|------------------|
| Structural Pumper/Engine | 20 | | x | 1 | \$725,000 | \$20,000 | \$705,000 |
| <p>The structural pumper/engines respond to all structural incidents, medical emergencies, rescue calls, and aircraft emergencies. The new vehicle will replace a 2007 structural pumper/engine. The new pumper will become a primary response pumper assigned to Fire Station 2. The current vehicle has encountered numerous extended periods of down time due to the diesel motor's EPA required system regeneration. The new truck would contain an alternate diesel motor that meets EPA requirements while utilizing methods that do not require down time of the vehicle itself.</p> | | | | | | | |
| Aircraft Rescue Fire Fighting Snozzle Replacement | 12 | | x | 1 | \$65,000 | \$0 | \$65,000 |
| <p>The new snozzle will replace an outdated snozzle. The current device is no longer in production, has had numerous repairs, and has limited support for maintenance by the manufacturer, Oshkosh. Replacement of the snozzle device will prevent lengthly downtime or a potential non-functional aircraft firefighting tool.</p> | | | | | | | |
| 83600 Fire Total: | | | | | | | \$770,000 |

84200 Police

| Equipment/Project Name | Est Life | New | Rpl | Qty | Individual Price | Trade-in Value | Total |
|--|----------|-----|-----|-----|------------------|----------------|------------------|
| Police Vehicle Replacement | 4 | | x | 3 | \$49,000 | \$4,500 | \$142,500 |
| <p>New vehicles are replacements for vehicles used for patrol and investigative purposes. The current vehicles have in excess of 100,000 miles or are 13 years or older. The current vehicles are recommended for replacement by the Airport Police Department and MAC's equipment superintendent.</p> | | | | | | | |
| Police Vehicle Replacement | 4 | | x | 1 | \$35,000 | \$1,500 | \$33,500 |
| <p>The new vehicle is a replacement for a vehicle used for patrol and investigative purposes. The current vehicle is 3 years or older and is recommended for replacement by the Airport Police Department and MAC's equipment superintendent.</p> | | | | | | | |
| 84200 Police Total: | | | | | | | \$176,000 |

86100 Facilities-Terminal 1

| Equipment/Project Name | Est Life | New | Rpl | Qty | Individual Price | Trade-in Value | Total |
|---|----------|-----|-----|-----|------------------|----------------|-----------------|
| Blast Mitigation Containers | 10 | | x | 1 | \$40,000 | \$0 | \$40,000 |
| <p>These 40 Gallon, exterior blast mitigation trash containers are bomb proof containers that will replace old, broken units at Terminal 1-Lindbergh and Terminal 2-Humphrey.</p> | | | | | | | |
| 86100 Facilities-Terminal 1 Total: | | | | | | | \$40,000 |

86300 Facilities-Energy Management Center

| Equipment/Project Name | Est Life | New | Rpl | Qty | Individual Price | Trade-in Value | Total |
|--|----------|-----|-----|-----|------------------|----------------|------------------|
| Utility Van | 15 | x | | 1 | \$34,000 | | \$34,000 |
| <p>The Energy Management Center has 13 personnel to staff the MAC campus during the 7:00 a.m.-3:00 p.m. shift and only 5 vehicles. Personnel pair up on most projects. However, personnel must often wait for a vehicle or use the light rail, both of which greatly reduces efficiency and increases response times. An additional vehicle would greatly improve efficiency and response times.</p> | | | | | | | |
| Variable Frequency Drive and Motor | 10 | x | | 1 | \$93,000 | | \$93,000 |
| <p>One secondary chilled water pump has a 600 horse power variable frequency drive and motor that supplies cooling to Terminal 1-Linderbergh. This equipment is past its life expectancy, requiring replacement to ensure adequate cooling for Terminal 1.</p> | | | | | | | |
| Chiller #1 Control Panel | 20 | x | | 1 | \$30,000 | | \$30,000 |
| <p>The control panel on one of the chillers in the Energy Management Center (EMC) is obsolete and needs replacing. Parts are no longer available for repairs. Control panels on three other chillers in the EMC have already been successfully replaced.</p> | | | | | | | |
| 86300 Facilities-Energy Management Center Total: | | | | | | | \$157,000 |

88100 Trades - Painters

| Equipment/Project Name | Est Life | New | Rpl | Qty | Individual Price | Trade-in Value | Total |
|---|----------|-----|-----|-----|------------------|----------------|------------------|
| Runway Paint Striper Truck | 20 | | x | 1 | \$350,000 | \$1,000 | \$349,000 |
| <p>A new runway striping truck will replace a 26-year-old large capacity paint striper truck. This is the second of the two trucks to be requested for replacement.</p> | | | | | | | |
| 88100 Trades - Painters Total: | | | | | | | \$349,000 |

89000 Field Maintenance

| Equipment/Project Name | Est Life | New | Rpl | Qty | Individual Price | Trade-in Value | Total |
|---|----------|-----|-----|-----|------------------|----------------|--------------------|
| Multi-Function Snow Removal Vehicle | 10 | | x | 2 | \$910,000 | \$140,000 | \$1,680,000 |
| <p>New multi-function snow removal vehicles will replace equipment used for routine summer and winter maintenance operations that has reached the end of its useful life.</p> | | | | | | | |
| Municipal Cleaning Vehicle Trailer Upgrade | 6 | | x | 2 | \$75,000 | \$0 | \$150,000 |
| <p>Upgraded municipal cleaning vehicle trailers will improve the technology used to clean the parking ramp levels. The upgrade would eliminate the need for manually replacing sandbags at multiple points during the cleaning process. Instead, the new technology would internally process the sand and debris.</p> | | | | | | | |
| Landside Trailer | 10 | | x | 1 | \$20,000 | \$500 | \$19,500 |
| <p>A new trailer will replace a 1996 trailer that has become too rusty and unrepairable to pass Department of Transportation licensing.</p> | | | | | | | |
| Sidewalk Plow and Broom Combo | 10 | | x | 1 | \$180,000 | \$1,000 | \$179,000 |
| <p>A new sidewalk plow and broom combo will replace two small tractors used for sidewalks throughout the airport property. The new unit will have a plow and broom attached and will be a technological upgrade. Controls inside the cab can lift the plow out of the way or lower it, as needed.</p> | | | | | | | |
| Parts Washer | 15 | | x | 1 | \$19,500 | \$300 | \$19,200 |
| <p>A new parts washer will replace an old washer in the shop that has become unrepairable.</p> | | | | | | | |
| Tractor with Plow Attachment | 15 | | x | 1 | \$230,000 | \$50,000 | \$180,000 |
| <p>The new tractor with a plow attachment will replace a unit that has reached the end of its life.</p> | | | | | | | |
| Airfield Manager Vehicle | 8 | | x | 2 | \$50,000 | \$5,000 | \$95,000 |
| <p>New airfield manager vehicles will replace two 2008 vehicles that the fleet management software has designated as requiring replacement.</p> | | | | | | | |
| Runway Rubber Removal Vehicle | 10 | x | | 1 | \$575,000 | | \$575,000 |
| <p>A new runway rubber removal vehicle will be used to augment an old vehicle that no longer works. The additional equipment will help to keep the runway free of rubber and increase productivity in this area.</p> | | | | | | | |
| 89000 Field Maintenance Total: | | | | | | | \$2,897,700 |

90400 Relievers - Airlake

| Equipment/Project Name | Est Life | New | Rpl | Qty | Individual Price | Trade-in Value | Total |
|---|----------|-----|-----|-----|------------------|----------------|------------------|
| 18' Rotary Mower | 15 | | x | 1 | \$25,000 | \$500 | \$24,500 |
| A rotary mower will replace a 1993 mower that has reached the end of its life. The new equipment is a power takeoff mower that will be pulled behind the tractor to mow the airfield. | | | | | | | |
| Tractor | 20 | | x | 1 | \$195,000 | \$10,000 | \$185,000 |
| A new tractor will replace a 1994 tractor that has reached the end of its life. | | | | | | | |
| 90400 Relievers - Airlake Total: | | | | | | | \$209,500 |

90500 Relievers - Flying Cloud

| Equipment/Project Name | Est Life | New | Rpl | Qty | Individual Price | Trade-in Value | Total |
|---|----------|-----|-----|-----|------------------|----------------|-----------------|
| 18' Rotary Mower | 15 | | x | 1 | \$25,000 | \$500 | \$24,500 |
| A new rotary mower is needed to replace a 1996 rotary mower that has reached the end of its life. | | | | | | | |
| 90500 Relievers - Flying Cloud Total: | | | | | | | \$24,500 |

Grand Total: **\$9,943,500**

The following pages contain details of the Capital Equipment summary for 2017.

Capital Improvement Program Expenditures

On December 19, 2016, the Commission adopted the 2017-2023 Capital Improvement Program (CIP). The 7-year CIP relating to construction projects on the Commission's airport system consists of the following elements:

1. **2017 Capital Improvement Projects** – These are projects that have been reasonably defined for implementation in the upcoming calendar year - in this case 2017.
2. **2018 Capital Improvement Program** – These are projects that have been identified in the second year of the program which have a need or potential need but require further study in order to properly determine the scope, feasibility and cost of the project.
3. **2019-2023 Capital Improvement Plan** – This encompasses the last five years of the total program and consists of projects that appear to be needed during the period. This portion of the program assists in financial planning and meets the requirements of the Metropolitan Council's Investment Framework.



Aircraft Viewing Area



The projects identified for the Capital Improvement Programs are summarized by year and totaled as follows:

| Capital Improvement Projects Projects | Year | | | Total |
|--|------------------|------------------|------------------|-------------------|
| | 2017 | 2018 | 2019-2023 | |
| | (\$ = 000) | | | |
| <u>MSP End of Life/Replacement Projects</u> | | | | |
| Terminal 1 - Lindbergh | | | | |
| Passenger Boarding Bridge Replacements | \$ 8,000 | \$ 4,000 | \$ 21,000 | \$ 33,000 |
| Tram Systems Retrofit & Equipment | \$ 3,100 | \$ 1,500 | \$ 1,500 | \$ 6,100 |
| Mezzanine HVAC/Air Handling Unit Replacements & Penthouses | | \$ 15,300 | | \$ 15,300 |
| Recarpeting Program | | | \$ 21,000 | \$ 21,000 |
| Replace Terminal 1 Tug Doors | | | \$ 600 | \$ 600 |
| Concourse A/B PC Air Upgrades | \$ 3,800 | | | \$ 3,800 |
| Field & Runway | | | | |
| Taxiway S Reconstruction | | \$ 8,000 | | \$ 8,000 |
| Taxiway D Reconstruction | | | \$ 10,000 | \$ 10,000 |
| Sanitary Sewer Replacement - 34th Avenue | | | \$ 2,150 | \$ 2,150 |
| Snow Melter Upgrades/Modifications | | \$ 250 | \$ 750 | \$ 1,000 |
| Sanitary Sewer Replacement - Taxiway R | | | \$ 3,250 | \$ 3,250 |
| Terminal Roads/Landside | | | | |
| Lower Level Roadway Rehabilitation | \$ 200 | | \$ 1,100 | \$ 1,300 |
| Upper Level Roadway Rehabilitation | | | \$ 2,000 | \$ 2,000 |
| Upper Level Roadway Electrical System Rehabilitation | | | \$ 750 | \$ 750 |
| Variable Message Signs Replacement, Phase 3 | | | \$ 1,600 | \$ 1,600 |
| 28th Avenue Watermain Replacement | | | \$ 1,250 | \$ 1,250 |
| Parking | | | | |
| Parking Ramp Intercom System Replacement | | | \$ 1,000 | \$ 1,000 |
| Terminal 2 - Humphrey | | | | |
| Public Walk Aisle Terrazzo Floor Installation | | | \$ 1,700 | \$ 1,700 |
| Recarpeting Program | | | \$ 2,000 | \$ 2,000 |
| Fire | | | | |
| MSP Campus Fire Alarm System Upgrade/Transition | \$ 1,500 | \$ 2,500 | \$ 2,000 | \$ 6,000 |
| Airport Rescue/Fire Fighting Station #2 | | \$ 250 | \$ 10,500 | \$ 10,750 |
| MSP End of Life/Replacement Projects-Subtotal | \$ 16,600 | \$ 31,800 | \$ 84,150 | \$ 132,550 |
| <u>MSP Information Technology Projects</u> | | | | |
| Terminal 1 - Lindbergh | | | | |
| MAC Public Adress System | \$ 3,100 | | | \$ 3,100 |
| Telecom Relocation & Decommissioning | \$ 3,000 | | | \$ 3,000 |
| Intelligent Monitoring and Control Systems | \$ 1,500 | \$ 1,500 | \$ 4,500 | \$ 7,500 |
| Fiber Optic Cable Infrastructure Upgrade/Expansion | \$ 1,900 | | \$ 1,900 | \$ 3,800 |
| Wireless Network Connectivity | \$ 1,500 | | | \$ 1,500 |
| MACNet Program | \$ 2,000 | \$ 2,000 | \$ 3,000 | \$ 7,000 |
| Distributed Antenna System | \$ 2,000 | | | \$ 2,000 |
| Parking | | | | |
| T1-Lindbergh Intelligent Parking Guidance System | | | \$ 500 | \$ 500 |
| Police | | | | |
| iVSN Program | \$ 4,500 | \$ 3,700 | \$ 9,500 | \$ 17,700 |
| Card Access Modifications | \$ 2,400 | | \$ 5,500 | \$ 7,900 |
| MSP Information Technology Projects-Subtotal | \$ 21,900 | \$ 7,200 | \$ 24,900 | \$ 54,000 |

| Capital Improvement Projects Projects | Year | | | Total |
|--|--------------------|------------------|-------------------|-------------------|
| | 2017 (\$ = 000) | 2018 | 2019-2023 | |
| <u>MSP Long Term Comprehensive Plan Projects</u> | | | | |
| Terminal 1 - Lindbergh | | | | |
| D-Pod Outbound Baggage System | | | \$ 5,000 | \$ 5,000 |
| FIS Recheck Operational Improvements | | | \$ 8,400 | \$ 8,400 |
| MSP Long Term Comprehensive Plan | | | \$ 1,500 | \$ 1,500 |
| Baggage Claim/Ticket Lobby Operational Improvements | | | \$ 151,000 | \$ 151,000 |
| Baggage Handling System | \$ 11,700 | \$ 34,000 | \$ 20,600 | \$ 66,300 |
| Vertical Circulation Improvements | \$ 41,200 | | | \$ 41,200 |
| South Security Exit and Façade Expansion | | \$ 41,300 | | \$ 41,300 |
| East Curbside Upper Level Check-in | \$ 5,500 | \$ 2,400 | | \$ 7,900 |
| Checkpoint Expansion | | | \$ 4,500 | \$ 4,500 |
| Lower Level Curbside Expansion | | \$ 200 | \$ 12,000 | \$ 12,200 |
| Armed Forces Service Center Relocation | | | \$ 1,100 | \$ 1,100 |
| Automated Security Lanes (ASLs) | \$ 2,000 | \$ 4,000 | | \$ 6,000 |
| Field & Runway | | | | |
| Taxiway C1 Construction | | | \$ 6,000 | \$ 6,000 |
| Parking | | | | |
| T1 Parking Ramp - Parking Structure and Auto Rental Facility | \$ 293,000 | | | \$ 293,000 |
| T1 Parking Ramp - Parking Ramp Modifications | | | \$ 17,000 | \$ 17,000 |
| Orange Ramp Additional Elevators | | | \$ 2,000 | \$ 2,000 |
| Terminal 2 - Humphrey | | | | |
| FIS Baggage Claim Improvements | | | \$ 1,000 | \$ 1,000 |
| North Gate Expansion Design Fees | | | \$ 5,000 | \$ 5,000 |
| MSP Long Term Comprehensive Plan Projects-Subtotal | \$ 353,400 | \$ 81,900 | \$ 235,100 | \$ 670,400 |
| <u>MSP Maintenance/Facility Upgrade Projects</u> | | | | |
| Terminal 1 - Lindbergh | | | | |
| Restroom Upgrade Program | \$ 2,000 | \$ 7,500 | \$ 8,000 | \$ 17,500 |
| Way-Finding Sign Backlighting Replacement | \$ 1,600 | | \$ 3,200 | \$ 4,800 |
| Folded Plate Ceiling Repairs | | | \$ 35,600 | \$ 35,600 |
| G Concourse Moving Walks | | \$ 5,000 | \$ 5,000 | \$ 10,000 |
| Lighting Infrastructure Technology and Equipment (LITE) | | | \$ 9,250 | \$ 9,250 |
| Public Walk Aisle Terrazzo Floor Installation | | | \$ 13,300 | \$ 13,300 |
| Art Display Areas | | \$ 500 | \$ 1,000 | \$ 1,500 |
| Arts Master Plan | \$ 40 | \$ 150 | \$ 2,905 | \$ 3,095 |
| Observation Deck Improvements | | | \$ 1,600 | \$ 1,600 |
| EVIDs/MUFIDs Digital Signs | \$ 750 | \$ 800 | | \$ 1,550 |
| Landside Operations Office Reconfiguration | \$ 250 | | | \$ 250 |
| Airside Operations Center | | | \$ 1,250 | \$ 1,250 |
| Employee Breakroom | | \$ 250 | \$ 250 | \$ 500 |
| Energy Management Center | | | | |
| Energy Savings Program | | \$ 2,000 | \$ 4,000 | \$ 6,000 |
| Field & Runway | | | | |
| Runway 12R-30L Tunnel Drainage Improvements - Phase 2 | \$ 400 | | | \$ 400 |
| Airport Operations Area Gate Improvements | | | \$ 3,000 | \$ 3,000 |
| Establish Taxiway J | | | \$ 150 | \$ 150 |
| Runway LED Lighting Upgrade | | | \$ 6,850 | \$ 6,850 |
| Runway 4-22 In-Pavement Guard Lights | | | \$ 500 | \$ 500 |
| Taxiways Bravo & Quebec Centerline Lights | | | \$ 6,400 | \$ 6,400 |
| Runway 4 Glide Slope Installation | \$ 1,000 | | | \$ 1,000 |
| Perimeter Gate Security Improvements | | | \$ 7,000 | \$ 7,000 |

| Capital Improvement Projects Projects | Year | | | Total |
|---|--------------------|------------------|-------------------|-------------------|
| | 2017 (\$ = 000) | 2018 | 2019-2023 | |
| <u>MSP Maintenance/Facility Upgrade Projects-continued</u> | | | | |
| Parking | | | | |
| Parking Ramp Railing Refinishing | \$ 1,000 | | \$ 2,000 | \$ 3,000 |
| Terminal 2 - Humphrey | | | | |
| Skyway to LRT Flooring Installation | | | \$ 800 | \$ 800 |
| Emergency Response/Multi-purpose Space | \$ 2,400 | | | \$ 2,400 |
| Employee Breakroom | | | \$ 200 | \$ 200 |
| Hangars and Other Buildings | | | | |
| MAC Storage Facility | | | \$ 9,000 | \$ 9,000 |
| Trades/Maintenance Buildings | | | | |
| South Field Maintenance Building Wash Bay | | | \$ 1,300 | \$ 1,300 |
| Police | | | | |
| Safety and Operations Center | | \$ 250 | \$ 35,000 | \$ 35,250 |
| Perimeter Fence Intrusion Detection System | | | \$ 3,000 | \$ 3,000 |
| Fire | | | | |
| Campus Fire Protection | \$ 500 | \$ 500 | \$ 1,500 | \$ 2,500 |
| General Office/Administration | | | | |
| Building Improvements | \$ 700 | \$ 500 | | \$ 1,200 |
| Environment | | | | |
| Runway 12R-30L Glycol Forceman Environmental Improvements | | | \$ 1,400 | \$ 1,400 |
| Concourses C and G Compactor Canopies | \$ 450 | | | \$ 450 |
| Runway 30R Deicing Pad Improvements | | \$ 800 | | \$ 800 |
| Storm Sewer Rehabilitation | | | \$ 2,500 | \$ 2,500 |
| T2 Remote Ramp Lot Drainage Improvements | | | \$ 2,000 | \$ 2,000 |
| Ground Service Equipment Electrical Charging Stations | | | \$ 5,400 | \$ 5,400 |
| Lift Stations at Ponds 1 and 2 | | | \$ 800 | \$ 800 |
| Ponds 1 and 2 Inlet Structure Gate Replacement | \$ 900 | | | \$ 900 |
| MSP Maintenance/Facility Upgrade Projects-Subtotal | \$ 11,990 | \$ 18,250 | \$ 174,155 | \$ 204,395 |
| <u>MSP Ongoing Maintenance Programs</u> | | | | |
| Terminal 1 - Lindbergh | | | | |
| Telecom Room Equipment Continuity | \$ 1,000 | \$ 1,000 | \$ 6,000 | \$ 8,000 |
| Electrical Infrastructure Program | \$ 1,500 | \$ 1,500 | \$ 10,500 | \$ 13,500 |
| Terminal Miscellaneous Modifications | \$ 2,400 | \$ 2,400 | \$ 12,200 | \$ 17,000 |
| Emergency Power Upgrades | \$ 1,000 | \$ 1,000 | \$ 10,500 | \$ 12,500 |
| Air Handling Unit Replacement | \$ 2,000 | | \$ 14,000 | \$ 16,000 |
| Conveyance System Upgrades | \$ 3,000 | | \$ 6,000 | \$ 9,000 |
| Plumbing Infrastructure Upgrade Program | \$ 500 | \$ 500 | \$ 2,800 | \$ 3,800 |
| Terminal Building Remediation Program | \$ 5,000 | \$ 2,000 | \$ 13,400 | \$ 20,400 |
| Concourse G Rehabilitation | \$ 6,500 | \$ 4,000 | \$ 26,000 | \$ 36,500 |
| Baggage System Upgrades | \$ 500 | \$ 500 | \$ 2,500 | \$ 3,500 |
| Energy Management Center | | | | |
| EMC Plant Upgrades Terminals 1 & 2 | \$ 500 | \$ 500 | \$ 5,800 | \$ 6,800 |
| Field & Runway | | | | |
| Airside Bituminous Rehabilitation/Electrical Construction | \$ 3,000 | | \$ 9,900 | \$ 12,900 |
| Pavement Joint Sealing/Repair | \$ 650 | \$ 650 | \$ 3,250 | \$ 4,550 |
| Miscellaneous Airfield Construction | \$ 400 | | \$ 1,700 | \$ 2,100 |
| Terminal Roads/Landside | | | | |
| Tunnel/Bridge Rehabilitation | \$ 100 | \$ 100 | \$ 500 | \$ 700 |
| Parking | | | | |
| Terminals 1 & 2 Parking Structure Rehabilitation | \$ 2,500 | \$ 2,500 | \$ 14,000 | \$ 19,000 |

| Capital Improvement Projects Projects | Year | | | Total |
|---|--------------------|------------------|-------------------|-------------------|
| | 2017 (\$ = 000) | 2018 | 2019-2023 | |
| <u>MSP Ongoing Maintenance Programs-continued</u> | | | | |
| Public Areas/Roads | | | | |
| Landside Pavement Rehabilitation | \$ 400 | \$ 400 | \$ 2,150 | \$ 2,950 |
| Roadway Fixture Refurbishment | \$ 150 | \$ 150 | \$ 750 | \$ 1,050 |
| Hangars and Other Buildings | | | | |
| MSP Campus Building Roof Replacements | | | \$ 1,000 | \$ 1,000 |
| Campus Building Rehabilitation Program | | | \$ 5,000 | \$ 5,000 |
| Campus Parking Lots Reconstruction | \$ 2,700 | | \$ 1,300 | \$ 4,000 |
| End of Life Campus Building Demolition | | | \$ 775 | \$ 775 |
| MSP Ongoing Maintenance Programs-Subtotal | \$ 33,800 | \$ 17,200 | \$ 150,025 | \$ 201,025 |
| <u>MSP Noise Mitigation Projects</u> | | | | |
| Noise Mitigation Consent Decree Amendment | \$ 3,200 | \$ 6,000 | \$ 17,100 | \$ 26,300 |
| MSP Noise Mitigation Projects-Subtotal | \$ 3,200 | \$ 6,000 | \$ 17,100 | \$ 26,300 |
| <u>MSP Tenant Projects</u> | | | | |
| Terminal 1 - Lindbergh | | | | |
| Concessions Rebids | \$ 800 | \$ 3,000 | \$ 3,500 | \$ 7,300 |
| Main Mall Food Court Expansion | | \$ 12,500 | | \$ 12,500 |
| Concessions Upgrades/Revenue Development | \$ 200 | \$ 200 | \$ 1,000 | \$ 1,400 |
| Concourse G Concessions Storage | \$ 4,900 | | | \$ 4,900 |
| Hangars and Other Buildings | | | | |
| Freight Building Remodel for DHL | | \$ 5,000 | | \$ 5,000 |
| Consolidated Loading Dock Facility | | \$ 10,000 | | \$ 10,000 |
| MSP Tenant Projects-Subtotal | \$ 5,900 | \$ 30,700 | \$ 4,500 | \$ 41,100 |
| <u>Reliever Airports Long Term Comprehensive Plan Projects</u> | | | | |
| St. Paul | | | | |
| Long Term Comprehensive Plan | | | \$ 100 | \$ 100 |
| Lake Elmo | | | | |
| Long Term Comprehensive Plan | | | \$ 100 | \$ 100 |
| Runway 14-32 Replacement | \$ 500 | | \$ 7,000 | \$ 7,500 |
| Airfield Modifications | | | \$ 3,000 | \$ 3,000 |
| Airlake | | | | |
| Long Term Comprehensive Plan | | \$ 100 | | \$ 100 |
| South Building Area Development - Phase 1 | | | \$ 3,200 | \$ 3,200 |
| Flying Cloud | | | | |
| Long Term Comprehensive Plan | | | \$ 100 | \$ 100 |
| South Building Area Development | | | \$ 600 | \$ 600 |
| Electrical Vault Modifications | | | \$ 500 | \$ 500 |

| Capital Improvement Projects Projects | Year | | | Total |
|---|--------------------|-----------------|------------------|------------------|
| | 2017 (\$ = 000) | 2018 | 2019-2023 | |
| <u>Reliever Airports Long Term Comprehensive Plan Projects-continued</u> | | | | |
| Crystal | | | | |
| Long Term Comprehensive Plan | | | \$ 100 | \$ 100 |
| Runway 14R-32L & Taxiway E Modifications | | \$ 2,000 | | \$ 2,000 |
| Anoka County/Blaine | | | | |
| Long Term Comprehensive Plan | | | \$ 100 | \$ 100 |
| Building Area Development - Xylite Street Relocation | | | \$ 1,000 | \$ 1,000 |
| Reliever Airports L-T Comprehensive Plan Projects-Subtotal | \$ 500 | \$ 2,100 | \$ 15,800 | \$ 18,400 |
| <u>Reliever Airports Maintenance/Facility Upgrade Projects</u> | | | | |
| St. Paul | | | | |
| Joint and Crack Repairs | | \$ 100 | \$ 200 | \$ 300 |
| MAC Building Improvements | | \$ 200 | \$ 3,700 | \$ 3,900 |
| St. Paul Runway 13-31 Pavement Reconstruction | | | \$ 4,500 | \$ 4,500 |
| Parking Lot/Bayfield Pavement Rehabilitation | \$ 700 | | | \$ 700 |
| Administration Building Apron Pavement Rehabilitation | \$ 900 | | | \$ 900 |
| Roof Repairs/Replacement | \$ 200 | | | \$ 200 |
| Storm Sewers Improvements - Phase 2 | | | \$ 1,500 | \$ 1,500 |
| Maintenance Building Improvements | | \$ 200 | | \$ 200 |
| Holman Terminal Sub Drain | | | \$ 600 | \$ 600 |
| Cold Equipment Storage Building | | | \$ 750 | \$ 750 |
| LED Edge Lighting Upgrades | | | \$ 2,500 | \$ 2,500 |
| St. Paul Runway 14-32 Reconstruction | | | \$ 10,000 | \$ 10,000 |
| Airport Perimeter Roads | | \$ 400 | \$ 400 | \$ 800 |
| Lake Elmo | | | | |
| Parallel Taxiway Reconstruction | | | \$ 1,200 | \$ 1,200 |
| Lake Elmo Runway 04-22 Pavement Rehabilitation | | | \$ 4,000 | \$ 4,000 |
| Alleyways - South Building Area Pavement Rehabilitation | | | \$ 900 | \$ 900 |
| MAC Building Improvements | | | \$ 400 | \$ 400 |
| Materials Storage Building | | \$ 200 | | \$ 200 |
| Airlake | | | | |
| Airlake Runway 12-30 Extension | | | \$ 8,000 | \$ 8,000 |
| Airlake Existing Runway 12-30 Reconstruction | | | \$ 3,500 | \$ 3,500 |
| MAC Building Improvements | | | \$ 400 | \$ 400 |
| Public Restroom Facility | | | \$ 300 | \$ 300 |
| Plane Wash Pad | | | \$ 150 | \$ 150 |
| Materials Storage Building | | \$ 200 | | \$ 200 |
| LED Edge Lighting | | | \$ 700 | \$ 700 |
| Airlake Runway 12 PAPI & Hangar Obstruction Lights | \$ 150 | | | \$ 150 |
| Flying Cloud | | | | |
| Taxiway D Pavement Rehabilitation | | | \$ 600 | \$ 600 |
| Taxiway E Pavement Rehabilitation | | | \$ 600 | \$ 600 |
| Alleyways - SE, SW & NE Building Area Pavement Rehabilitation | \$ 700 | | | \$ 700 |
| Equipment Storage Building | \$ 4,000 | | | \$ 4,000 |
| MAC Building Improvements | | | \$ 520 | \$ 520 |
| Roof Repairs/Replacement | | \$ 100 | | \$ 100 |
| Flying Cloud Runway 10L-28R Reclaim/Overlay | | | \$ 1,500 | \$ 1,500 |
| Flying Cloud Runway 10R-28L | | | \$ 1,200 | \$ 1,200 |
| Gate A Relocation and Replacement | \$ 100 | | | \$ 100 |

Capital Improvement Projects

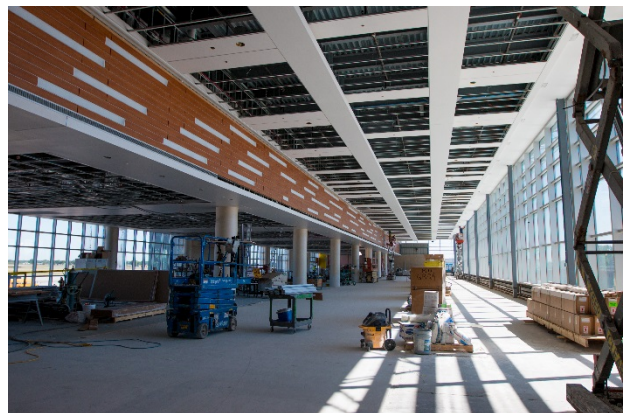
| Projects | Year | | | Total |
|---|--------------------|-------------------|-------------------|---------------------|
| | 2017 (\$ = 000) | 2018 | 2019-2023 | |
| <u>Reliever Airports Maintenance/Facility Upgrade Projects-continued</u> | | | | |
| <u>Crystal</u> | | | | |
| Alleyways Pavement Rehabilitation | | \$ 550 | \$ 550 | \$ 1,100 |
| Taxiways Pavement Rehabilitation | | | \$ 700 | \$ 700 |
| MAC Building Improvements | | | \$ 1,000 | \$ 1,000 |
| Materials Storage Building | \$ 200 | | | \$ 200 |
| LED Edge Lighting Upgrade | | | \$ 800 | \$ 800 |
| <u>Anoka County/Blaine</u> | | | | |
| Taxiway Pavement Reconstruction | \$ 500 | \$ 600 | | \$ 1,100 |
| Alleyways Pavement Reconstruction | | | \$ 2,250 | \$ 2,250 |
| South Service Road & East Landside Road Pavement Reconstruction | | | \$ 1,000 | \$ 1,000 |
| Runways 09-27 and 18-36 Joint and Crack Repairs | \$ 200 | | | \$ 200 |
| Obstruction Removal | | | \$ 100 | \$ 100 |
| Air Traffic Control Tower Equipment Upgrades | | | \$ 100 | \$ 100 |
| MAC Building Improvements | | \$ 700 | \$ 700 | \$ 1,400 |
| Materials Storage Building | \$ 200 | | | \$ 200 |
| LED Edge Lighting Upgrade | | | \$ 2,500 | \$ 2,500 |
| West Perimeter Road | | | \$ 700 | \$ 700 |
| Reliever Airports Maint./Facility Upgrade Projects - Subtotal | \$ 7,850 | \$ 3,250 | \$ 58,520 | \$ 69,620 |
| MSP Subtotal | \$ 446,790 | \$ 193,050 | \$ 689,930 | \$ 1,329,770 |
| Reliever Airports Subtotal | \$ 8,350 | \$ 5,350 | \$ 74,320 | \$ 88,020 |
| Total | \$ 455,140 | \$ 198,400 | \$ 764,250 | \$ 1,417,790 |

2017 Capital Improvement Projects

As stated above, these are projects that have been reasonably defined for implementation in the upcoming calendar year, in this case 2017. **The vast majority of capital projects in the CIP are considered routine projects for a major airport and do not affect the annual operating budget. Any project with a 2017 operating budget impact will be disclosed in the 2017 narratives section.** A description of 2017 capital improvement projects, along with a table with their funding sources, is shown on the following pages:



Terminal 1-Lindbergh Roadway Project



T2-Humphrey Gate Expansion Project

2017 Capital Improvement Program Narratives Metropolitan Airports Commission

MSP End of Life/Replacement Projects

10 – Terminal 1- Lindbergh

Passenger Boarding Bridge Replacements

\$8,000,000

This project provides for the replacement of jet bridges at Terminal 1. Bridges to be replaced will be determined based on a condition assessment and input from the airlines. Aircraft parking positions will be optimized at the impacted gates and fuel pits adjusted as necessary. Podiums and door openings may also be adjusted to optimize gate hold areas. It is assumed fixed walkways may need to be replaced or added to meet ADA slope requirements and all gate hold areas will be upgraded with security doors, card readers, and cameras.

T1 Tram Systems Retrofit and Equipment

\$3,100,000

The MAC Hub and Concourse Tram Systems were originally placed into public service in 2001 and 2004, respectively. As part of the installation, the automatic train control system utilized multiple components provided by GE Intelligent Platforms. In late 2011, GE indicated they would discontinue support of selected components prior to the year 2020. This project will replace and upgrade the radio communication system and GE components to Tram Control Systems on both the Hub and Concourse Trams over the course of a five-year program from 2015 to 2019.

Concourse A/B PC Air Upgrades

\$3,800,000

The existing Pre-conditioned (PC) Air units on the Concourse A gates are nearing their end of life and are undersized for the larger aircraft planned for the area. These units provide heating and cooling for an aircraft while parked at the gate in lieu of using power from the aircraft itself. This project will provide new and upsized PC Air units for the 11 gates that remain in use for the Delta CRJ-900 aircraft. Concourse B gates were completed in 2016.

26 – Terminal Roads/Landside

Lower Level Roadway Rehabilitation

\$200,000

This project provides for reconditioning of the steel bridge members for the Elevated Roadway Bridge, adjacent to Terminal 1-Lindbergh.

66 – Fire

MSP Campus Fire Alarm System Upgrade/Transition

\$1,500,000

In an effort to improve monitoring reliability and eliminate the existing single point of failure configuration, this multi-year project will include database redundant systems, device controller upgrades and the decentralization of the fire alarm master control equipment.

MSP IT Projects

10 – Terminal 1- Lindbergh

MAC Public Address System

\$3,100,000

The MAC Public Address System (MACpas) project involves an overhaul to the system to eliminate discontinued components and replace them to maintain the operation and reliability of this critical system. The current public address system was installed in 1999, provides travelers with over 12,000 messages daily, and has exceeded its expected life cycle. *Estimated 2017 operating budget impact is \$50,000.*

Telecom Relocation & Decommissioning

\$3,000,000

This program involves vacating the current major MAC telecommunications area, constructing a new space and consolidating, relocating and/or replacing equipment (e.g. critical fiber and copper connections) as needed to the new, larger telecommunications room.

Intelligent Monitoring and Control Systems (IMACS)

\$1,500,000

This is a continuation of a multi-year program to upgrade all MAC building automation systems to an open architecture protocol so that MAC can bid maintenance and construction contracts more competitively. This project will replace sole-source controllers such as Siemens and Legacy Honeywell with controllers from Honeywell, Circon, Distech, and TAC systems that are LonMark certified products.

Fiber Optic Cable Infrastructure Upgrade/Expansion **\$1,900,000**

This program provides for the upgrade of MAC IT fiber infrastructure. This year's project includes the upgrade/maintenance of fiber cabling network, the upgrade of air blown fiber at various locations, airfield duct banks, and modifications to a telecommunication room in Terminal 2-Humphrey.

Wireless Network Connectivity **\$1,500,000**

This project will provide converged corporate and public wireless network design and upgrades. This system will enable wireless access to broadband connectivity for the traveling public and to internal systems for corporate users, including wireless access to MAC systems such as Facilities Intelligent Monitoring and Control System (IMACS).

MACNet Program **\$2,000,000**

The MACNet provides the critical and required infrastructure to support all of the current and future MAC voice, data, and video systems. This includes systems supporting mission-critical applications and systems that are used by airside and landside operations, public safety, airport planning and development, environment and noise, finance and accounting, human resources, and overall MAC administration. This system has been modified over time to support the current systems in place as well as new systems, business, and operational requirements as they have been identified. The current version of MACNet, however, has reached its operational capacity and is not capable of supporting future growth. The upgraded MACNet will be implemented over a number of years to provide the necessary infrastructure to support all next generation systems and applications to be implemented in upcoming years.

Distributed Antenna System (DAS) **\$2,000,000**

The project will focus on MAC's responsibilities to support the consolidation and implementation of a single, common cellular Distributed Antenna System (DAS) that will be owned and operated by a cellular carrier. The system will provide cellular coverage throughout the MSP campus for all cellular carriers. MAC will achieve a higher level of cellular coverage and capacity for travelers and airport employees, a convergence and consolidation of existing systems, increased revenues, control over coverage areas, alignment of system support with MAC's support strategy, deployment in time for the 2018 Super Bowl, and improved contractual terms of operation. Estimated 2017 operating budget impact is \$6,800.

63 – Police**iViSN Program** **\$4,500,000**

This project is the continuation of the program to systematically replace and integrate existing cameras into the new iViSN system and to expand the camera coverage within the terminals. Estimated 2017 operating budget impact of whole program is \$505,000.

Card Access Modifications **\$2,400,000**

This project will revise hardware to provide card access to doors leading to the lower level of Concourse E and F to prevent public access except in the case of emergency. This program will also add card access controls at passenger boarding bridge doors for improved security at a pace faster than only adding the controls as bridges are replaced. Estimated 2017 operating budget impact is \$64,000.

MSP Long Term Comprehensive Plan Projects**10 – Terminal 1- Lindbergh****Baggage Handling System** **\$11,700,000**

This project includes baggage handling system work supporting the East Curbside Improvements, the East Departures Facility, the demolition of the south Explosive Detection System Building, and the removal of west curbside check-in as an early phase in preparation for the upcoming terminal expansion at the curtainwall and second phase of vertical circulation improvements near the center of the terminal. To be completed in 2019, cost estimates are being developed.

Vertical Circulation Improvements **\$41,200,000**

This project will remove existing scissors escalators (12 in total) and the original elevators in the south end of the terminal arrivals and departures halls and add new high-speed, smart elevators. Escalators that have reached their end of life will be replaced with new escalators in new locations to enhance passenger flows. No impact on 2017 budget, but costs for future years are being determined.

East Curbside Check-in **\$5,500,000**

This project develops a replacement for the west curbside sky cap and curbside check-in at the south end of the upper level roadway during phases of the Operational Improvements construction that require the removal of the existing system for construction of the new façade of the building.

Automated Security Lanes (ASLs) **\$2,000,000**

The first phase of this two-year project provides funding for procurement and installation of TSA-approved Automated Security Lanes at the South Security Checkpoint to enhance throughput by 20-40% per lane, without the loss of the existing quantity of lanes. The replacement conveyor equipment provides bin returns to the divestiture area managed by TSA staff, suspect bin isolation for searches, analytics for improved reporting and training, and improved x-ray image display, storage, and monitoring. Additional work required to support the installation will include power and data additions for the new and replacement equipment and for equipment network requirements.

31 – Parking**T1 Parking Ramp – Parking Structure and RAC Facility** **\$293,000,000**

This project will construct a new, 11-level, parking ramp east of the existing Blue and Red Parking Ramps. The ramp will provide public parking and rental car parking facilities. Work includes relocating the rental car ready/return areas from the red and blue ramps. This project includes constructing a new transit center, rental car customer service building, vertical circulation building, entrance ramp, exit ramp, and all associated utilities, lighting, landscaping, signage, roadways, and security features. This project also includes extending an underground walkway to serve the future expansion of the ramp. Estimated open date is mid-2019. Estimated annual cost will be approximately \$15 million per year. In 2016 the Commission raised its Customer Facility Charge (CFC) from \$3.25 to \$5.90. The increase in the CFC was to bring in additional revenue (approximately \$10 million) to cover the auto rental portion of the new parking structure. In addition, the Commission raised its parking rates for 2017 to help cover the debt service costs when the parking ramp opens. The incremental revenue from the parking rate increase is estimated at \$6.5 million.

MSP Maintenance/Facility Upgrade Projects**10 – Terminal 1- Lindbergh****Restroom Upgrade Program** **\$2,000,000**

A study of all restrooms in Terminal 1-Lindbergh was completed in 2010 and a program developed to upgrade/modernize the restrooms at Terminal 1-Lindbergh. From this study, each restroom was prioritized based on its condition. This program will provide for the phased modernization of the T1-Lindbergh restrooms to include upgraded finishes, lighting, air quality, energy saving upgrades, and ADA compliance. This year's project will create a service animal relief area/pet relief room and a Nursing Mothers' Room at the north end of the C-G Connector.

Way-Finding Sign Backlighting Replacement **\$1,600,000**

LED lighting will replace the existing cold-cathode lamps in the lighted sign boxes at both terminals. Many lamps from the 2008 retrofit have failed and the long-term energy costs recovery from the LEDs fits into MAC's energy reduction model.

Arts Master Plan **\$40,000**

This program supports procurement of commissioned art and rotating exhibits as part of the Percent for Arts program.

EVIDSs/MUFIDs Digital Signs **\$750,000**

MAC needs to expand its digital signage. This project will include new wait time digital signs at Terminal 1-Lindbergh and Terminal 2-Humphrey, replace existing topper displays with digital signage, and add additional digital toppers, Public Information Displays (PIDs), digital directories and brochure holders. Work elements associated with the digital signage expansion are to include sensors, programming, hardware, and miscellaneous items for installation and completion of signage units.

Landside Offices Reconfiguration **\$250,000**

This project will relocate Landside Operations licensing services to non-secure space in the T2-Humphrey Parking Management Office (PMO) building.

21 – Field and Runway**Runway 12R-30L Tunnel Drainage Improvements – Phase 2 \$400,000**

This project provides for storm sewer and subsurface drainage improvements at the Runway 12R-30L vehicular tunnel, including the cleaning and repair of storm sewers, rehabilitation of subdrains, and sealing of tunnel roof joints.

Runway 4 Glide Slope Installation \$1,000,000

This project will install a new glide slope system at the end of Runway 4.

31 – Parking**Parking Ramp Railing Refinishing Project \$1,000,000**

This multi-year project will address the parking ramp metal railings that have weathered and degraded over time. The paint has chipped and peeled away, which caused the exposed metal rail to rust and corrode. If not repaired, the degraded metal railings could become at risk for detachment. The rust has stained the concrete walls and concrete slabs creating an unsightly appearance for airport customers and resulting in concrete repair work in the surrounding areas.

36 – Terminal 2-Humphrey**Emergency Response/Multi-purpose Space \$2,400,000**

This project will build out space adjacent to the new lobby restrooms for use during emergencies and emergency exercises as well as for MAC Staff office and meeting space.

66 – Fire**Campus Fire Protection \$500,000**

This project is part of a new multi-year program to upgrade fire protection systems in various MAC-owned buildings on the MSP campus.

70 – General Office/Administration**General Offices Building Improvements \$700,000**

Continual maintenance of MAC buildings is necessary for comfort and safety as well as sustainability of the MAC asset. Age and weather contribute to building deterioration, mold, and other health issues. The General Office Building, built in the 1960's, has recently experienced a number of window and building issues that need to be corrected, including window sealing and replacements, curtain wall sealing, and roof repairs. Modifications will also be made to better accommodate new hires.

76 – Environment**Concourses C and G Compactor Canopies \$450,000**

This project will construct canopies over the compactors on the C and G Concourse to improve functionality and longevity of the equipment.

Ponds 1 and 2 Inlet Structure Gate Replacement \$900,000

This project will replace existing non-functioning aluminum gates with stainless steel slide gates and reconstruct the top slabs to provide at grade access for maintenance at the Ponds 1 and 2 diversion structures.

MSP Ongoing Routine Maintenance Projects**10 – Terminal 1- Lindbergh****Telecommunications Room Equipment Continuity (TREC) \$1,000,000**

The MAC network (MACNet) carries, along with other information, credit card data collected from the landside parking revenue control system. Merchants like the MAC are required to meet credit card security standards created to protect card holder data. Among these requirements are security standards for the physical locations where MACNet equipment is located. Additionally, the network equipment itself must have added security features to prevent unauthorized network access. This multi-year program addresses these standards by providing security equipment and relevant network hardware for the 150 telecommunications rooms on the MAC campus.

Electrical Infrastructure Program \$1,500,000

There are 53 electrical substations that serve the Terminal 1-Lindbergh complex. It is imperative that these substations be inspected, cleaned, and upgraded in order to ensure their continued performance. This is a continuation of a multi-year program that began in 2009.

Terminal Miscellaneous Modifications \$2,400,000

Each year, there is a list of maintenance projects that are beyond the resources of MAC's maintenance and trades staff to accomplish. These projects are prioritized and completed either as a series of contracts or as purchase orders. Typical work includes door replacements, emergency upgrades to mechanical, electrical, plumbing or HVAC systems, loading dock work, etc. The list of potential projects will be compiled and prioritized in early 2017.

Emergency Power Upgrades \$1,000,000

A study and survey of Terminal 1-Lindbergh transfer switches and emergency lighting was completed in 2008. This year's project is part of a multi-year program that will continue the design and implementation of emergency power and lighting corrective work identified in this study.

Air Handling Unit Replacement \$2,000,000

Existing air handling units serving Terminal 1-Lindbergh that installed with the original terminal construction in 1958-60 and are over 50 years old. A study of these units has been completed that evaluated each unit's age, condition, and its ability to adequately heat or cool the spaces it serves. A multi-year program has been implemented to provide for the replacement of the units that have been identified as needing replacement. The project costs include modifications to building walls to facilitate the removal of existing equipment and installation of the new units, upgraded electrical and temperature controls, and asbestos abatement.

Conveyance System Upgrades \$3,000,000

A study of the MSP campus conveyance systems including elevators, escalators, moving walks, dumbwaiters, and material lifts was completed by the Facilities Department's conveyance consultant. The study evaluated the useful life of each system, including the availability of replacement parts and technical support of the equipment. Many of the systems are being operated by outdated technology that is generally less efficient than modern control equipment. Some of the systems do not include safety devices or features that are commonly installed on modern equipment. This multi-year program modernizes and replaces elements of the conveyance systems and installs new conveyance systems if needed.

Plumbing Infrastructure Upgrades \$500,000

In 2010, MAC staff prepared a preliminary study of the reliability and maintainability of the existing plumbing infrastructure. Portions of the existing plumbing infrastructure serving Terminal 1-Lindbergh are over 40 years old, have systems that are undersized for today's demands, contain isolation valves that are either inaccessible or no longer functional, and utilize aging water meter systems. There are also deteriorated sections of the existing sanitary and storm water systems. This ongoing program was implemented in 2012 to upgrade the plumbing infrastructure system to meet current code requirements and MAC standards. The focus of the 2017 project is to continue the replacement of aging plumbing systems.

Terminal Building Remediation \$5,000,000

Continual maintenance of the terminal buildings is imperative to passenger comfort and safety as well as sustainability of the MAC asset. Age and weather contribute to building deterioration, mold and other health issues. Building and concourse envelope issues include curtain wall systems, glazing, sealant repair/replacement, louver repair/replacement, metal panel repair/replacement, and soffit repair/replacement and insulation systems.

Concourse G Rehabilitation \$6,500,000

This multi-year program will provide operational improvements to the existing concourse over time, including replacing elevators, modifying and replacing structural, electrical, and mechanical systems.

Baggage System Upgrades \$500,000

This multi-year program will provide necessary upgrades to the inbound and outbound baggage systems not covered by general system maintenance. This year's project will include the installation of a new laser array for sorting outbound bags.

13 – Energy Management Center**EMC Plant Upgrades (T1 & T2) \$500,000**

This six-year program provides upgrades to the MAC's Energy Management Center (EMC) Boiler and Chiller Plants at both Terminal 1-Lindbergh and Terminal 2-Humphrey. The work includes upgrades to the aging

Chilled Water and Heating Water systems throughout both terminals. The pumping and piping systems on both the heating and cooling systems are aging and in need of repair work beyond regular maintenance.

21 – Field and Runway

Airside Bituminous Rehabilitation/Electrical Construction \$3,000,000

This project provides for the removal and replacement of airfield lighting and signage with LED technology and lighting control upgrades.

Pavement Joint Sealing/Repair \$650,000

This is an ongoing program to provide for the resealing of joints, sealing of cracks, and limited surface repairs on existing concrete pavements. The areas scheduled for sealing will be as defined in the overall joint sealing program or as identified by staff inspection in the early spring of each year.

Miscellaneous Airfield Construction \$400,000

This is an ongoing program to consolidate various items beyond the capabilities of the maintenance personnel, projects too small to be accomplished independently, or to handle airside problems requiring repair which come up unexpectedly.

26 – Terminal Roads/Landside

Tunnel/Bridge Rehabilitation \$100,000

The MSP Campus has MAC-owned bridges and tunnels. Bridge and tunnel inspections are conducted each year to identify maintenance and repairs which are then implemented in a timely fashion.

31 – Parking

T1/T2 Parking Structure Rehabilitation \$2,500,000

This is an annual program to maintain the integrity of the airport's multi-level parking structures. Projects typically include concrete repair, joint sealant replacement, expansion joint repairs, concrete sealing and lighting improvements.

39 – Public Areas/Roads

Landside Pavement Rehabilitation \$400,000

This is an ongoing program to construct or reconstruct bituminous pavements outside of the Air Operations Area (AOA). Inspection of pavements and appurtenances determines what areas are to be prioritized for rehabilitation under each year's project.

Roadway Fixture Refurbishment \$150,000

Many of the light poles, clearance restriction boards, sign units, fence sections, and canopies on the airport roadways are in need of repainting and maintenance. This project provides for refurbishment of these fixtures.

46 – Hangars and Other Buildings

Campus Parking Lot Reconstructions \$2,700,000

This ongoing program will replace, rehabilitate, and/or reconstruct bituminous and concrete parking lots that belong to MAC. There are over 85.3 acres of parking lots on the MSP campus that need to be replaced or reconstructed over the next several years. This program will systematically make improvements to the parking lots on the campus. This year's project will include reconstruction of the FAA and MAC General Office parking lots, along with any associated sidewalk and lighting/electrical systems improvements.

MSP Noise Mitigation Projects

Noise Mitigation Consent Decree Amendment \$3,200,000

The Consent Decree First Amendment Program is a residential noise mitigation program that began in March 2014 under the terms of an amended legal agreement (Consent Decree) between the Metropolitan Airports Commission (MAC) and the cities of Richfield, Minneapolis, and Eagan, and approved by the Hennepin County District Court (effective until December 31, 2024). Under this program, eligibility of single-family and multi-family homes will be determined annually, based upon actual noise contours that are developed for the preceding calendar year, beginning in March 2014. This project will provide noise mitigation for those single family and multifamily homes meeting the eligibility requirements of the program.

MSP Tenant Projects**10 – Terminal 1- Lindbergh****Concessions Rebids****\$800,000**

This program provides support for required infrastructure to be brought to lease-lines, shell-space for new build-outs, and for other major changes required to implement the concessions rebid programs at Terminal 1-Lindbergh, estimated to be completed in 2018-2019. *Estimated additional operational revenues growth is approximately \$550,000 per year.*

Concessions Upgrades/Revenue Development**\$200,000**

This is an annual program to fund miscellaneous upgrades such as finishes, furniture, signage, and/or modified connections to utilities for the concession programs or other revenue generating programs at the airport.

Concourse G Concessions Storage**\$4,900,000**

This project will enclose space left by the demolished Delta Cargo/Stores facility and create concessions storage spaces, a delivery node, and an electrical room at the lower level of the east end of Concourse G.

Reliever Airports Long Term Comprehensive Plan Projects**82 – Lake Elmo****Runway 14-32 Replacement****\$500,000**

The updated long term comprehensive plan for this airport proposes relocating and extending the primary runway northeast of its current alignment. This year's scope includes the engineering/environmental effort involved prior to starting construction, which is currently envisioned to begin in 2019.

Reliever Airports Routine Maintenance/Facility Upgrade Projects**81 – St. Paul****Parking Lot/Bayfield Pavement Rehabilitation****\$700,000**

This is part of an ongoing effort to rehabilitate airport pavements through bituminous overlays, seal coats, or reconstruction to restore the surfaces to a smooth, even condition and improve overall operating conditions. This project includes the full-depth reconstruction of the airport parking lot near the MAC Administration Building and MAC Maintenance Shop.

Administration Building Apron Pavement Rehabilitation**\$900,000**

This is an ongoing program to rehabilitate aircraft operational areas (runways, taxiways, aprons) through bituminous overlays, seal coats, or reconstruction to restore the surfaces to a smooth, even condition and improve overall operating conditions. This project includes the rehabilitation of the apron pavement at the MAC Administration Building.

Roof Repairs/Replacement**\$200,000**

This project will address deficiencies in some of the roof structures on MAC buildings. This project accounts for identification of the exact type of roof deficiencies as well as completion of the most cost-effective repairs or replacements.

83 – Airlake**Runway 12 PAPI & Hangar Obstruction Lights****\$150,000**

This project includes the installation of a Precision Approach Path Indicator (PAPI) system to Runway 12. The PAPI for Runway 12 will provide mitigation for obstructions to the 20:1 instrument approach surface. This project also includes the installation of obstruction lights on the hangars nearest the runway that are located within the primary surface.

84 – Flying Cloud**Alleyways Pavement Rehabilitation****\$700,000**

This is an ongoing program to rehabilitate aircraft operational areas (runways, taxiways, aprons) through bituminous overlays, seal coats, or reconstruction to restore the surfaces to a smooth, even condition and improve overall operating conditions. This project includes the full-depth rehabilitation of alleyways in the Southeast Building Area.

Equipment Storage Building

\$4,000,000

This project includes the construction of a MAC storage building for the airfield maintenance equipment along with office space and restrooms for the Airport Manager and airfield staff. The existing storage facilities do not provide adequate space to store all of the existing equipment and some pieces of equipment are too large to fit inside the existing buildings. The previously utilized office and restroom space was lost years ago when the FAA took back control of the space within their Air Traffic Control Tower structure. An appropriately-sized storage facility will provide added security and protection from the elements for the airport maintenance equipment.

Gate A Relocation and Replacement

\$100,000

This project includes relocation of Gate A, currently located near the MAC Maintenance Building. The new gate location would be south of the existing location, along the entrance road. This location will allow access through an operator controlled vehicle gate to the southeast hangar area (near the tower) and the south building area. The project will also include a portion of security fence in this location.

85 – Crystal

Materials Storage Building

\$200,000

This project includes the construction and/or rehabilitation of a MAC storage building for the containment of airfield maintenance products such as salt, sand, and topsoil to comply with MPCA requirements.

86 – Anoka County - Blaine

Taxiway Pavement Reconstruction

\$500,000

This is an ongoing program to reconstruct aircraft operational areas (runways, taxiways, aprons) through bituminous overlays, seal coats, or reconstruction to restore the surfaces to a smooth, even condition and improve overall operating conditions. This project includes the full-depth reconstruction of the portion of Taxiway A1 between Runway 36 and Taxiway C.

Runways 09-27 and 18-36 Joint and Crack Repairs

\$200,000

The need for crack repair and joint sealing is critical to maintain pavement strength and pavement life. This year’s project is anticipated to include joint and crack repairs on Runways 09-27 and 18-36.

Materials Storage Building

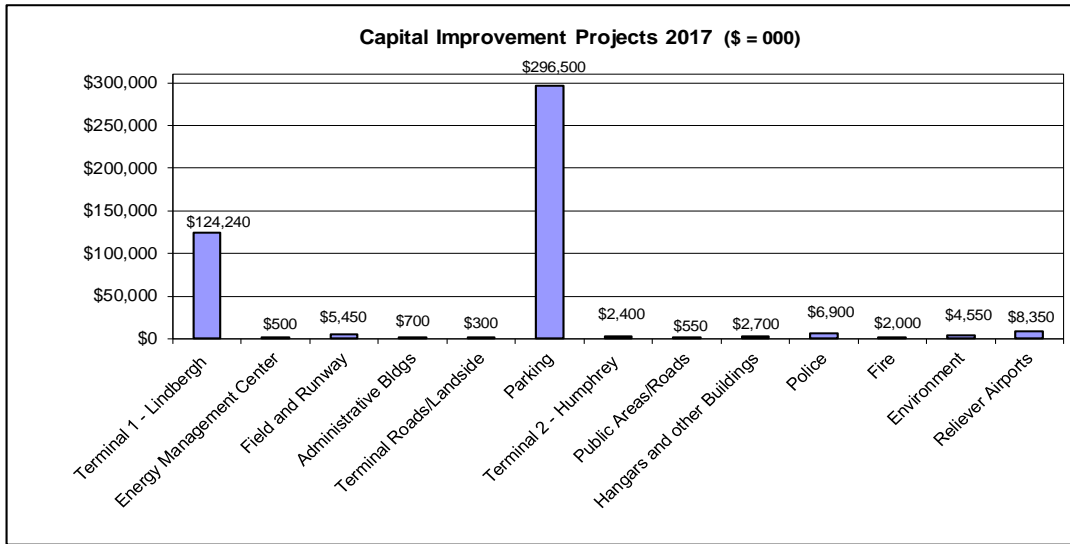
\$200,000

This project includes the construction and/or rehabilitation of a MAC storage building for the containment of airfield maintenance products such as salt, sand, and topsoil to comply with MPCA requirements.



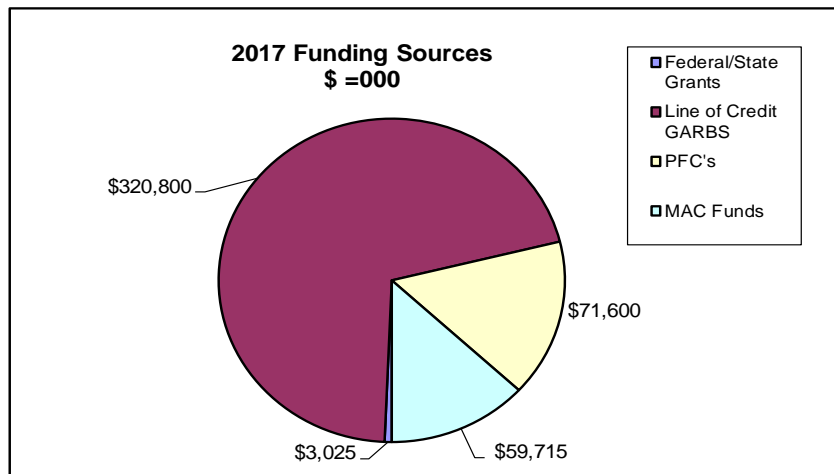
“See 18” Film Screening Room at Terminal 1-Lindbergh

The following chart summarizes the 2017 capital improvement projects by various areas of the airport:



2017 Capital Improvement Project Funding Sources

The following pie chart indicates the funding sources for 2017:



Lake Elmo Airport Taxiway Reconstruction

The tables on the following pages show the funding sources for the 2017 capital improvement projects. A cash flow summary of the CIP will appear later in this section.

| 2017 Capital Improvement Program | | Funding Source | | | |
|---|-------------------|----------------|-------------------|------------------|------------------|
| (\$ in 000) | | Federal/State | Direct Line | PFCs | MAC Funds/ |
| Projects | Project Cost | Grants | or GARBS | | Airlines |
| <u>MSP End of Life/Replacement Projects</u> | | | | | |
| Terminal 1-Lindbergh | | | | | |
| Passenger Boarding Bridge Replacements | \$ 8,000 | | | \$ 8,000 | |
| Tram Systems Retrofit and Equipment | \$ 3,100 | | | | \$ 3,100 |
| Concourse A/B PC Air Upgrades | \$ 3,800 | | | \$ 1,800 | \$ 2,000 |
| Terminal Roads/Landside | | | | | |
| Lower Level Roadway Rehabilitation | \$ 200 | | | | \$ 200 |
| Fire | | | | | |
| MSP Campus Fire Alarm System Upgrade/Transition | \$ 1,500 | | | | \$ 1,500 |
| MSP End of Life/Replacement Projects - Subtotal | \$ 16,600 | \$ - | \$ - | \$ 9,800 | \$ 6,800 |
| <u>MSP IT Projects</u> | | | | | |
| Terminal 1-Lindbergh | | | | | |
| MAC Public Address System | \$ 3,100 | | | | \$ 3,100 |
| Telecom Relocation & Decommissioning | \$ 3,000 | | \$ 3,000 | | |
| Intelligent Monitoring and Control Systems | \$ 1,500 | | | | \$ 1,500 |
| Fiber Optic Cable Infrastructure Upgrade/Expansion | \$ 1,900 | | | | \$ 1,900 |
| Wireless Network Connectivity | \$ 1,500 | | | | \$ 1,500 |
| MACNet Program | \$ 2,000 | | | | \$ 2,000 |
| Distributed Antenna System | \$ 2,000 | | | | \$ 2,000 |
| Police | | | | | |
| iVSN Program | \$ 4,500 | | | \$ 4,500 | |
| Card Access Modifications | \$ 2,400 | | | \$ 2,400 | |
| MSP IT Projects - Subtotal | \$ 21,900 | \$ - | \$ 3,000 | \$ 6,900 | \$ 12,000 |
| <u>MSP Long Term Comprehensive Plan Projects</u> | | | | | |
| Terminal 1-Lindbergh | | | | | |
| Baggage Handling System | \$ 11,700 | | | \$ 11,700 | |
| Vertical Circulation Improvements | \$ 41,200 | | | \$ 41,200 | |
| East Curbside Upper Level Check-in | \$ 5,500 | | | | \$ 5,500 |
| Automated Security Lanes (ASLs) | \$ 2,000 | | | | \$ 2,000 |
| Parking | | | | | |
| T1 Parking Ramp - Parking Structure & Auto Rental Facility | \$ 293,000 | | \$ 293,000 | | |
| MSP Long Term Comprehensive Plan Projects - Subtotal | \$ 353,400 | \$ - | \$ 293,000 | \$ 52,900 | \$ 7,500 |
| <u>MSP Maintenance/Facility Upgrade Projects</u> | | | | | |
| Terminal 1-Lindbergh | | | | | |
| Restroom Upgrade Program | \$ 2,000 | | | \$ 2,000 | |
| Way-Finding Sign Backlighting Replacement | \$ 1,600 | | | | \$ 1,600 |
| Arts Master Plan | \$ 40 | | | | \$ 40 |
| EVIDs/MUFIDs Digital Signs | \$ 750 | | | | \$ 750 |
| Landside Operations Office Reconfiguration | \$ 250 | | | | \$ 250 |
| Field and Runway | | | | | |
| Runway 12R-30L Tunnel Drainage Improvements - Phase 2 | \$ 400 | \$ 200 | | | \$ 200 |
| Runway 4 Glide Slope Installation | \$ 1,000 | | | | \$ 1,000 |
| Parking | | | | | |
| Parking Ramp Railing Refinishing | \$ 1,000 | | | | \$ 1,000 |
| Terminal 2-Humphrey | | | | | |
| Emergency Response/Multi-purpose Space | \$ 2,400 | | | | \$ 2,400 |
| Fire | | | | | |
| Campus Fire Protection | \$ 500 | | | | \$ 500 |
| General Office/Administration | | | | | |
| GO Building Improvements | \$ 700 | | | | \$ 700 |
| Environment | | | | | |
| Concourses C and G Compactor Canopies | \$ 450 | | | | \$ 450 |
| Ponds 1 and 2 Inlet Structure Gate Replacement | \$ 900 | | | | \$ 900 |
| MSP Maintenance/Facility Upgrade Projects - Subtotal | \$ 11,990 | \$ 200 | \$ - | \$ 2,000 | \$ 9,790 |

| 2017 Capital Improvement Program (\$ in 000) | | Funding Source | | | |
|---|---------------------|----------------------|----------------------|------------------|--------------------|
| | | Federal/State Grants | Direct Line or GARBS | PFCs | MAC Funds/Airlines |
| Projects | Project Cost | | | | |
| <u>MSP Ongoing Maintenance Programs</u> | | | | | |
| Terminal 1-Lindbergh | | | | | |
| Telecom Room Equipment Continuity | \$ 1,000 | | | | \$ 1,000 |
| Electrical Infrastructure Program | \$ 1,500 | | | | \$ 1,500 |
| Terminal Miscellaneous Modifications | \$ 2,400 | | \$ 2,400 | | |
| Emergency Power Upgrades | \$ 1,000 | | | | \$ 1,000 |
| Air Handling Unit Replacement | \$ 2,000 | | | | \$ 2,000 |
| Conveyance System Upgrades | \$ 3,000 | | \$ 3,000 | | |
| Plumbing Infrastructure Upgrade Program | \$ 500 | | | | \$ 500 |
| Terminal Building Remediation Program | \$ 5,000 | | \$ 5,000 | | |
| Concourse G Rehabilitation | \$ 6,500 | | \$ 6,500 | | |
| Baggage System Upgrades | \$ 500 | | | | \$ 500 |
| Energy Management Center | | | | | |
| EMC Plant Upgrades Terminals 1 & 2 | \$ 500 | | | | \$ 500 |
| Field and Runway | | | | | |
| Airside Bituminous Rehabilitation/Electrical Construction | \$ 3,000 | | \$ 3,000 | | |
| Pavement Joint Sealing/Repair | \$ 650 | | | | \$ 650 |
| Miscellaneous Airfield Construction | \$ 400 | | | | \$ 400 |
| Terminal Roads/Landside | | | | | |
| Tunnel/Bridge Rehabilitation | \$ 100 | | | | \$ 100 |
| Parking | | | | | |
| Terminals 1 & 2 Parking Structure Rehabilitation | \$ 2,500 | | | | \$ 2,500 |
| Public Areas/Roads | | | | | |
| Landside Pavement Rehabilitation | \$ 400 | | | | \$ 400 |
| Roadway Fixture Refurbishment | \$ 150 | | | | \$ 150 |
| Hangars and Other Buildings | | | | | |
| Campus Parking Lots Reconstruction | \$ 2,700 | | | | \$ 2,700 |
| MSP Ongoing Maintenance Programs - Subtotal | \$ 33,800 | \$ - | \$ 19,900 | \$ - | \$ 13,900 |
| <u>MSP Noise Mitigation Projects</u> | | | | | |
| Noise Mitigation Consent Decree Amendment | \$ 3,200 | | | | \$ 3,200 |
| MSP Noise Mitigation Projects - Subtotal | \$ 3,200 | \$ - | \$ - | \$ - | \$ 3,200 |
| <u>MSP Tenant Projects</u> | | | | | |
| Terminal 1-Lindbergh | | | | | |
| Concessions Rebids | \$ 800 | | | | \$ 800 |
| Concessions Upgrades/Revenue Development | \$ 200 | | | | \$ 200 |
| Concourse G Concessions Storage | \$ 4,900 | | \$ 4,900 | | |
| MSP Tenant Projects - Subtotal | \$ 5,900 | \$ - | \$ 4,900 | \$ - | \$ 1,000 |
| <u>Reliever Airports Long Term Comprehensive Plan Projects</u> | | | | | |
| Lake Elmo | | | | | |
| Runway 14-32 Replacement | \$ 500 | | | | \$ 500 |
| Reliever Airports Long Term Comprehensive Plan Projects - Subtotal | \$ 500 | \$ - | \$ - | \$ - | \$ 500 |
| <u>Reliever Airports Maintenance/Facility Upgrade Projects</u> | | | | | |
| St. Paul | | | | | |
| Parking Lot/Bayfield Pavement Rehabilitation | \$ 700 | | | | \$ 700 |
| Administration Building Apron Pavement Rehabilitation | \$ 900 | \$ 600 | | | \$ 300 |
| Roof Repairs/Replacement | \$ 200 | | | | \$ 200 |
| Airlake | | | | | |
| Runway 12 PAPI & Hangar Obstruction Lights | \$ 150 | \$ 100 | | | \$ 50 |
| Flying Cloud | | | | | |
| Alleyways - SE, SW & NE Building Area Pavement Rehabilitation | \$ 700 | \$ 300 | | | \$ 400 |
| Equipment Storage Building | \$ 4,000 | \$ 1,500 | | | \$ 2,500 |
| Gate A Relocation and Replacement | \$ 100 | | | | \$ 100 |
| Crystal | | | | | |
| Materials Storage Building | \$ 200 | | | | \$ 200 |
| Anoka County/Blaine | | | | | |
| Taxiway Pavement Reconstruction | \$ 500 | \$ 325 | | | \$ 175 |
| Runways 09-27 and 18-36 Joint and Crack Repairs | \$ 200 | | | | \$ 200 |
| Materials Storage Building | \$ 200 | | | | \$ 200 |
| Reliever Airports Maintenance/Facility Upgrade Projects - Subtotal | \$ 7,850 | \$ 2,825 | \$ - | \$ - | \$ 5,025 |
| MSP Subtotal | \$ 446,790 | \$ 200 | \$ 320,800 | \$ 71,600 | \$ 54,190 |
| Reliever Airports Subtotal | \$ 8,350 | \$ 2,825 | \$ - | \$ - | \$ 5,525 |
| Total | \$ 455,140 | \$ 3,025 | \$ 320,800 | \$ 71,600 | \$ 59,715 |

2018 Capital Improvement Program Narratives Metropolitan Airports Commission

MSP End of Life/Replacement Projects

10 – Terminal 1- Lindbergh

Passenger Boarding Bridge Replacements \$4,000,000

This project provides for the replacement of jet bridges at Terminal 1. Bridges to be replaced will be determined based on a condition assessment and input from the airlines. Aircraft parking positions will be optimized at the impacted gates and fuel pits adjusted as necessary. Podiums and door openings may also be adjusted to optimize gate hold area. It is assumed fixed walkways may need to be replaced or added to meet ADA slope requirements and all gate hold areas will be upgraded with security doors, card readers, and cameras.

T1 Tram Systems Retrofit and Equipment \$1,500,000

The MAC Hub and Concourse Tram systems were originally placed into public service in 2001 and 2004, respectively. As part of the installation, the automatic train control system utilized multiple components provided by GE Intelligent Platforms. In late 2011, GE indicated they would discontinue support of selected components prior to the year 2020. This project will replace and upgrade the radio communication system and GE components to Tram Control Systems on both the Hub and Concourse Trams over the course of a five-year program from 2015 to 2019.

Mezzanine HVAC/AHU Replacements & Penthouses \$15,300,000

The existing air handling equipment in the East and Center Mezzanine mechanical rooms have reached end of life and are overdue for replacement. In order to provide new equipment, increase energy efficiency, and meet the goals of the Operational Improvements Program, this project will replace the equipment in relocated penthouses to be constructed on the north end of the Terminal 1-Lindbergh center mezzanine.

21 – Field and Runway

Taxiway S Reconstruction \$8,000,000

This project provides for reconstruction of a 2,500-foot length of Taxiway S between Taxiway D and the Delta Airlines Hangar. The existing concrete pavement was constructed in 1967. Major items of work include pavement removal, excavation and backfill, concrete taxiway pavement, bituminous shoulder pavement, airfield lighting, and signage.

Snow Melter Upgrades/Modifications \$250,000

This project is the first of a two-year program that provides for the evaluation, maintenance, miscellaneous modifications, and replacement of existing airfield snow melters located around the MSP International Airport campus.

66 – Fire

MSP Campus Fire Alarm System Upgrade/Transition \$2,500,000

In an effort to improve monitoring reliability and eliminate the existing single point of failure configuration, this multi-year project will include database redundant systems, device controller upgrades and the decentralization of the fire alarm master control equipment.

Aircraft Rescue and Fire Fighting Station #2 \$250,000

This project covers fees for conceptual design of a building to replace Aircraft Rescue and Fire Fighting Station #2. Many systems within the building cannot be upgraded and, structurally, the building needs to be replaced.

MSP IT Projects

10 – Terminal 1- Lindbergh

Intelligent Monitoring and Control Systems (IMACS) \$1,500,000

This is a continuation of a multi-year program to upgrade all MAC building automation systems to an open architecture protocol so that MAC can bid maintenance and construction contracts more competitively. This project will replace sole-source controllers such as Siemens and Legacy Honeywell with controllers from Honeywell, Circon, Distech, and TAC systems that are LonMark certified products.

MACNet Program **\$2,000,000**

The MACNet provides the critical and required infrastructure to support all of the current and future MAC voice, data, and video systems. This includes systems supporting mission-critical applications and systems that are used by airside and landside operations, public safety, airport planning and development, environment and noise, finance and accounting, human resources, and overall MAC administration. This system has been modified over time to support the current systems in place, as well as new systems, business, and operational requirements as they have been identified. However, the current version of MACNet has reached its operational capacity and is not capable of supporting future growth. The upgraded MACNet will be implemented over a number of years to provide the necessary infrastructure to support all next generation systems and applications to be implemented in upcoming years.

63 – Police**iViSN Program** **\$3,700,000**

This project is the continuation of the program to systematically replace and integrate existing cameras into the new iViSN system and to expand the camera coverage within the terminals.

MSP Long Term Comprehensive Plan Projects**10 – Terminal 1- Lindbergh****Baggage Handling System** **\$34,000,000**

This project includes Baggage Handling System (BHS) work associated with the south half of Terminal 1-Lindbergh related to several phases of operational improvements between the baggage claim and ticket lobby levels. Improvements to the inbound BHS include new baggage claim devices and conveyors. The outbound BHS improvements include self-service bag drop devices, related conveyors, oversize bag screening and tub returns.

South Security Exit and Façade Expansion **\$41,300,000**

This project, which is part of the Operational Improvements Program, will replace the existing curtain wall system with a system to match the north end of the building including additional queue area for the South Security Checkpoint, and includes a relocation of the existing security exit at the south end of the main mall to a new location on Concourse G. The project also includes unstaffed exit technologies, elevators, and escalators.

East Curbside Check-in **\$2,400,000**

This project will provide additional baggage handling conveyors and bag drop devices for check-in at the East Curbside building in order to keep Delta's operations complete during Operational Improvements construction.

Lower Level Curbside Expansion **\$200,000**

This project evaluates options to relieve lower level curbside congestion and vehicle recirculation rates.

Automated Security Lanes (ASLs) **\$4,000,000**

This second phase of a two-year project will provide funding for procurement and installation of additional TSA-approved Automated Security Lanes at the North Security Checkpoint to enhance throughput by 20-40% per lane, without the loss of the existing quantity of lanes. The replacement conveyor equipment provides bin returns to the divesture area managed by TSA staff, suspect bin isolation for searches, analytics for improved reporting and training, and improved x-ray image display, storage, and monitoring. Additional work required to support the installation will include power and data additions for new and replacement equipment and for equipment network requirements.

MSP Routine Maintenance/Facility Upgrade Projects**10 – Terminal 1- Lindbergh****Restroom Upgrade Program** **\$7,500,000**

A study of all restrooms in Terminal 1-Lindbergh was completed in 2010 and a program developed to upgrade/modernize the restrooms at Terminal 1-Lindbergh. From this study, each restroom was prioritized based on its condition. This program will provide for the phased modernization of the T1-Lindbergh restrooms to include upgraded finishes, lighting, air quality, energy saving upgrades, and ADA compliance. This year's project will construct the second of two new restrooms on Concourse F, which was delayed to better coincide with the Concessions Rebid program. Costs include an addition to the building to provide adequate space for the required number of fixtures.

Concourse G Moving Walks**\$5,000,000**

This is the first project of a multi-year program to replace the near end-of-life moving walks on the G Concourse. This year's project will replace the western moving walk, nearest the main mall. The walk will also be shortened to accommodate the South Security Exit project of the Operational Improvements Program.

Art Display Areas**\$500,000**

This program is a continuation of the existing program, in partnership with the MSP Foundation, to provide opportunities and space build out for the display of permanent and new temporary/rotating art exhibits. This year's project will be the second of two phases to support an outdoor Art Park adjacent to the hotel for permanent and rotating exhibits with public access for travelers and hotel guests.

Arts Master Plan**\$150,000**

This program supports procurement of commissioned art and rotating exhibits as part of the Percent for Arts program.

EVIDSs/MUFIDs Digital Signs**\$800,000**

This project is a continuation of the 2017 project and will include new and replacement digital toppers, digital food courts signs, digital directories, and brochure holders.

Employee Breakroom**\$250,000**

This project will provide a second MSP employee break room that will have a quiet area for employees who work multiple shifts on the campus to eat, read, etc. By providing this quality work support area, front line and other employees will be able to rest and eat out of view of the public.

13 – Energy Management Center**Energy Savings Program****\$2,000,000**

The scope of this year's project involves work at both Terminal 1-Lindbergh and Terminal 2-Humphrey and in general includes the replacement of valves, boilers, lighting controls, and motors with high efficiency models.

63 – Police**Safety and Operations Center****\$250,000**

This project covers fees for conceptual design of a new operations center for Airport Police staff. The project will consolidate more than a dozen areas across the campus currently occupied by APD staff and/or storage, and will significantly improve emergency response capabilities by housing critical equipment and staff in a location outside the terminal buildings.

66 – Fire**Campus Fire Protection****\$500,000**

This project is part of a new multi-year program to upgrade fire protection systems in various MAC-owned buildings on the MSP campus.

70 – General Office/Administration**General Offices Building Improvements****\$500,000**

Continual maintenance of MAC buildings is necessary for comfort and safety as well as sustainability of the MAC asset. Age and weather contribute to building deterioration, mold and other health issues. The General Office Building, built in the 1960's, has recently experienced a number of window and building issues that need to be corrected, including window sealing and replacements, curtain wall sealing, and roof repairs.

76 – Environment**Runway 30R Deicing Pad Improvements****\$800,000**

While the scope for this project is still being refined, it is anticipated to include upgrades to the existing Runway 30R deicing pad lift station, as well as storm sewer cleaning, televising, and/or rehabilitation.

MSP Ongoing Routine Maintenance Projects**10 – Terminal 1- Lindbergh****Telecommunications Room Equipment Continuity (TREC) \$1,000,000**

The MAC Network (MACNet) carries, along with other information, credit card data collected from the landside parking revenue control system. Merchants like the MAC are required to meet credit card security standards created to protect card holder data. Among these requirements are security standards for the physical locations where MACNet equipment is located. Additionally, the network equipment itself must have added security features to prevent unauthorized network access. This multi-year program addresses these standards by providing security equipment and relevant network hardware for the 150 telecommunications rooms on the MAC campus.

Electrical Infrastructure Program \$1,500,000

There are 53 electrical substations that serve the Terminal 1-Lindbergh complex. It is imperative that these substations be inspected, cleaned, and upgraded in order to ensure their continued performance. This is a continuation of a multi-year program that began in 2009.

Terminal Miscellaneous Modifications \$2,400,000

Each year, there is a list of maintenance projects that are beyond the resources of MAC's maintenance and trades staff to accomplish. These projects are prioritized and completed either as a series of contracts or as purchase orders. Typical work includes door replacements, emergency upgrades to mechanical, electrical, plumbing or HVAC systems, loading dock work, etc. The list of potential projects will be compiled and prioritized in early 2018.

Emergency Power Upgrades \$1,000,000

A study and survey of Terminal 1-Lindbergh transfer switches and emergency lighting was completed in 2008. This year's project is part of a multi-year program that will continue the design and implementation of emergency power and lighting corrective work identified in this study.

Plumbing Infrastructure Upgrades \$500,000

In 2010, MAC staff prepared a preliminary study of the reliability and maintainability of the existing plumbing infrastructure. Portions of the existing plumbing infrastructure serving Terminal 1-Lindbergh are over 40 years old, have systems that are undersized for today's demands, contain isolation valves that are either inaccessible or no longer functional, and utilize aging water meter systems. There are also deteriorated sections of the existing sanitary and storm water systems. This ongoing program was implemented in 2012 to upgrade the plumbing infrastructure system to meet current code requirements and MAC standards. The focus of the 2018 project is to continue the replacement of aging plumbing systems.

Terminal Building Remediation \$2,000,000

Continual maintenance of the terminal buildings is imperative to passenger comfort and safety as well as sustainability of the MAC asset. Age and weather contribute to building deterioration, mold and other health issues. Building and concourse envelope issues include curtain wall systems, glazing, sealant repair/replacement, louver repair/replacement, metal panel repair/replacement, and soffit repair/replacement and insulation systems.

Concourse G Rehabilitation \$4,000,000

This multi-year program will provide operational improvements to the existing concourse over time, including replacing elevators and modifying and replacing structural, electrical, and mechanical systems.

Baggage System Upgrades \$500,000

This multi-year program will provide necessary upgrades to the inbound and outbound baggage system not covered by general system maintenance.

13 – Energy Management Center**EMC Plant Upgrades (T1 & T2) \$500,000**

This six-year program provides upgrades to the MAC's Energy Management Center (EMC) Boiler and Chiller Plants at both Terminal 1-Lindbergh and Terminal 2-Humphrey. The work includes upgrades to the aging Chilled Water and Heating Water systems throughout both terminals. The pumping and piping systems on both the heating and cooling systems are aging and in need of repair work beyond regular maintenance.

21 – Field and Runway**Pavement Joint Sealing/Repair****\$650,000**

This is an ongoing program to provide for the resealing of joints, sealing of cracks, and limited surface repairs on existing concrete pavements. The areas scheduled for sealing will be as defined in the overall joint sealing program or as identified by staff inspection in the early spring of each year.

26 – Terminal Roads/Landside**Tunnel/Bridge Rehabilitation****\$100,000**

The MSP Campus has MAC-owned bridges and tunnels. Bridge and tunnel inspections are conducted each year to identify maintenance and repairs, which are then implemented in a timely fashion.

31 – Parking**T1/T2 Parking Structure Rehabilitation****\$2,500,000**

This is an annual program to maintain the integrity of the airport's multi-level parking structures. Projects typically include concrete repair, joint sealant replacement, expansion joint repairs, concrete sealing, and lighting improvements.

39 – Public Areas/Roads**Landside Pavement Rehabilitation****\$400,000**

This is an ongoing program to construct or reconstruct bituminous pavements outside of the Air Operations Area. Inspection of pavements and appurtenances determines what areas are to be prioritized for rehabilitation under each year's project.

Roadway Fixture Refurbishment**\$150,000**

Many of the light poles, clearance restriction boards, sign units, fence sections, and canopies on the airport roadways are in need of repainting and maintenance. This project provides for refurbishment of these fixtures.

MSP Noise Mitigation Projects**Noise Mitigation Consent Decree Amendment****\$6,000,000**

The Consent Decree First Amendment Program is a residential noise mitigation program that began in March 2014 under the terms of an amended legal agreement between the Metropolitan Airports Commission and the cities of Richfield, Minneapolis, and Eagan, and approved by the Hennepin County District Court. The agreement is effective until December 31, 2024. Under this program, eligibility of single-family and multi-family homes will be determined annually, based upon actual noise contours that are developed for the preceding calendar year, beginning in March 2014. This project will provide noise mitigation for those single family and multifamily homes meeting the eligibility requirements of the program.

MSP Tenant Projects**10 – Terminal 1- Lindbergh****Concessions Rebids****\$3,000,000**

This program provides support for required infrastructure to be brought to lease-lines, shell-space for new build-outs, and for other major changes required to implement the concessions rebid programs at Terminal 1- Lindbergh.

Main Mall Food Court Expansion**\$12,500,000**

This project provides a one-and-a-half story expansion over the existing rooftop space west of the food court, and an expansion north above the existing loading dock. The expansion will provide shell space for an additional concept, two expanded concept spaces, and a remodeled layout in the food court to be remodeled through the 2017 Concessions Rebid program. Revenue from additional concessions and rental fees are currently being evaluated.

Concessions Upgrades/Revenue Development**\$200,000**

This is an annual program to fund miscellaneous upgrades such as finishes, furniture, signage, and/or modified connections to utilities for the concession programs or other revenue generating programs at the airport.

46 – Hangars and Other Buildings**Freight Building Remodel for DHL****\$5,000,000**

This project includes remodel and expansion of the DHL air freight facility located on Cargo Road to accommodate a package processing facility. The air freight facility sits adjacent to the West Cargo Ramp where DHL currently has airside access for their daily aircraft arrivals. The cost of remodel and expansion will be paid through a lease agreement with DHL.

Consolidated Loading Dock Facility**\$10,000,000**

As the concessions program and its food choices continue to expand, the existing Concourse C loading dock space is being stressed beyond capacity. This new facility will house centralized receiving operations with security screening capability and distribution to buildings throughout the MSP campus. The existing loading dock will remain as a significant delivery node. This project will not impact the operating budget, as it is projected to be revenue neutral. Revenue of \$1 million is projected to be offset by \$1 million in expenses.

Reliever Airports Long Term Comprehensive Plan Projects**83 – Airlake****Long Term Comprehensive Plan****\$100,000**

This project includes updates to the most recent long term comprehensive plan.

85 – Crystal**Runway 14R-32L & Taxiway E Modifications****\$2,000,000**

It is anticipated that the updated long term comprehensive plan for this airport will propose “right-sizing” the airport infrastructure, including decommissioning Runway 14R-32L. This project includes converting Runway 14R-32L into a parallel taxiway and rehabilitating portions of Taxiway Echo. The project also includes the required environmental review studies.

Reliever Airports Maintenance/Facility Upgrade Projects**81 – St. Paul****Joint and Crack Repairs****\$ 100,000**

Given the extremely poor sub grade materials at this airport, the need for crack repair and joint sealing is critical to maintain pavement strength and pavement life. An inspection of the pavement will be completed to determine the area most in need of repair.

MAC Building Improvements**\$ 200,000**

This is an ongoing program to provide for facility modifications to ensure continued efficient operation of MAC buildings or modifications necessary to meet the requirements of the tenants.

Maintenance Building Improvements**\$200,000**

This project provides for facility maintenance to ensure continued efficient operation of MAC buildings, specifically the main airport maintenance building.

Airport Perimeter Roads**\$400,000**

This is part of an ongoing effort to rehabilitate airport pavements through bituminous overlays, seal coats, or in some instances, reconstruction, to restore the surfaces to a smooth, even condition and improve overall operating conditions. This project includes the rehabilitation of the airport perimeter road near the intersection of Bayfield Street and Airport Road.

82 – Lake Elmo**Materials Storage Building****\$200,000**

This project includes the construction of a MAC storage building for the containment of airfield maintenance products such as salt, sand, and topsoil to comply with Minnesota Pollution Control Agency requirements.

83 – Airlake**Materials Storage Building****\$200,000**

This project includes the construction of a MAC storage building for the containment of airfield maintenance products such as salt, sand, and topsoil to comply with MPCA requirements.

84 – Flying Cloud

Roof Repairs/Replacement

\$100,000

This project provides for repair and, in some cases, replacement of the roof structures on MAC-owned buildings. This project accounts for identification of the exact type of roof deficiencies as well as completion of the most cost-effective repairs or replacements.

85 – Crystal

Alleyways Pavement Rehabilitation

\$550,000

This is an ongoing program to rehabilitate aircraft operational areas (runways, taxiways, aprons) through bituminous overlays, seal coats, or reconstruction to restore the surfaces to a smooth, even condition and improve overall operating conditions. This project includes the full-depth rehabilitation of alleyways in the North Building Area.

86 – Anoka County - Blaine

Taxiway Pavement Reconstruction

\$600,000

This is an ongoing program to reconstruct aircraft operational areas (runways, taxiways, aprons) through bituminous overlays, seal coats, or reconstruction to restore the surfaces to a smooth, even condition and improve overall operating conditions. This project includes the full-depth rehabilitation of Taxiway Foxtrot.

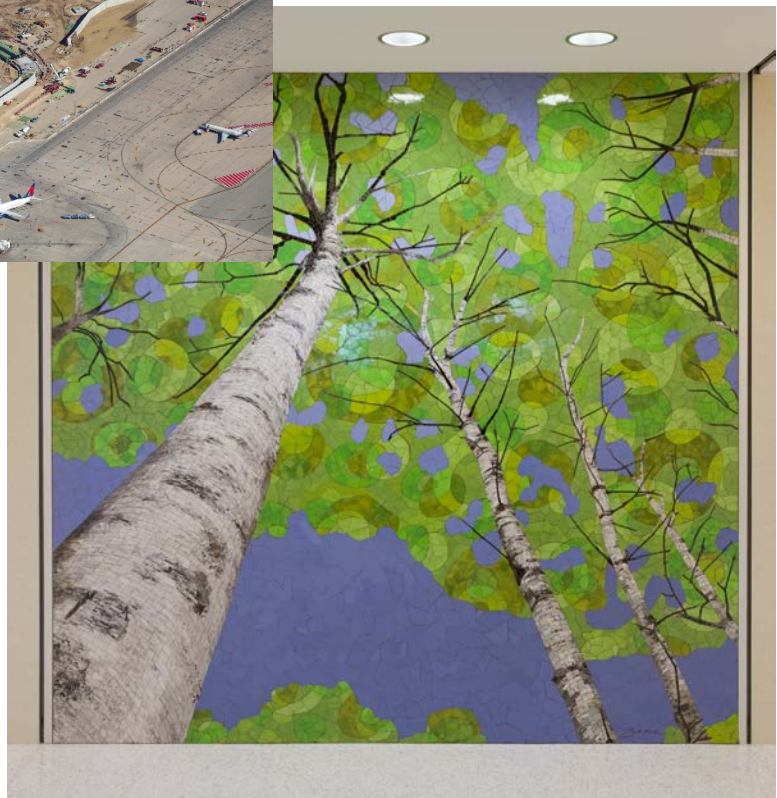
MAC Building Improvements

\$700,000

This is an ongoing program to provide for facility modifications to ensure continued efficient operation of MAC buildings. This year's projects include improvements to the MAC Maintenance Building, Air Traffic Control Tower Building, restroom buildings, and other MAC-owned hangars.



Construction Progress on the Terminal 1-Lindbergh Silver Parking Ramp



Locally-Designed Mosaics are Installed in Each of the Newly Remodeled Restrooms

2018 Capital Improvement Program Funding Sources

The following table shows the funding sources for the 2018 Capital Improvement Program projects. A cash flow summary appears later in the section.

| 2018 Capital Improvement Program (\$ in 000) | | Funding Source | | | |
|---|------------------|-------------------------|-------------------------|------------------|------------------------|
| | | Federal/State Grants | Direct Line or GARBS | PFCs | MAC Funds/ Airlines |
| Projects | Project Cost | | | | |
| MSP End of Life/Replacement Projects | | | | | |
| Terminal 1-Lindbergh | | | | | |
| Passenger Boarding Bridge Replacements | \$ 4,000 | \$ 1,000 | | \$ 3,000 | |
| Tram Systems Retrofit and Equipment | \$ 1,500 | | | | \$ 1,500 |
| Mezzanine HVAC/AHU Replacements & Penthouses | \$ 15,300 | | | | \$ 15,300 |
| Field and Runway | | | | | |
| Taxiway S Reconstruction | \$ 8,000 | \$ 4,800 | | \$ 3,200 | |
| Snow Melter Upgrades/Modifications | \$ 250 | | | | \$ 250 |
| Fire | | | | | |
| MSP Campus Fire Alarm System Upgrade/Transition | \$ 2,500 | | | | \$ 2,500 |
| Aircraft Rescue and Fire Fighting Station #2 | \$ 250 | | | | \$ 250 |
| MSP End of Life/Replacement Projects - Subtotal | \$ 31,800 | \$ 5,800 | \$ - | \$ 6,200 | \$ 19,800 |
| MSP IT Projects | | | | | |
| Terminal 1-Lindbergh | | | | | |
| Intelligent Monitoring and Control Systems | \$ 1,500 | | | | \$ 1,500 |
| MACNet Program | \$ 2,000 | | | | \$ 2,000 |
| Police | | | | | |
| iViSN Program | \$ 3,700 | | | \$ 3,700 | |
| MSP IT Projects - Subtotal | \$ 7,200 | \$ - | \$ - | \$ 3,700 | \$ 3,500 |
| MSP Long Term Comprehensive Plan Projects | | | | | |
| Terminal 1-Lindbergh | | | | | |
| Baggage Handling System | \$ 34,000 | | | \$ 34,000 | |
| South Security Exit and Façade Expansion | \$ 41,300 | | | \$ 41,300 | |
| East Curbside Upper Level Check-in | \$ 2,400 | | | | \$ 2,400 |
| Lower Level Curbside Expansion | \$ 200 | | | | \$ 200 |
| Automated Security Lanes (ASLs) | \$ 4,000 | | | | \$ 4,000 |
| MSP Long Term Comprehensive Plan Projects - Subtotal | \$ 81,900 | \$ - | \$ - | \$ 75,300 | \$ 6,600 |
| MSP Maintenance/Facility Upgrade Projects | | | | | |
| Terminal 1-Lindbergh | | | | | |
| Restroom Upgrade Program | \$ 7,500 | | | \$ 7,500 | |
| G Concourse Moving Walks | \$ 5,000 | | | \$ 1,300 | \$ 3,700 |
| Art Display Area | \$ 500 | | | | \$ 500 |
| Arts Master Plan | \$ 150 | | | | \$ 150 |
| EVIDs/MUFIDs Digital Signs | \$ 800 | | | | \$ 800 |
| Employee Breakroom | \$ 250 | | | | \$ 250 |
| Energy Management Center | | | | | |
| Energy Savings Program | \$ 2,000 | | | | \$ 2,000 |
| Police | | | | | |
| Safety and Operations Center | \$ 250 | | | | \$ 250 |
| Fire | | | | | |
| Campus Fire Protection | \$ 500 | | | | \$ 500 |
| General Office/Administration | | | | | |
| GO Building Improvements | \$ 500 | | | | \$ 500 |
| Environment | | | | | |
| Runway 30R Deicing Pad Improvements | \$ 800 | \$ 475 | | | \$ 325 |
| MSP Maintenance/Facility Upgrade Projects - Subtotal | \$ 18,250 | \$ 475 | \$ - | \$ 8,800 | \$ 8,975 |
| MSP Ongoing Maintenance Programs | | | | | |
| Terminal 1-Lindbergh | | | | | |
| Telecom Room Equipment Continuity | \$ 1,000 | | | | \$ 1,000 |
| Electrical Infrastructure Program | \$ 1,500 | | | | \$ 1,500 |
| Terminal Miscellaneous Modifications | \$ 2,400 | | | | \$ 2,400 |
| Emergency Power Upgrades | \$ 1,000 | | | | \$ 1,000 |
| Plumbing Infrastructure Upgrade Program | \$ 500 | | | | \$ 500 |
| Terminal Building Remediation Program | \$ 2,000 | | | | \$ 2,000 |
| Concourse G Rehabilitation | \$ 4,000 | | | | \$ 4,000 |
| Baggage System Upgrades | \$ 500 | | | | \$ 500 |

| 2018 Capital Improvement Program (\$ in 000) | | Funding Source | | | |
|---|---------------------|-------------------------|-------------------------|------------------|------------------------|
| | | Federal/State Grants | Direct Line or GARBS | PFCs | MAC Funds/ Airlines |
| Projects | Project Cost | | | | |
| <u>MSP Ongoing Maintenance Programs (continued)</u> | | | | | |
| Energy Management Center | | | | | |
| EMC Plant Upgrades Terminals 1 & 2 | \$ 500 | | | | \$ 500 |
| Field and Runway | | | | | |
| Pavement Joint Sealing/Repair | \$ 650 | | | | \$ 650 |
| Terminal Roads/Landside | | | | | |
| Tunnel/Bridge Rehabilitation | \$ 100 | | | | \$ 100 |
| Parking | | | | | |
| Terminals 1 & 2 Parking Structure Rehabilitation | \$ 2,500 | | | | \$ 2,500 |
| Public Areas/Roads | | | | | |
| Landside Pavement Rehabilitation | \$ 400 | | | | \$ 400 |
| Roadway Fixture Refurbishment | \$ 150 | | | | \$ 150 |
| MSP Ongoing Maintenance Programs - Subtotal | \$ 17,200 | \$ - | \$ - | \$ - | \$ 17,200 |
| <u>MSP Noise Mitigation Projects</u> | | | | | |
| Noise Mitigation Consent Decree Amendment | \$ 6,000 | | \$ 6,000 | | |
| MSP Noise Mitigation Projects - Subtotal | \$ 6,000 | \$ - | \$ 6,000 | \$ - | \$ - |
| <u>MSP Tenant Projects</u> | | | | | |
| Terminal 1-Lindbergh | | | | | |
| Concessions Rebids | \$ 3,000 | | | | \$ 3,000 |
| Main Mall Food Court Seating Expansion | \$ 12,500 | | \$ 12,500 | | |
| Concessions Upgrades/Revenue Development | \$ 200 | | | | \$ 200 |
| Hangars and Other Buildings | | | | | |
| Freight Building Remodel for DHL | \$ 5,000 | | \$ 5,000 | | |
| Consolidated Loading Dock Facility | \$ 10,000 | | \$ 10,000 | | |
| MSP Tenant Projects - Subtotal | \$ 30,700 | \$ - | \$ 27,500 | \$ - | \$ 3,200 |
| <u>Reliever Airports Long Term Comprehensive Plan Projects</u> | | | | | |
| Airlake | | | | | |
| Long Term Comprehensive Plan | \$ 100 | | | | \$ 100 |
| Crystal | | | | | |
| Runway 14R-32L & Taxiway E Modifications | \$ 2,000 | \$ 1,200 | | | \$ 800 |
| Reliever Airports Long Term Comprehensive Plan Projects - Subtotal | \$ 2,100 | \$ 1,200 | \$ - | \$ - | \$ 900 |
| <u>Reliever Airports Maintenance/Facility Upgrade Projects</u> | | | | | |
| St. Paul | | | | | |
| Joint and Crack Repairs | \$ 100 | | | | \$ 100 |
| MAC Building Improvements | \$ 200 | | | | \$ 200 |
| Maintenance Building Improvements | \$ 200 | | | | \$ 200 |
| Airport Perimeter Roads | \$ 400 | \$ 275 | | | \$ 125 |
| Lake Elmo | | | | | |
| Materials Storage Building | \$ 200 | \$ 125 | | | \$ 75 |
| Airlake | | | | | |
| Materials Storage Building | \$ 200 | | | | \$ 200 |
| Flying Cloud | | | | | |
| Roof Repairs/Replacement | \$ 100 | | | | \$ 100 |
| Crystal | | | | | |
| Alleyways Pavement Rehabilitation | \$ 550 | \$ 350 | | | \$ 200 |
| Anoka County/Blaine | | | | | |
| Taxiway Pavement Reconstruction | \$ 600 | \$ 400 | | | \$ 200 |
| MAC Building Improvements | \$ 700 | | | | \$ 700 |
| Reliever Airports Maintenance/Facility Upgrade Projects - Subtotal | \$ 3,250 | \$ 1,150 | \$ - | \$ - | \$ 2,100 |
| MSP Subtotal | \$ 193,050 | \$ 6,275 | \$ 33,500 | \$ 94,000 | \$ 59,275 |
| Reliever Airports Subtotal | \$ 5,350 | \$ 2,350 | \$ - | \$ - | \$ 3,000 |
| Total | \$ 198,400 | \$ 8,625 | \$ 33,500 | \$ 94,000 | \$ 62,275 |

2019-2023 Capital Improvement Plan

This encompasses the last five years of the total program and consists of projects that appear likely to be needed during the period. The Commission only funds the CIP out to 2019. A large number of unfunded projects exist in the following table. These projects are labeled as “Demand Driven” projects. These types of projects will only be undertaken if demand exists for such projects.

| 2019-2023 Capital Improvement Program (\$ in 000) | | Funding Source | | | |
|---|-------------------|-------------------------|-------------------------|------------------|------------------------|
| | | Federal/State Grants | Direct Line or GARBS | PFCs | MAC Funds/ Airlines |
| Projects | Project Cost | | | | |
| MSP End of Life/Replacement Projects | | | | | |
| Terminal 1-Lindbergh | | | | | |
| Passenger Boarding Bridge Replacements | \$ 21,000 | \$ 1,500 | | \$ 19,500 | |
| Tram Systems Retrofit and Equipment | \$ 1,500 | | | | \$ 1,500 |
| Replace Terminal 1 Tug Doors | \$ 600 | | | | \$ 600 |
| Recarpeting Program | \$ 21,000 | | | | \$ 21,000 |
| Field and Runway | | | | | |
| Snow Melter Upgrades/Modifications | \$ 750 | | | | \$ 750 |
| Taxiway D Reconstruction | \$ 10,000 | \$ 6,000 | | \$ 4,000 | |
| Sanitary Sewer Replacement Taxiway R | \$ 3,250 | | | \$ 3,250 | |
| Sanitary Sewer Replacement 34th Avenue | \$ 2,150 | \$ 1,500 | | | \$ 650 |
| Terminal Roads/Landside | | | | | |
| Lower Level Roadway Rehabilitation | \$ 1,100 | | | | \$ 1,100 |
| Upper Level Roadway Rehabilitation | \$ 2,000 | | | | \$ 2,000 |
| Upper Level Roadway Electrical System Rehabilitation | \$ 750 | | | | \$ 750 |
| 28th Avenue Watermain Replacement | \$ 1,250 | | | | \$ 1,250 |
| Variable Message Signs Replacement,phase 3 | \$ 1,600 | | | | \$ 1,600 |
| Parking | | | | | |
| Parking Ramp Intercom System Replacement | \$ 1,000 | | | | \$ 1,000 |
| Terminal 2-Humphrey | | | | | |
| Public Walk Aisle Terrazzo Floor Installation | \$ 1,700 | | | | \$ 1,700 |
| Recarpeting Program | \$ 2,000 | | | | \$ 2,000 |
| Fire | | | | | |
| MSP Campus Fire Alarm System Upgrade/Transition | \$ 2,000 | | | | \$ 2,000 |
| Aircraft Rescue and Fire Fighting Station #2 | \$ 10,500 | | \$ 3,000 | \$ 7,500 | |
| MSP End of Life/Replacement Projects - Subtotal | \$ 84,150 | \$ 9,000 | \$ 3,000 | \$ 34,250 | \$ 37,900 |
| MSP IT Projects | | | | | |
| Terminal 1-Lindbergh | | | | | |
| Intelligent Monitoring and Control Systems | \$ 4,500 | | | | \$ 4,500 |
| Fiber Optic Cable Infrastructure Upgrade/Expansion | \$ 1,900 | | | | \$ 1,900 |
| MACNet Program | \$ 3,000 | | | | \$ 3,000 |
| Parking | | | | | |
| Terminal 1-Lindbergh Intelligent Parking Guidance System | \$ 500 | | | | \$ 500 |
| Police | | | | | |
| iVISN Program | \$ 9,500 | | | \$ 9,500 | |
| Card Access Modifications | \$ 5,500 | | | \$ 5,500 | |
| MSP IT Projects - Subtotal | \$ 24,900 | \$ - | \$ - | \$ 15,000 | \$ 9,900 |
| MSP Long Term Comprehensive Plan Projects | | | | | |
| Terminal 1-Lindbergh | | | | | |
| MSP Long Term Comprehensive Plan | \$ 1,500 | | | | \$ 1,500 |
| FIS Recheck Operational Improvements | \$ 8,400 | | | | \$ 8,400 |
| D-Pod Outbound Baggage System | \$ 5,000 | | | \$ 5,000 | |
| BaggageClaim/Ticket Lobby Operational Improvements | \$ 151,000 | | \$ 108,600 | \$ 37,500 | \$ 4,900 |
| Baggage Handling System | \$ 20,600 | | | \$ 20,600 | |
| Checkpoint Expansion | \$ 4,500 | | | \$ 4,500 | |
| Lower Level Curbside Expansion | \$ 12,000 | | \$ 12,000 | | |
| Armed Forces Service Center Relocation | \$ 1,100 | \$ 500 | | | \$ 600 |
| Field and Runway | | | | | |
| Taxiway C1 Construction | \$ 6,000 | \$ 3,600 | | \$ 2,400 | |
| Parking | | | | | |
| T1 Parking Ramp - Parking Ramp Modifications | \$ 17,000 | | \$ 17,000 | | |
| Orange Ramp Additional Elevators | \$ 2,000 | | | | \$ 2,000 |
| Terminal 2-Humphrey | | | | | |
| T2 FIS Baggage Claim Improvements | \$ 1,000 | | | | \$ 1,000 |
| T2 North Gate Expansion Design Fees | \$ 5,000 | | | | \$ 5,000 |
| MSP Long Term Comprehensive Plan Projects - Subtotal | \$ 235,100 | \$ 4,100 | \$ 137,600 | \$ 70,000 | \$ 23,400 |

| 2019-2023 Capital Improvement Program | | Funding Source | | | |
|---|-------------------|------------------|------------------|------------------|------------------|
| (\$ in 000) | | Federal/State | Direct Line | | MAC Funds/ |
| Projects | Project Cost | Grants | or GARBS | PFCs | Airlines |
| MSP Maintenance/Facility Upgrade Projects | | | | | |
| Terminal 1-Lindbergh | | | | | |
| Restroom Upgrade Program | \$ 8,000 | | | \$ 8,000 | |
| Folded Plate Repairs | \$ 35,600 | | \$ 35,600 | | |
| G Concourse Moving Walks | \$ 5,000 | | \$ 2,500 | | \$ 2,500 |
| Way-Finding Sign Backlighting Replacement | \$ 3,200 | | | | \$ 3,200 |
| Lighting Infrastructure Technology and Equipment (LITE) | \$ 9,250 | | | | \$ 9,250 |
| Public Walk Aisle Terrazzo Floor Installation | \$ 13,300 | | \$ 8,900 | | \$ 4,400 |
| Art Display Areas | \$ 1,000 | | | | \$ 1,000 |
| Arts Master Plan | \$ 2,905 | | | | \$ 2,905 |
| Airside Operations Center | \$ 1,250 | | | | \$ 1,250 |
| Observation Deck Improvements | \$ 1,600 | | | | \$ 1,600 |
| Employee Breakroom | \$ 250 | | | | \$ 250 |
| Energy Management Center | | | | | |
| Energy Savings Program | \$ 4,000 | | | | \$ 4,000 |
| Field and Runway | | | | | |
| Establish Taxiway J | \$ 150 | | | | \$ 150 |
| AOA Gate Improvements | \$ 3,000 | | | \$ 3,000 | |
| Runway LED Lighting Upgrade | \$ 6,850 | \$ 2,500 | | \$ 2,500 | \$ 1,850 |
| Runway 4-22 In-Pavement Guard Lights | \$ 500 | | | \$ 500 | |
| Taxiways Bravo & Quebec Centerline Lights | \$ 6,400 | \$ 3,800 | | \$ 2,600 | |
| Perimeter Gate Security Improvements | \$ 7,000 | \$ 3,300 | | \$ 3,700 | |
| Parking | | | | | |
| Parking Ramp Railing Refinishing | \$ 2,000 | | | | \$ 2,000 |
| Terminal 2-Humphrey | | | | | |
| Terminal 2-Humphrey Skyway to LRT Flooring Installation | \$ 800 | | | | \$ 800 |
| Employee Breakroom | \$ 200 | | | | \$ 200 |
| Hangars and Other Buildings | | | | | |
| MAC Storage Facility | \$ 9,000 | | \$ 9,000 | | |
| Trades/Maintenance Buildings | | | | | |
| South Field Maintenance Building Wash Bay | \$ 1,300 | | \$ 1,300 | | |
| Police | | | | | |
| Safety and Operations Center | \$ 35,000 | | \$ 35,000 | | |
| Perimeter Fence Intrusion Detection System | \$ 3,000 | \$ 600 | | \$ 2,000 | \$ 400 |
| Fire | | | | | |
| Campus Fire Protection | \$ 1,500 | | | | \$ 1,500 |
| Environment | | | | | |
| Runway 12R-30L Glycol Forceman Environmental Improvements | \$ 1,400 | \$ 700 | | \$ 700 | |
| Storm Sewer Rehabilitation | \$ 2,500 | \$ 900 | | | \$ 1,600 |
| Ground Service Equipment Electrical Charging Stations | \$ 5,400 | | | \$ 2,000 | \$ 3,400 |
| Lift Station at Ponds 1 and 2 | \$ 800 | | | \$ 800 | |
| Terminal 2-Humphrey Remote Ramp Lot/Drainage Improvements | \$ 2,000 | \$ 1,200 | | | \$ 800 |
| MSP Maintenance/Facility Upgrade Projects - Subtotal | \$ 174,155 | \$ 13,000 | \$ 92,300 | \$ 25,800 | \$ 43,055 |
| MSP Ongoing Maintenance Programs | | | | | |
| Terminal 1-Lindbergh | | | | | |
| Telecom Room Equipment Continuity | \$ 6,000 | | | | \$ 6,000 |
| Electrical Infrastructure Program | \$ 10,500 | | | | \$ 10,500 |
| Terminal Miscellaneous Modifications | \$ 12,200 | | | | \$ 12,200 |
| Emergency Power Upgrades | \$ 10,500 | | | | \$ 10,500 |
| Air Handling Unit Replacement | \$ 14,000 | | | | \$ 14,000 |
| Conveyance System Upgrades | \$ 6,000 | | | | \$ 6,000 |
| Plumbing Infrastructure Upgrade Program | \$ 2,800 | | | | \$ 2,800 |
| Terminal Building Remediation Program | \$ 13,400 | | | | \$ 13,400 |
| Concourse G Rehabilitation | \$ 26,000 | | \$ 15,000 | | \$ 11,000 |
| Baggage System Upgrades | \$ 2,500 | | | | \$ 2,500 |
| Energy Management Center | | | | | |
| EMC Plant Upgrades Terminals 1 & 2 | \$ 5,800 | | | | \$ 5,800 |
| Field and Runway | | | | | |
| Airside Bituminous Rehabilitation/Electrical Construction | \$ 9,900 | | | | \$ 9,900 |
| Pavement Joint Sealing/Repair | \$ 3,250 | | | | \$ 3,250 |
| Miscellaneous Airfield Construction | \$ 1,700 | | | | \$ 1,700 |
| Terminal Roads/Landside | | | | | |
| Tunnel/Bridge Rehabilitation | \$ 500 | | | | \$ 500 |
| Parking | | | | | |
| Terminals 1 & 2 Parking Structure Rehabilitation | \$ 14,000 | | | | \$ 14,000 |

| 2019-2023 Capital Improvement Program (\$ in 000) | | Funding Source | | | |
|---|-------------------|-------------------------|-------------------------|-------------|------------------------|
| | | Federal/State Grants | Direct Line or GARBS | PFCs | MAC Funds/ Airlines |
| Projects | Project Cost | | | | |
| <u>MSP Ongoing Maintenance Programs (continued)</u> | | | | | |
| Public Areas/Roads | | | | | |
| Landside Pavement Rehabilitation | \$ 2,150 | | | | \$ 2,150 |
| Roadway Fixture Refurbishment | \$ 750 | | | | \$ 750 |
| Hangars and Other Buildings | | | | | |
| MSP Campus Building Roof Replacements | \$ 4,000 | | \$ 1,000 | | \$ 3,000 |
| Campus Building Rehab Program | \$ 2,000 | | | | \$ 2,000 |
| Campus Parking Lot Reconstructions | \$ 1,300 | | | | \$ 1,300 |
| End of Life Campus Building Demolition | \$ 775 | | | | \$ 775 |
| MSP Ongoing Maintenance Programs - Subtotal | \$ 150,025 | \$ - | \$ 16,000 | \$ - | \$ 134,025 |
| <u>MSP Noise Mitigation Projects</u> | | | | | |
| Noise Mitigation Consent Decree Amendment | \$ 17,100 | | | | \$ 17,100 |
| MSP Noise Mitigation Projects - Subtotal | \$ 17,100 | \$ - | \$ - | \$ - | \$ 17,100 |
| <u>MSP Tenant Projects</u> | | | | | |
| Terminal 1-Lindbergh | | | | | |
| Concessions Rebids | \$ 3,900 | | \$ 3,500 | | \$ 400 |
| Concessions Upgrades/Revenue Development | \$ 600 | | | | \$ 600 |
| MSP Tenant Projects - Subtotal | \$ 4,500 | \$ - | \$ 3,500 | \$ - | \$ 1,000 |
| <u>Reliever Airports Long Term Comprehensive Plan Projects</u> | | | | | |
| St. Paul | | | | | |
| Long Term Comprehensive Plan | \$ 100 | | | | \$ 100 |
| Lake Elmo | | | | | |
| Runway 14-32 Replacement | \$ 7,000 | \$ 3,100 | | | \$ 3,900 |
| Airfield Modifications | \$ 3,000 | \$ 2,200 | | | \$ 800 |
| Long Term Comprehensive Plan | \$ 100 | | | | \$ 100 |
| Airlake | | | | | |
| South Building Area Development - Phase1 | \$ 3,200 | | | | \$ 3,200 |
| Flying Cloud | | | | | |
| Long Term Comprehensive Plan | \$ 100 | | | | \$ 100 |
| South Building Area Development | \$ 600 | | | | \$ 600 |
| Electrical Vault Modifications | \$ 500 | | | | \$ 500 |
| Crystal | | | | | |
| Long Term Comprehensive Plan | \$ 100 | | | | \$ 100 |
| Anoka County/Blaine | | | | | |
| Long Term Comprehensive Plan | \$ 100 | | | | \$ 100 |
| Building Area Development - Xylite St. Relocation | \$ 1,000 | | | | \$ 1,000 |
| Reliever Airports Long Term Comprehensive Plan Projects - Subtotal | \$ 15,800 | \$ 5,300 | \$ - | \$ - | \$ 10,500 |
| <u>Reliever Airports Maintenance/Facility Upgrade Projects</u> | | | | | |
| St. Paul | | | | | |
| Joint and Crack Repairs | \$ 200 | | | | \$ 200 |
| MAC Building Improvements | \$ 3,700 | | | | \$ 3,700 |
| LED Edge Lighting Upgrades | \$ 2,500 | \$ 300 | | | \$ 2,200 |
| St. Paul Runway 13-31 Pavement Reconstruction | \$ 4,500 | \$ 825 | | | \$ 3,675 |
| Holman Terminal Sub drain | \$ 600 | | | | \$ 600 |
| Airport Perimeter Roads | \$ 400 | | | | \$ 400 |
| Storm Sewer Improvements Phase 2 | \$ 1,500 | \$ 1,000 | | | \$ 500 |
| Cold Equipment Storage Building | \$ 750 | | | | \$ 750 |
| Runway 14-32 Reconstruction | \$ 10,000 | \$ 6,000 | | | \$ 4,000 |
| Lake Elmo | | | | | |
| Runway 04-22 Pavement Rehabilitation | \$ 4,000 | \$ 300 | | | \$ 3,700 |
| Parallel Taxiways Reconstruction | \$ 1,200 | \$ 400 | | | \$ 800 |
| Alleyways - South Building Area Pavement Rehab | \$ 900 | \$ 50 | | | \$ 850 |
| MAC Building Improvements | \$ 400 | | | | \$ 400 |
| Airlake | | | | | |
| Runway 12-30 Extension | \$ 8,000 | \$ 4,800 | | | \$ 3,200 |
| Existing Runway 12-30 Reconstruction | \$ 3,500 | \$ 1,500 | | | \$ 2,000 |
| MAC Building Improvements | \$ 400 | | | | \$ 400 |
| Public Restroom Facility | \$ 300 | | | | \$ 300 |
| Plan Wash Pad | \$ 150 | | | | \$ 150 |
| LED Edge Lighting | \$ 700 | | | | \$ 700 |

| 2019-2023 Capital Improvement Program | | Funding Source | | | |
|---|-------------------|------------------|-------------------|-------------------|-------------------|
| (\$ in 000) | | Federal/State | Direct Line | | MAC Funds/ |
| Projects | Project Cost | Grants | or GARBS | PFCs | Airlines |
| Reliever Airports Maintenance/Facility Upgrade Projects (cont.) | | | | | |
| Flying Cloud | | | | | |
| Alleyways Pavement Rehabilitation | \$ 550 | \$ 150 | | | \$ 400 |
| MAC Building Improvements | \$ 1,020 | | | | \$ 1,020 |
| Taxiway D Pavement Rehabilitation | \$ 600 | \$ 425 | | | \$ 175 |
| Taxiway E Pavement Rehabilitation | \$ 600 | \$ 425 | | | \$ 175 |
| Runway 10R-28L | \$ 1,200 | | | | \$ 1,200 |
| Runway 10L-28R Reclaim/Overlay | \$ 1,500 | | | | \$ 1,500 |
| Crystal | | | | | |
| Taxiways Pavement Rehabilitation | \$ 700 | \$ 450 | | | \$ 250 |
| LED Edge Lighting Upgrade | \$ 800 | \$ 300 | | | \$ 500 |
| MAC Building Improvements | \$ 500 | | | | \$ 500 |
| Anoka County/Blaine | | | | | |
| MAC Building Improvements | \$ 700 | | | | \$ 700 |
| Alleyways Pavement Reconstruction | \$ 2,250 | \$ 650 | | | \$ 1,600 |
| Air Traffic Control Tower Equipment Upgrades | \$ 100 | | | | \$ 100 |
| LED Edge Lighting Upgrade | \$ 2,500 | \$ 300 | | | \$ 2,200 |
| South Service Road & East Landside Road Pavement Reconstruction | \$ 1,000 | \$ 650 | | | \$ 350 |
| Obstructions Removal | \$ 100 | | | | \$ 100 |
| West Perimeter Road | \$ 700 | \$ 400 | | | \$ 300 |
| Reliever Airports Maintenance/Facility Upgrade Projects - Subtotal | \$ 58,520 | \$ 18,925 | \$ - | \$ - | \$ 39,595 |
| MSP Subtotal | \$ 689,930 | \$ 26,100 | \$ 252,400 | \$ 145,050 | \$ 266,380 |
| Reliever Airports Subtotal | \$ 74,320 | \$ 24,225 | \$ - | \$ - | \$ 50,095 |
| Total | \$ 764,250 | \$ 50,325 | \$ 252,400 | \$ 145,050 | \$ 316,475 |



Remodeled Restroom in Terminal 1-Lindbergh



Detail of Custom Mosaic in Remodeled Restroom

Sources and Uses of Funds

From December 31, 2014 through 2019, MAC has identified eight funding sources totaling \$1,407,606,000 including a beginning balance of \$354,543,000. During this period, MAC will expend \$1,236,187,000 leaving a net balance of \$525,962,000 at the end of 2019. This balance represents a portion of the 2017, 2018 and 2019 CIP projects that were started but not completed by December 31, 2019 and PFCs to pay future debt service.

The Construction Fund Budget below represents anticipated sources and uses of funds during the years 2015-2019. The information for 2016 indicates expected transactions during the fourth quarter.

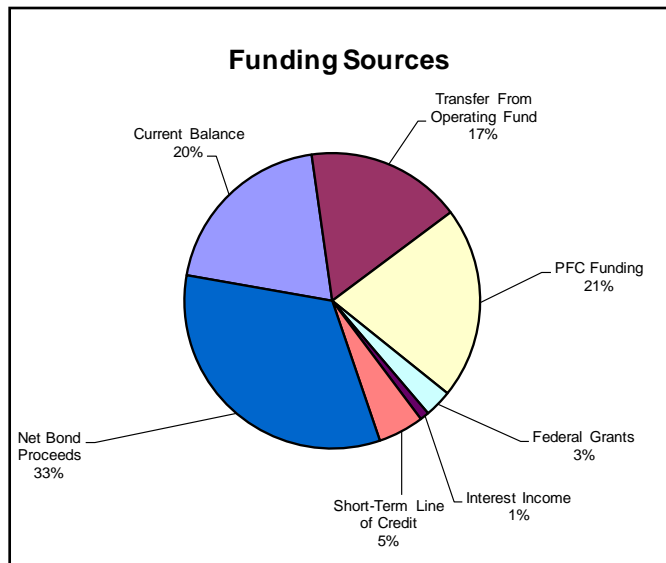
| CONSTRUCTION FUND BUDGET 2017 (\$ = 000) | | | | | | | |
|--|-----------------------|-------------------------|-----------------------|-----------------------|--------------------------|--------------------------|---------------------------|
| | 2015 <u>Actual</u> | 2016 <u>Estimate</u> | 2016 <u>Budget</u> | 2017 <u>Budget</u> | 2018 <u>Projected</u> | 2019 <u>Projected</u> | Total <u>Projected</u> |
| Sources of Funds | | | | | | | |
| Balance 12/31/14 | \$ 354,543 | | | | | | \$ 354,543 |
| Balance Carried Forward | | \$ 368,365 | \$ 328,913 | \$ 688,408 | \$ 511,082 | \$ 419,228 | |
| Transfer From Operating Fund | 46,935 | 52,124 | 49,530 | 67,331 | 72,622 | 67,784 | 306,796 |
| Passenger Facility Charge (PFC) Funding | 70,054 | 69,990 | 70,400 | 73,276 | 74,264 | 75,251 | 362,835 |
| Federal & State Grants | 12,489 | 14,818 | 10,801 | 3,025 | 8,625 | 13,800 | 52,757 |
| Interest Income (1) | 2,639 | 5,308 | 3,000 | 5,692 | 3,250 | 3,000 | 19,889 |
| Short-Term Line of Credit | 27,000 | - | 7,500 | 27,800 | 33,500 | - | 88,300 |
| Principal Amount of Bonds/Notes | 11,737 | 386,984 | 365,975 | - | - | 174,800 | 573,521 |
| Other Receipts | - | 3,508 | - | - | - | - | 3,508 |
| Total Sources of Funds | \$ 170,854 | \$ 532,732 | \$ 507,206 | \$ 177,124 | \$ 192,261 | \$ 334,635 | \$ 1,407,606 |
| Uses of Funds | | | | | | | |
| CIP Project Costs | \$ (126,564) | \$ (180,526) | (268,000) | (326,918) | (257,800) | (201,600) | \$ (1,093,408) |
| Debt Service PFC Transfer | (30,468) | (32,163) | (31,604) | (27,532) | (26,315) | (26,301) | (142,779) |
| Total Use of Funds | \$ (157,032) | \$ (212,689) | \$ (299,604) | \$ (354,450) | \$ (284,115) | \$ (227,901) | \$ (1,236,187) |
| Balance Carried Forward | \$ 368,365 | \$ 688,408 | \$ 536,516 | \$ 511,082 | \$ 419,228 | \$ 525,962 | \$ 525,962 |
| 1 Interest Rate Assumed 1.0% for the period 2017 through 2019. | | | | | | | |

Excluding the current balance, the accompanying chart shows that transfers from the Operating Fund, bond proceeds and funds from PFCs are the main funding sources for construction projects.

Sources of Funds

Each source of funding is discussed below.

The Transfer from the Operating Fund is made at the end of each year after the debt service requirements and working capital balance have been funded. For 2017, a transfer of \$67.3 million is anticipated based on 2016 estimated net revenues. The transfer for 2018 increased slightly due to higher concession revenues, while 2019 decreases due to the increased debt service payments associated with the 2016 bond issue. The balance to be transferred for the period is estimated at \$306.8 million or 17%.



Passenger Facility Charge (PFC) funding is one of the largest funding sources at \$362.8 million or 21% of the total. PFCs were authorized by Congress to allow proprietors of commercial service airports, such as MAC, to impose a charge on enplaning passengers at those airports. The charge was originally set at \$1, \$2 or \$3. The

maximum allowed was changed from \$3.00 to \$4.50 in 2001. Essential Air Service Flights and Frequent Flyers are exempted from this charge. The basis for the PFC is to provide needed supplemental revenues to expedite the improvement of airport facilities used by passengers to mitigate noise impacts and to expand airport system capacity. The Commission's first application began collecting PFCs on June 1, 1992.

Including this first application, the Commission has received approval from the Federal Aviation Administration for eleven separate applications. The Commission expects to file two new PFC applications in the 2016-2017 timeframe. The table below shows the status of all applications.

| Application Number | Amended Approval Amount (\$=000) | Collections as Of 12/31/16 est (\$=000) | Status |
|---------------------------|---|--|---------------|
| 1 | \$ 92,714 | \$ 92,714 | Closed |
| 2 | 140,717 | 140,717 | Closed |
| 3 | 36,377 | 36,377 | Closed |
| 4 | 47,801 | 47,801 | Closed |
| 5 | 112,533 | 112,533 | Closed |
| 6 | 759,735 | 458,542 | Open |
| 7 | 14,479 | 14,479 | Open |
| 8 | 147,986 | 94,307 | Open |
| 9 | 8,659 | 8,659 | Open |
| 10 | 101,472 | 71,451 | Open |
| 11 | 52,827 | 52,056 | Open |
| 12 | 40,796 | 37,407 | Open |
| | \$ 1,556,096 | \$ 1,167,043 | |

In conjunction with filing these applications/amendments, the Commission was required to file a Competition Plan. Before any approval/consideration could be given to these applications/amendments, the FAA needed to approve this Plan. Approval from the FAA regarding the original Competition Plan was received on November 21, 2000. In addition, Congress earlier in 2000 authorized proprietors of commercial service airports to increase the level of PFC up to a maximum of \$4.50. This level of collection required the completion and approval of a Competition Plan for the airport. The Commission received approval to increase the PFC level to \$4.50 in January, 2001. An updated Competition Plan was submitted in December 2008. Approval of the updated Plan was granted in 2009.

Federal and State Grants

Federal Grants are funds which are used for FAA approved projects including Field and Runway and certain terminal building security projects at the various Commission airports. Certain criteria must be met when an application for a project is submitted to the FAA. If the criteria are met, the grant money may be issued. Federal Grants also include money received from the TSA for iViSN capital improvements. State grants are similar to Federal grants. The dollars are on a much smaller scale, but each application must meet the required criteria in order to receive the grant. Total grants are \$52.8 million or 3% of total funding.

Interest Income is based on the balance in the fund. As noted earlier, a 1.0% rate is assumed for 2017 through 2019. This figure can vary significantly depending upon approval of projects and their starting dates. Interest Income of \$19.9 million or 1% of sources is projected.

Short-Term Line of Credit

In 2011, the Commission entered into a \$75 million revolving line of credit. This program replaces the Commercial Paper Program the Commission previously participated in. Short-term funding allows the Commission to interim fund certain projects until either the receipt of grants or funds to be taken out with a future long-term debt issue. The Commission issued \$27.0 million in 2015 for the Terminal 2 Gate Expansion and expects to issue an additional \$61.3 million over the forecast period.

Long-Term Debt

In 2015, the Commission issued approximately \$11.7 million worth of Municipal Receivable Trust Certificates in connection with the construction of solar panels on top of the Commission’s parking deck at Terminal 2 parking structures as well as parking lighting improvements at that terminal. In 2016, the Commission issued General Airport Revenue Bonds which netted approximately \$366 million in construction proceeds. The bond proceeds are expected to be used in the expansion of three gates at Terminal 2 and construction of additional parking/rental car facilities at Terminal 1. In 2019, the Commission expects to issue General Airport Revenue Bonds which is expected to net approximately \$175 million in construction proceeds. The bond proceeds are expected to fund various projects around the airport with the majority of the work to be done in Terminal 1-Lindbergh.

Uses of Funds

There are two general categories of uses listed. The first CIP project costs (\$1,093.0 million) represent 88% of the total. The Debt Service Transfer of \$142.8 million, or 12% of this total, represents the transfer of PFC funding to pay a portion of PFC projects funded by long-term debt.

CIP project costs include both actual construction costs and any fees (i.e. architectural/engineering) which may be associated with the project. Also included in this figure are projects in process. Significant project costs include those associated with parking facilities, Reliever Airports and other field and terminal projects.

The balance carried forward can be attributed to a number of projects scheduled to begin the next year. It is quite possible that this balance could be significantly different as the timing of projects historically has been delayed for any number of reasons.

The table below indicates the amount of projects currently in process with project costs in excess of \$3 million. The vast majority of capital projects in the Commission’s Capital Improvement Program are considered routine projects for a major airport and do not affect the annual operating budget.

| Projects in Process (As of November 30, 2016) | | | |
|--|--------------------------------------|--------------------------------|----------------------------|
| <u>Project Description</u> | <u>Estimated Project Cost</u> | <u>Payments To Date</u> | <u>% Completion</u> |
| Passenger Boarding Bridge Replacement | \$8,000,000 | \$5,178,871 | 64.7% |
| Restroom Upgrade Program | \$13,500,000 | \$12,157,661 | 90.1% |
| Mezzanine HVAC/Air Handling Unit Replacement | \$16,700,000 | \$1,103,258 | 6.6% |
| Concourse C-G Connector Improvements | \$4,500,000 | \$3,454,441 | 76.8% |
| Vertical Circulation Improvements | \$34,200,000 | \$5,287,671 | 15.5% |
| Terminal 1-Lindbergh Roadway Improvements | \$45,500,000 | \$15,358,603 | 33.8% |
| Terminal 1-Lindbergh Parking Ramp Projects | \$104,500,000 | \$37,361,919 | 35.8% |
| Runway 14-32 Pavement Rehabilitation-St. Paul | \$4,000,000 | \$3,098,981 | 77.5% |
| Concourse G Improvements | \$13,800,000 | \$9,234,617 | 66.9% |
| Terminal 1 Checkpoint Consolidation | \$18,000,000 | \$16,723,062 | 92.9% |
| Pavement Rehabilitation-Aprons | \$10,750,000 | \$9,218,163 | 85.8% |
| Concourse A-B Modifications | \$3,000,000 | \$2,351,931 | 78.4% |
| Concessions Upgrade | \$3,980,000 | \$2,253,282 | 56.6% |
| iVISON Projects (CCTV) Improvements | \$7,000,000 | \$3,562,372 | 50.9% |
| Totals: | <u>\$287,430,000</u> | <u>\$126,344,832</u> | |

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Debt Service Fund

The Debt Service Fund discussion covers four areas: Debt Service Requirement, Long Term Debt, Bond Ratings, and Sources and Uses of Funds.

Debt Service Requirement

The Metropolitan Airports Commission, in the recent past, has issued two forms of long-term indebtedness: General Airport Revenue Bonds (GARBs) and General Obligation Revenue Bonds (GORBs). Since 1976, GORBs have been issued which are backed by Commission revenues and the authority to levy any required taxes on the assessed valuation of the seven-county metropolitan area. In 1998, the Commission began to issue GARBs which are not backed by the Commission's ad valorem taxing power. Additionally, the Commission has agreed (pursuant to the terms of the Master Trust Indenture entered into by the Commission in connection with its issuance of GARBs) to collect rates, tolls, fees, rentals and charges so that during each fiscal year the Net Revenues, together with any permitted transfer, will be equal to at least 125% of aggregate annual debt service on the outstanding Senior Lien GARBs and 110% for outstanding Subordinate Lien GARBs. (See Long Term Debt Section below.)

With regard to GORBs, MAC is required by law to maintain Debt Service funds sufficient to bring the balance on hand in the Debt Service Account on October 10th of each year to an amount equal to all principal and interest to become due and payable from there to the end of the second following year. The Commission currently has no outstanding GORBs debt.

The following is the annual actual debt service funding requirements for the next five years for the GARB issues (does not include future bond issues):

| | |
|-----------------|------------|
| January 1, 2017 | \$ 130,443 |
| January 1, 2018 | \$ 135,567 |
| January 1, 2019 | \$ 135,549 |
| January 1, 2020 | \$ 129,355 |
| January 1, 2021 | \$ 129,385 |

Long Term Debt

General Obligation Revenue Bonds and General Airport Revenue Bonds

The acquisition and construction of facilities at the airports operated by the Commission have been substantially financed by the issuance of Airport Improvement Bonds and GORBs (all of which have been defeased), Notes Payable, a revolving line of credit, and GARBs.

GORBs are general obligations of the Commission, payments of which are secured by the pledge of all operating revenues of the Commission. The Commission has the power to levy property taxes upon all taxable property in the seven county Metropolitan Area in order to pay debt service outstanding on GORBs. (These taxes, if levied, must be re-paid.)

The Commission has not levied taxes for the payment of debt service since 1969. Since then, Commission revenues have been sufficient to pay principal and interest due to Airport Improvement Bonds and GORBs. The Commission currently has available for issuance under the existing legislative authorization approximately \$55 million of GORBs.

The 1996 Minnesota State Legislature authorized the Commission to issue GARBs. These bonds may be secured by the pledge of all operating revenues of the Commission. The Commission's authority to issue additional GARBs is subject to an additional bonds test for future issuance of either its Senior Lien or Subordinate Lien GARBs. The additional bonds test is designed to demonstrate that the Commission will have the current and future ability to repay its debt. For Senior Lien GARBs, the additional bonds test requires the Commission to either show that historical revenues are at least equal to 1.1 times total expected Senior Lien debt service or that projected net revenues are expected to exceed 1.25 times total expected Senior Lien debt service. For Subordinate Lien GARBs, the additional bonds test requires the Commission to either show that historical revenues are at least equal to 1.1 times total expected debt service or that projected net revenues are expected to exceed 1.1 times total expected debt service. These coverage ratios include debt service on the GORBs.

The projected coverage ratio for 2017 on Senior Debt Obligations is 4.68x. With the optional coverage transfer, this figure is 4.93x. The overall projected coverage ratio is expected to be 1.95x and 2.06x with the optional coverage transfer.

Notes Payable

The Commission from time to time has financed certain pieces of equipment and certain capital improvement projects through the issuance of notes payable. The Commission utilizes this type of financing in order to recover a portion of the debt service via airline rates and charges. As of December 31, 2016, the Commission has \$47,804,000 notes payable outstanding.

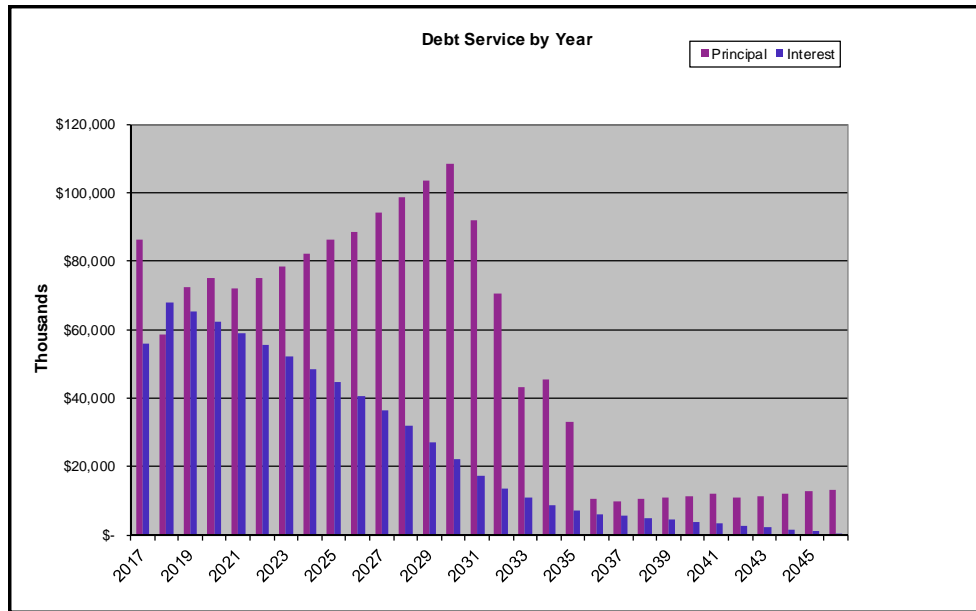
Revolving Line of Credit

The Commission previously utilized a Commercial Paper program to interim fund certain capital improvement projects. In May 2010, the direct pay letters of credit expired and the renewal cost was very expensive. In 2011, the Commission entered into a \$75 million Revolving Line of Credit to interim fund certain capital improvement projects. As of December 31, 2016, the Commission has utilized \$40,648,500 of the line of credit.

The table below shows future debt requirements for existing debt on an annual calendar year basis after December 31, 2016 for the next thirty years. The following chart does not take into consideration any future bond issues or notes payable issued after 2016. The dollars shown are in thousands.

| (\$ = 000) | General Airport | | | | |
|------------|----------------------------------|---------------------------|-----------------------------|--------------------|----------------------------|
| | Notes/Line of Credit (Principal) | Revenue Bonds (Principal) | Total Outstanding Principal | Total All Interest | Total Principal & Interest |
| 2017 | \$ 44,663 | \$ 41,470 | \$ 86,133 | \$ 55,962 | \$ 142,095 |
| 2018 | 3,014 | 55,390 | \$ 58,404 | 68,014 | 126,418 |
| 2019 | 3,029 | 69,325 | \$ 72,354 | 65,203 | 137,557 |
| 2020 | 2,849 | 72,275 | \$ 75,124 | 62,074 | 137,198 |
| 2021 | 2,687 | 69,260 | \$ 71,947 | 58,874 | 130,821 |
| 2022 | 2,655 | 72,420 | \$ 75,075 | 55,581 | 130,656 |
| 2023 | 2,232 | 76,140 | \$ 78,372 | 52,111 | 130,483 |
| 2024 | 2,341 | 79,645 | \$ 81,986 | 48,542 | 130,528 |
| 2025 | 1,949 | 84,375 | \$ 86,324 | 44,703 | 131,027 |
| 2026 | 1,661 | 86,985 | \$ 88,646 | 40,630 | 129,276 |
| 2027 | 1,645 | 92,320 | \$ 93,965 | 36,376 | 130,341 |
| 2028 | 1,837 | 96,725 | \$ 98,562 | 31,841 | 130,403 |
| 2029 | 1,996 | 101,485 | \$ 103,481 | 27,059 | 130,540 |
| 2030 | 2,125 | 106,380 | \$ 108,505 | 22,027 | 130,532 |
| 2031 | 2,258 | 89,500 | \$ 91,758 | 17,262 | 109,020 |
| 2032 | 2,400 | 68,170 | \$ 70,570 | 13,419 | 83,989 |
| 2033 | 2,547 | 40,765 | \$ 43,312 | 10,787 | 54,099 |
| 2034 | 2,702 | 42,695 | \$ 45,397 | 8,785 | 54,182 |
| 2035 | 2,866 | 30,270 | \$ 33,136 | 6,989 | 40,125 |
| 2036 | 997 | 9,395 | \$ 10,392 | 5,975 | 16,367 |
| 2037 | - | 9,860 | \$ 9,860 | 5,486 | 15,346 |
| 2038 | - | 10,350 | \$ 10,350 | 4,981 | 15,331 |
| 2039 | - | 10,870 | \$ 10,870 | 4,450 | 15,320 |
| 2040 | - | 11,415 | \$ 11,415 | 3,893 | 15,308 |
| 2041 | - | 11,990 | \$ 11,990 | 3,308 | 15,298 |
| 2042 | - | 10,890 | \$ 10,890 | 2,736 | 13,626 |
| 2043 | - | 11,430 | \$ 11,430 | 2,178 | 13,608 |
| 2044 | - | 12,005 | \$ 12,005 | 1,592 | 13,597 |
| 2045 | - | 12,605 | \$ 12,605 | 977 | 13,582 |
| 2046 | - | 13,235 | \$ 13,235 | 331 | 13,566 |
| | \$ 88,453 | \$ 1,499,640 | \$ 1,588,093 | \$ 762,146 | \$ 2,350,239 |

The following chart shows expected future debt principal and interest:



The following table provides summary information for all current long-term debt.

| Bonds Payable, due serially (\$ = 000) | Issue Date | Original Amount | Final Payment In | Outstanding as of | |
|---|---------------|--------------------|---------------------|---------------------|---------------------|
| | | | | Year End 2017 | Year End 2016 |
| General Airport Revenue Bonds: | | | | | |
| 2007 Series A - 4.50 to 5.00% | 01/09/07 | 440,985 | 2032 | - | 440,985 |
| 2007 Series B - 4.50 to 5.00% | 01/09/07 | 197,360 | 2032 | - | 191,775 |
| 2009 Series A - 2.0-5.0% | 11/10/09 | 23,075 | 2022 | 11,795 | 11,795 |
| 2009 Series B - 4.0-5.0% | 11/10/09 | 128,835 | 2022 | 69,365 | 69,365 |
| 2010 Series A - 4.00-5.00% | 08/10/10 | 62,210 | 2035 | 62,210 | 62,210 |
| 2010 Series B - 3.00-5.00% | 08/10/10 | 73,475 | 2028 | 59,895 | 59,895 |
| 2010 Series C - 3.00-5.00% | 11/10/10 | 21,600 | 2024 | 5,085 | 5,085 |
| 2010 Series D - 4.00-5.00% | 11/10/10 | 68,790 | 2024 | 35,605 | 35,605 |
| 2011 Series A - 3.50-5.00% | 11/02/11 | 52,015 | 2025 | 47,870 | 47,870 |
| 2012 Series A - 0.46-2.755% | 11/20/12 | 39,770 | 2020 | 23,310 | 23,310 |
| 2012 Series B - 5.00% | 11/20/12 | 42,015 | 2031 | 42,015 | 42,015 |
| 2014 Series A - 2.00-5.00% | 10/08/14 | 217,790 | 2035 | 214,520 | 214,520 |
| 2014 Series B - 2.00-5.00% | 10/08/14 | 46,590 | 2026 | 42,740 | 42,740 |
| 2016 Series A - 3.00-5.00% | 10/04/16 | 330,690 | 2032 | 330,690 | - |
| 2016 Series B - 3.00-5.00% | 10/04/16 | 152,190 | 2024 | 152,190 | - |
| 2016 Series C - 2.00-5.00% | 12/20/16 | 207,250 | 2046 | 207,250 | - |
| 2016 Series D - 2.00-5.00% | 12/20/16 | 23,410 | 2041 | 23,410 | - |
| 2016 Series E - 2.00-5.00% | 12/20/16 | 171,690 | 2034 | 171,690 | - |
| | | | | - | - |
| Total General Airport Revenue Bonds | | | | \$ 1,499,640 | \$ 1,247,170 |
| TOTAL BONDS OUTSTANDING | | | | \$ 1,499,640 | \$ 1,247,170 |
| NOTES PAYABLE & REVOLVING LINE OF CREDIT | | | | \$ 57,569 | \$ 88,453 |
| TOTAL LONG TERM BONDS AND NOTES PAYABLE | | | | \$ 1,557,209 | \$ 1,335,623 |

Bond Refundings

On October 4, 2016, the Commission issued \$482,880,000 of General Airport Revenue Bonds Series 2016A and 2016B to refund the General Airport Revenue Bonds Series 2007A and 2007B and were called on January 1, 2017.

As a result of the October 4, 2016 refunding, the Commission reduced its total debt service requirements by \$164,340,453, which resulted in an economic gain (the difference between the present values of the debt service payments on the old and new debt) in the amount of \$124,290,794.

The Commission, along with its financial advisors, regularly reviews the Commission debt structure to look for refunding candidates provided that they meet the 3% net present value savings.

The Commission has no Derivative/Swap debt nor has there ever been any instrument of this type in the Debt Portfolio.

New Issues

The most recent new money bond issue the Commission issued was on December 20, 2016. The MAC issued \$207,250,000 General Airport Revenue Bonds Series 2016C, \$23,410,000 General Airport Revenue Bonds Series 2016D and \$171,690,000 General Airport Revenue Bonds Series 2016E.

The \$23,410,000 General Airport Revenue Bonds Series 2016D proceeds were used to repay a portion of the revolving line of credit used in connection with the new 4 Gate Expansion at Terminal 2-Humphrey.

A portion of the proceeds of the General Airport Revenue Bonds Series 2016C Bonds and the General Airport Revenue Bonds Series 2016E Bonds will be used to finance the design, construction, improvement and equipping of the following projects at the Airport:

New Parking Garage. The Commission will construct a new, 11-level, parking structure adjacent to the existing parking facilities at Terminal 1-Lindbergh (the “New Parking Garage”). The garage will provide public parking on levels 6 through 11 (approximately 3,300 parking spaces), with rental car parking facilities on levels 2 through 5. A new rental car customer service building and a new transit center will be constructed on the ground level of the parking structure. This project also includes extending the underground tram corridor (although not the tram), vertical circulation building, entrance helix, exit helix, associated utilities, lighting, landscaping, signage, roadways, and security features, and relocating the rental car ready/return areas from the existing parking garages at Terminal 1-Lindbergh. The estimated cost of the New Parking Garage is \$293 million.

Roadway & Plaza Relocation. In connection with the construction of the New Parking Garage, the Commission will relocate a major portion of the outbound roadway and associated utilities at Terminal 1-Lindbergh, modify the entrance to the existing public facilities at Terminal 1-Lindbergh and construct a new exit plaza to accommodate the New Parking Garage. The estimated cost of this portion of the Series 2016C/E Project is \$100 million.

Parking Management Building and Revenue Control System. The new exit plaza includes a new parking management building, revenue control system, exit booths with associated canopy, electrical and mechanical systems, fiber optic cabling, and landscaping. It will be constructed in connection with the construction of the new Parking Garage. The estimated cost of this portion of the Series 2016C/E Project is \$24 million.

Other Components of Series 2016C/E Projects. Certain other projects will be undertaken in connection with the construction of the new Parking Garage, including certain grade separation projects and a new cargo and stores building to be leased by Delta Airlines. The estimated cost of this portion of the Series 2016C/E Project is \$26 million.

The Series 2016C/E Projects are expected to be completed by the fall of 2019.

The Capital Improvement Program approved by the Commission in December 2016 for the period 2017-2023 does include funding of projects with a new long-term debt issue. The Commission anticipates a new long term debt issue in the \$200 million range primarily for Terminal 1-Lindbergh and Parking facility improvements.

Bond Ratings

The Commission has maintained excellent ratings for many years. The Commission is one of the few airports with an AA- rating. Most airports are in the A rating category. The Commission’s bond ratings as of December 31, 2016 are as follows:

| | <u>Moody’s</u> | <u>Standard & Poors</u> | <u>Fitch Ratings</u> |
|-------------------------------|----------------|-----------------------------|----------------------|
| General Obligation Bonds | Aaa | AAA | AAA |
| General Airport Revenue Bonds | N/A | AA | AA- |

Standard & Poors bond ratings range from AAA (highest quality) to C (lowest quality) for long term obligations. Ratings from ‘AA’ to ‘CCC’ may be modified by the addition of a plus (+) or minus (-) sign to show relative standing

within the major rating categories. The ratings for the Commission's long term debt are defined below:

- 'AAA' - Extremely strong capacity to meet financial commitments. Highest Rating.
- 'AA' - Very strong capacity to meet financial commitments.

Fitch Ratings also uses a rating system similar to that of Standard & Poors. Ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

Moody's bond ratings range from Aaa (highest quality) to C (lowest quality) for long term obligations. Moody's applies numerical modifiers 1-high, 2-mid, and 3-low in each generic rating classification from Aaa to C. The bond rating process is a comprehensive analysis of the Commission's financial practices and performance. Forecasts of future performance and projected long-term planning practices are also reviewed. The following data is typically requested and analyzed by the rating agencies:

- Trends of demographic/economic information
- Airline industry
- Capital Improvement Program
- Major employers in the area
- Budget documents/Performance to Budget
- Diversity of local economy
- Financial audits/Performance
- Financial policies and practices

The Statistics & Informative Facts section shows statistics commonly analyzed by the rating agencies.

Sources and Uses of Funds

The Debt Service Budget is shown below.

| 2017 DEBT SERVICE BUDGET | | | | | | |
|--------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| (\$=000) | | | | | | |
| | 2015 | 2016 | 2016 | 2017 | 2018 | 2019 |
| | Actual | Estimate | Budget | Budget | Projected | Projected |
| January 1 Balance | \$ 210,517 | \$ 227,487 | \$ 227,439 | \$ 251,930 | \$ 242,808 | \$ 247,425 |
| Source Of Funds: | | | | | | |
| Transfer from Operating Fund | 90,815 | 87,674 | 89,194 | 84,917 | 101,164 | 109,588 |
| Transfer from PFCs ¹ | 30,468 | 31,522 | 31,604 | 27,533 | 26,315 | 26,301 |
| Interest earnings ² | 1,698 | 1,673 | 1,649 | 985 | 1,353 | 1,577 |
| Bond Proceeds ³ | - | 684,414 | 70,044 | - | - | 42,259 |
| Total Sources Of Funds | \$ 122,981 | \$ 805,283 | \$ 192,491 | \$ 113,435 | \$ 128,832 | \$ 179,725 |
| Uses Of Funds | | | | | | |
| Bond Refundings | \$ - | \$ (628,340) | \$ - | \$ - | \$ - | \$ - |
| Rebate Payment | - | - | - | - | - | - |
| Total Principal/Interest Paid | (106,011) | (152,500) | (117,794) | (122,557) | (124,215) | (135,714) |
| Ending Balance | <u>\$ 227,487</u> | <u>\$ 251,930</u> | <u>\$ 302,136</u> | <u>\$ 242,808</u> | <u>\$ 247,425</u> | <u>\$ 291,436</u> |

¹ Used to pay in existing debt which was formerly paid for with operating funds.
² Interest Rate Assumed 1.00% for the entire period.
³ Includes Debt Reserve and Capitalized Interest.

Sources of Funds

Each source of funding is discussed below.

The transfer from the operating fund occurs each October 10th for General Obligation Revenue Bonds. The Commission currently has no GORB's outstanding. Therefore there is no funding requirement during 2015-2019.

For General Airport Revenue Bonds, the transfer occurs in late June and December each year. This transfer will fluctuate due to interest earnings, refundings, and new issues.

The PFC transfer represents the use of PFCs to pay a portion of existing debt beginning in 2003 for various general airport revenue bonds instead of operating funds. This transfer will fluctuate due to interest earnings, scheduled increases in annual debt service amounts, refundings and new issues.

Interest earnings are assumed at 1.00% for 2017-19. In projecting interest income, the Commission typically takes a conservative approach.

Bond proceeds are made up of reserves, issuance costs, and capitalized interest. The proceeds in 2016 represent the refunding of General Airport Revenue Bonds Series 2007 and new money issues in 2016 and 2019. The amounts shown in the table above represents the required debt service reserve and capitalized interest.

Uses of Funds

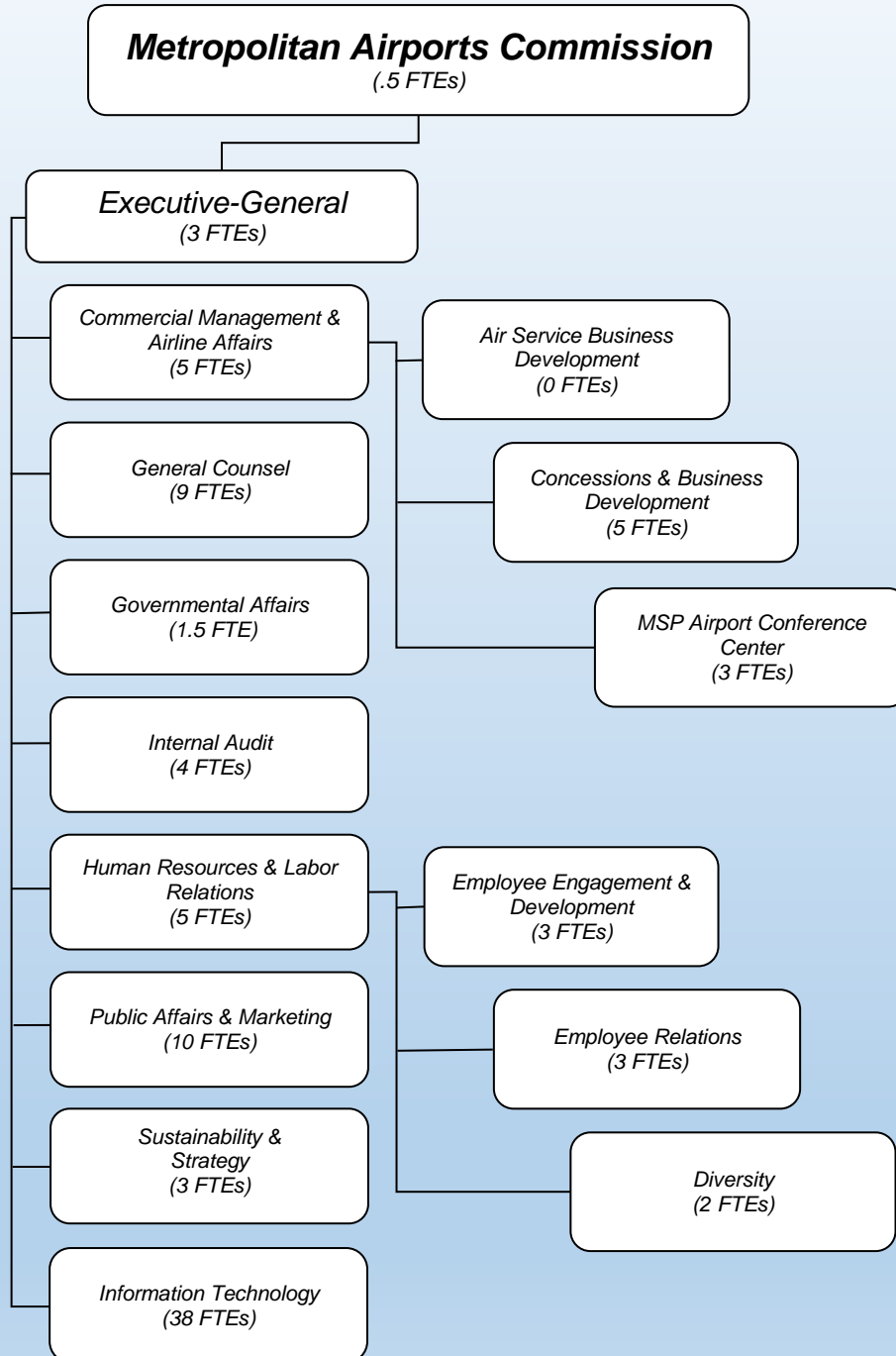
Disbursements represent principal and interest payments made during the year by bond series as well as rebate payments due on excess investment interest earnings, if any, on bond issues. In 2016, the Commission refunded General Airport Revenue Bonds Series 2007. These refundings accounted for the increase in uses in 2016. In 2019 increases in principal and interest payments are primarily due to principal payments starting from the new money 2016 bond issues.



Terminal 2-Humphrey



Executive Division



Notations to Service Center Summaries:

- Variance (dollars and %) is computed between 2016 Budget and 2017 Budget amounts
- The explanations for the variances are based upon the 2016 Budget and 2017 Budget amounts
- Negative variances, in most cases, are the result of reductions in one-time expenses or budget reductions
- The FTE count in each service center is as of January 1, 2017. The FTE budget was calculated in 2016 and may not reflect the budgeted FTE count for some service centers.
- The 2017-2022 plan is an evolution from key initiatives to strategic goals and objectives. As a result, the 2017 service centers will not be tied to key initiatives, but will link to our new organizational goals and objectives.

EXECUTIVE - GENERAL

The Executive-General Department is responsible for the overall administration of the Metropolitan Airports Commission and for the implementation of all Commission policies. The Office of the Executive Director/CEO is directly accountable to the Board of Commissioners for the safe and efficient operation of the seven airports under the Commission's jurisdiction. Responsibilities include the coordination, direction, and implementation of programs and services of the Commission, as well as external relations with those regulatory agencies and governmental bodies concerned with the operation and administration of the Commission.

BUDGET SUMMARY

| | 2015 Actual | 2016 Budget | 2017 Budget | \$ Variance | % Variance |
|-----------------------------|----------------|----------------|----------------|----------------|---------------|
| Personnel | 445,504 | 454,933 | 540,126 | 85,193 | 18.7% |
| Administrative Expenses | 204,987 | 218,700 | 192,925 | (25,775) | -11.8% |
| Professional Services | | 20,000 | | (20,000) | -100.0% |
| Utilities | 1,681 | 1,800 | 1,800 | 0 | 0.0% |
| Operating Services/Expenses | 56 | 870 | 800 | (70) | -8.0% |
| Maintenance | | | | 0 | 0.0% |
| Other | 8,051 | | | 0 | 0.0% |
| Total Budget | 660,279 | 696,303 | 735,651 | 39,348 | 5.7% |

Full-time Equivalent (FTE) Total

3 3 3

HIGHLIGHTS OF BUDGET

- Personnel The increase in Personnel is attributable to hiring a new Executive Director/CEO in 2016, as well as wage structure adjustments and step increases for staff.
- Administrative Expenses The decrease in Administrative Expenses is attributable to decreased membership fees and dues for professional organizations.
- Professional Services Funds were included in the 2016 budget to cover unexpected consulting services that could have occurred based on requests from the Chairman or Commissioners and reflect historic spending.

2017 SERVICE CENTER OBJECTIVES

Organizational Strategic Goal: Economic - Maintain our competitive cost structure while maintaining our airports' economic benefit

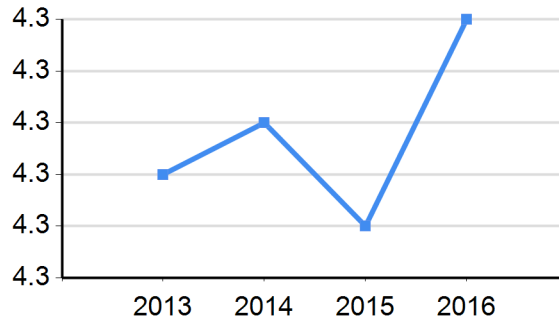
Organizational Strategic Objective: Economic - Measure and communicate our airports' economic benefit to the region

SERVICE CENTER PERFORMANCE

Measure: Airport service performance rating (Airport Service Quality survey)

| Description | Organizational Initiative | Unit of Measure | Target |
|---|---------------------------|-----------------|--------|
| Airport service performance rating (Airport Service Quality survey) for overall satisfaction with the airport | Customer Experience | Number | 4.54 |

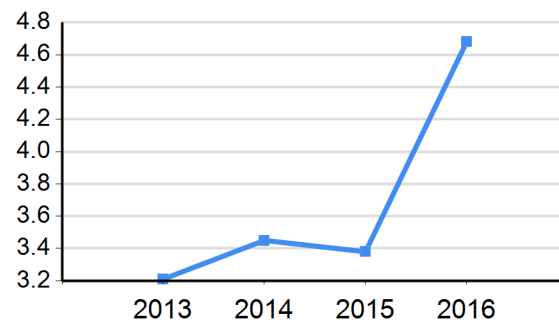
| Results | | |
|---------|----------|--|
| Year | Year End | Comments |
| 2013 | 4.28 | |
| 2014 | 4.29 | |
| 2015 | 4.27 | A number of projects are implemented to raise the score. |
| 2016 | 4.31 | |



Measure: Debt service coverage ratio

| Description | Organizational Initiative | Unit of Measure | Target |
|---|---------------------------|-----------------|-------------|
| Our goal is to maintain a debt service coverage ratio of 3 or better. | Finance | Number | 2 or better |

| Results | | |
|---------|----------|---|
| Year | Year End | Comments |
| 2013 | 3.21 | |
| 2014 | 3.45 | |
| 2015 | 3.38 | |
| 2016 | 4.68 | This number is an estimate and will be updated when year-end numbers are finalized. |



EXECUTIVE - COMMISSIONER

The responsibilities of the Board of Commissioners are: 1) promoting public welfare; 2) promoting national, international, state, and local air transportation; 3) promoting the safe, efficient, and economical handling of air commerce both nationally and internationally, and to develop fully the potential of the metropolitan area as an aviation center, providing for the most economical and effective use of aeronautical facilities and services; and 4) assuring metropolitan area residents that the environmental impact from air transportation will be minimized by promoting the overall goals of the State's environmental policies, minimizing the public's exposure to noise, and pursuit of the highest level of safety at all Commission airports.

BUDGET SUMMARY

| | 2015 Actual | 2016 Budget | 2017 Budget | \$ Variance | % Variance |
|-----------------------------|----------------|----------------|----------------|----------------|---------------|
| Personnel | 45,667 | 45,250 | 48,825 | 3,575 | 7.9% |
| Administrative Expenses | 51,292 | 24,870 | 35,900 | 11,030 | 44.4% |
| Professional Services | | | | 0 | 0.0% |
| Utilities | | | 540 | 540 | 100.0% |
| Operating Services/Expenses | | | | 0 | 0.0% |
| Maintenance | | | | 0 | 0.0% |
| Other | | | | 0 | 0.0% |
| Total Budget | 96,959 | 70,120 | 85,265 | 15,145 | 21.6% |

Full-time Equivalent (FTE) Total

0.5 0.5 0.5

HIGHLIGHTS OF BUDGET

- Personnel The Personnel increase is attributable to increased Commissioner per diems for meetings related to MAC business.
- Administrative Expenses Travel was increased for new Commissioners to develop a better understanding of airport operations and programs.

HUMAN RESOURCES & LABOR RELATIONS

The Human Resources and Labor Relations Department is responsible for two main areas. Human Resources facilitates the continuation of the MAC as a high-performing organization where employees experience excellence in leadership, challenging work, and opportunities for growth and development while being rewarded competitively. This area is responsible for the oversight and management of human resources, products, and services delivered by Employee Relations, Employee Engagement and Development, and the Office of Diversity. The Labor Relations area negotiates and administers 13 labor contracts at the Commission. Labor Relations also interacts with and mediates disputes between outside unions and contractors that could jeopardize Commission operations. Each of these areas has a separate budget.

BUDGET SUMMARY

| | 2015 Actual | 2016 Budget | 2017 Budget | \$ Variance | % Variance |
|-----------------------------|----------------|----------------|----------------|----------------|---------------|
| Personnel | 365,232 | 349,572 | 604,685 | 255,113 | 73.0% |
| Administrative Expenses | 23,628 | 14,115 | 15,470 | 1,355 | 9.6% |
| Professional Services | 94,251 | 185,000 | 95,000 | (90,000) | -48.6% |
| Utilities | 840 | 840 | 840 | 0 | 0.0% |
| Operating Services/Expenses | 7,440 | 33,500 | 32,500 | (1,000) | -3.0% |
| Maintenance | | | | 0 | 0.0% |
| Other | | | | 0 | 0.0% |
| Total Budget | 491,391 | 583,027 | 748,495 | 165,468 | 28.4% |

Full-time Equivalent (FTE) Total

5 5 5

HIGHLIGHTS OF BUDGET

- Personnel The increase in Personnel is attributable to wage structure adjustments and step increases.
- Administrative Expenses The increase in Administrative Expenses is attributable to an increase in membership dues for professional associations.
- Professional Services The 2016 budget for Professional Services included a one-time professional level nationwide search for a new Executive Director/CEO. Since that process is complete the dollars necessary for professional executive search services can be reduced accordingly.

2016 SERVICE CENTER OBJECTIVE RESULTS

Objective: Start negotiations with the MAC's unionized employees

Results: The MAC has 13 total bargaining units with eight units having contracts expiring at the end of 2016. Six of these units are deemed "essential" units covering employees in the police and fire departments. These essential units may not legally strike. Essential units may, however, have contract disputes submitted to binding arbitration. The labor agreements with the MAC's four construction trades unions (painters, plumbers carpenters and electricians) expire on April 30, 2017. The Teamsters labor contract covering employees in Field Maintenance expires June 30, 2017. Negotiations have begun with all eight units that have contracts ending on December 31, 2016. Negotiations with the Trades and the Teamsters will start in Q1-Q2 2017.

Objective: Explore whether the MAC should implement a plan whereby Sick Leave Severance for certain non-organized employees is placed in a Post-Employment Health Plan (HCSP)-type account

Results: In 2016 the MAC benchmarked the Sick Leave Severance program relative to private sector organizations, other airports, and public sector entities in Minnesota. These results were presented to the Commission. The MAC continues to explore the possibility of providing a mechanism to move the severance payment from direct payments to employees to payments to a tax neutral Health Care Savings Plan. This project will be completed in the first half of 2017.

2017 SERVICE CENTER OBJECTIVES

Objective: During 2017, complete the negotiation process for all labor agreements

Organizational Strategic Goal: Talent - Be a model employer

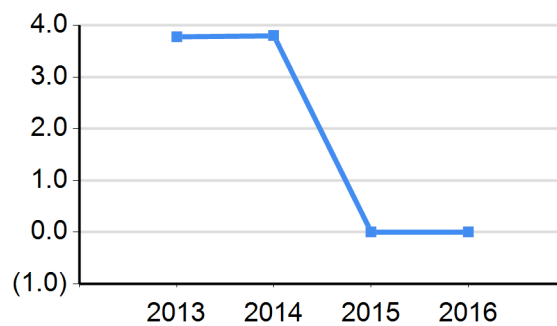
Organizational Strategic Objective: Cultivate an engaged workforce

SERVICE CENTER PERFORMANCE

Measure: Employee Engagement Index survey results (overall average)

| Description | Organizational Initiative | Unit of Measure | Target |
|---------------------------|---------------------------|-----------------|--------|
| Employee Engagement Index | Employee Engagement | Number | 3.8 |

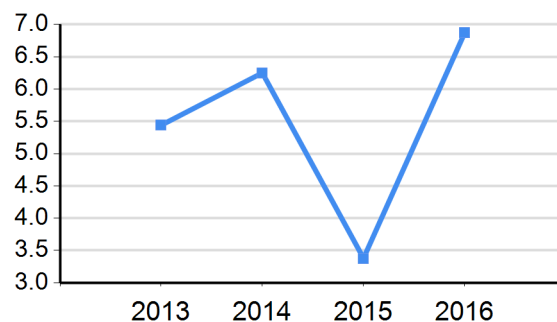
| Results | | |
|---------|----------|---|
| Year | Year End | Comments |
| 2013 | 3.78 | |
| 2014 | 3.8 | |
| 2015 | 0 | Engagement survey not administered in 2015 |
| 2016 | 0 | The survey was not administered in 2016. The survey is being re-designed, and a vendor is being selected for administration and benchmarking. |



Measure: Employee turnover rate

| Description | Organizational Initiative | Unit of Measure | Target |
|------------------------|---------------------------|-----------------|--------|
| Employee Turnover Rate | Employee Engagement | % | <10 |

| Results | | |
|---------|----------|----------|
| Year | Year End | Comments |
| 2013 | 5.44 | |
| 2014 | 6.25 | |
| 2015 | 3.38 | |
| 2016 | 6.87 | |



EMPLOYEE ENGAGEMENT & DEVELOPMENT

The Employee Engagement and Development Department is responsible for the facilitation of employee development throughout the organization. This includes live and on-line training programs, coaching, mentorship, and individual development plans. The department also works with Human Resources and Employee Relations on performance improvement plans and workforce planning.

BUDGET SUMMARY

| | 2015 Actual | 2016 Budget | 2017 Budget | \$ Variance | % Variance |
|-----------------------------|----------------|----------------|----------------|-----------------|---------------|
| Personnel | 390,687 | 422,390 | 413,887 | (8,503) | -2.0% |
| Administrative Expenses | 3,130 | 12,907 | 7,500 | (5,407) | -41.9% |
| Professional Services | 2,500 | 20,000 | 25,000 | 5,000 | 25.0% |
| Utilities | | | | 0 | 0.0% |
| Operating Services/Expenses | 5,409 | 8,700 | 7,500 | (1,200) | -13.8% |
| Maintenance | | | | 0 | 0.0% |
| Other | | | | 0 | 0.0% |
| Total Budget | 401,726 | 463,997 | 453,887 | (10,110) | -2.2% |

Full-time Equivalent (FTE) Total

2 3 3

HIGHLIGHTS OF BUDGET

- Personnel The decrease in Personnel is attributable to wage structure adjustments and changes in step levels for positions with employee turnover.
- Administrative Expenses The Administrative Expense decrease is attributed to technology costs transferred to the Information Technology service center.
- Professional Services The increase in Professional services expense is attributable to outsourcing the Employee Engagement Survey in 2017.
- Operating Services/Expenses The Operating Services/Expense decrease is attributed to technology costs transferred to the Information Technology service center.

2016 SERVICE CENTER OBJECTIVE RESULTS

Objective: Develop and deliver a MAC-specific leadership development training program for all new supervisors and managers

Results: A two-day "Principles of Supervision" course was developed and delivered in Q4.

Objective: Develop and deliver performance management training to all MAC supervisors and managers

Results: Given its size, the project is being deferred to Q2-Q3 2017.

2017 SERVICE CENTER OBJECTIVES

Objective: Redesign the performance review process to improve organization-wide understanding of the MAC's strategic goals

Organizational Strategic Goal: Talent - Be a model employer

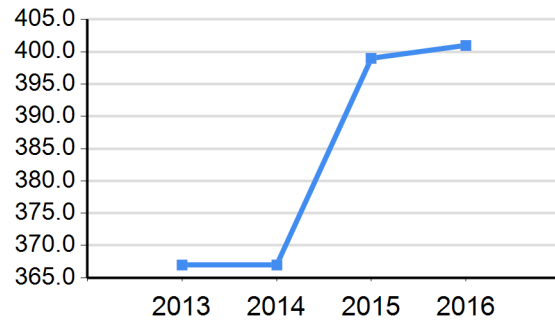
Organizational Strategic Objective: Invest in training and professional development opportunities that align with our goals

SERVICE CENTER PERFORMANCE

Measure: Organization-wide annual performance reviews completed

| Description | Organizational Initiative | Unit of Measure | Target |
|-------------------------------|---------------------------|-----------------|--------|
| Performance Reviews Completed | Employee Engagement | Number | 399 |

| Results | | |
|---------|----------|--|
| Year | Year End | Comments |
| 2013 | 367 | |
| 2014 | 367 | |
| 2015 | 399 | Improvement in 2015 and reached our goal |
| 2016 | 401 | |



DIVERSITY

The Office of Diversity is responsible for contract compliance and affirmative action programs. Contract compliance includes the Targeted Group Business (TGB) and the Disadvantaged Business Enterprise (DBE) Programs. TGB/DBE responsibilities are community relations, training, certification, and state and federal reporting. The TGB/DBE programs provide business opportunities for firms owned by women, minorities, and persons with disabilities. The Affirmative Action Program includes American with Disabilities Act, English as a Second Language, hiring, and complaint investigations. Customers include the traveling public, the Commission, internal staff, business owners, vendors, contractors, and consultants.

BUDGET SUMMARY

| | 2015 Actual | 2016 Budget | 2017 Budget | \$ Variance | % Variance |
|-----------------------------|----------------|----------------|----------------|----------------|---------------|
| Personnel | 187,739 | 195,419 | 200,712 | 5,293 | 2.7% |
| Administrative Expenses | 20,711 | 24,775 | 34,575 | 9,800 | 39.6% |
| Professional Services | 1,856 | | 30,000 | 30,000 | 100.0% |
| Utilities | 840 | 840 | 850 | 10 | 1.2% |
| Operating Services/Expenses | 2,530 | 5,000 | 4,000 | (1,000) | -20.0% |
| Maintenance | | | | 0 | 0.0% |
| Other | | | | 0 | 0.0% |
| Total Budget | 213,676 | 226,034 | 270,137 | 44,103 | 19.5% |

Full-time Equivalent (FTE) Total

2 2 2

HIGHLIGHTS OF BUDGET

- Personnel The increase in Personnel is attributable to wage structure adjustments and step increases.
- Administrative Expenses The Administrative Expenses variance is attributed to the Legacy pilot program. Legacy is a program for the MSP Fire Department, created to increase the diversity within MAC Fire.
- Professional Services The Professional Services variance is a result of budgeted recruitment of protected class candidates for key positions within the organization.

2016 SERVICE CENTER OBJECTIVE RESULTS

Objective: Evaluate all training and mentoring programs, design a program based on best and past practices

Results: Responsibility for this objective was transferred to the Manager of Employee Development & Engagement; therefore, results are not available under this service center.

2017 SERVICE CENTER OBJECTIVES

Objective: Review, revise, and expand the scope of the MAC's diversity plan by the end of 2017

Organizational Strategic Goal: Talent - Be a model employer

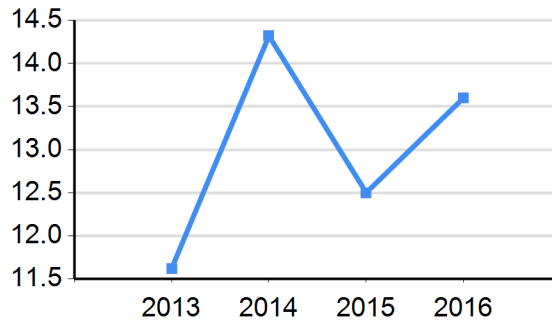
Organizational Strategic Objective: Increase diversity, inclusion, and equity at the MAC

SERVICE CENTER PERFORMANCE

Measure: Disadvantaged Business Enterprise

| Description | Organizational Initiative | Unit of Measure | Target |
|--|---------------------------|-----------------|--------|
| Percentage of Concession Dollars generated by DBEs | Customer Experience | % | 11 |

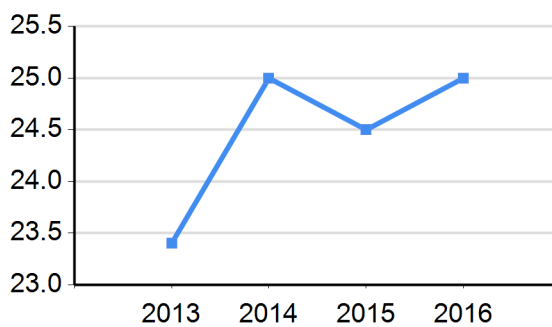
| Results | | |
|---------|----------|----------------|
| Year | Year End | Comments |
| 2013 | 11.62 | Target is met. |
| 2014 | 14.32 | Target is met. |
| 2015 | 12.5 | Target is met. |
| 2016 | 13.6 | Target is met. |



Measure: Female population in the workforce

| Description | Organizational Initiative | Unit of Measure | Target |
|--------------------------------|---------------------------|-----------------|--------|
| Female Percentage of Workforce | Employee Engagement | % | 51 |

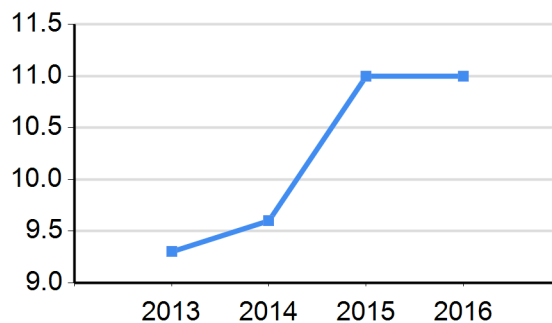
| Results | | |
|---------|----------|----------|
| Year | Year End | Comments |
| 2013 | 23.4 | |
| 2014 | 25 | |
| 2015 | 24.5 | |
| 2016 | 25 | |



Measure: Minority population in the workforce

| Description | Organizational Initiative | Unit of Measure | Target |
|------------------------------------|---------------------------|-----------------|--------|
| Minorities Percentage of Workforce | Employee Engagement | % | 15 |

| Results | | |
|---------|----------|----------|
| Year | Year End | Comments |
| 2013 | 9.3 | |
| 2014 | 9.6 | |
| 2015 | 11 | |
| 2016 | 11 | |



EMPLOYEE RELATIONS

Employee Relations staff are responsible for: 1) administering compensation programs for all employees; 2) maintaining all personnel data, personnel files, and the Human Resource Information System (HRIS); 3) developing, maintaining, and distributing personnel policies and management reports; 4) counseling management and non-management employees with regard to Human Resource policies and practices; 5) working with supervisors and leaders to strengthen skills related to employee relations issues; and 6) administering all policies related to recruitment and staffing for all open positions.

BUDGET SUMMARY

| | 2015 Actual | 2016 Budget | 2017 Budget | \$ Variance | % Variance |
|-----------------------------|----------------|----------------|----------------|-----------------|---------------|
| Personnel | 394,725 | 436,585 | 345,243 | (91,342) | -20.9% |
| Administrative Expenses | 11,935 | 16,835 | 17,645 | 810 | 4.8% |
| Professional Services | 64,441 | 60,290 | 62,264 | 1,974 | 3.3% |
| Utilities | | | | 0 | 0.0% |
| Operating Services/Expenses | 8,033 | 5,884 | 8,000 | 2,116 | 36.0% |
| Maintenance | | | | 0 | 0.0% |
| Other | | | | 0 | 0.0% |
| Total Budget | 479,135 | 519,594 | 433,152 | (86,442) | -16.6% |

Full-time Equivalent (FTE) Total

3

3

3

HIGHLIGHTS OF BUDGET

- Personnel The decrease in Personnel is attributable to wage structure adjustments and changes in step levels for positions with employee turnover.
- Operating Services/Expenses The Operating Services/Expenses increase is attributed to anticipated increase in advertising for open positions at the MAC.

2016 SERVICE CENTER OBJECTIVE RESULTS

Objective: Along with Employee Relations staff, complete Phase II of MAC department talent reviews

Results: Development talent reviews continued on a department-by-department basis through Q4 2016.

Objective: Develop and implement changes to performance review process with Human Resources staff

Results: This objective was transferred to the Manager of Employee Development & Engagement in Q4.

2017 SERVICE CENTER OBJECTIVES

Objective: Obtain Commission approval of revisions to current Human Resources policies and new policies scheduled for review

Organizational Strategic Goal: Talent - Be a model employer

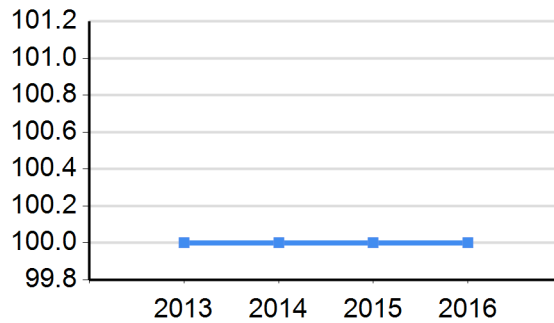
Organizational Strategic Objective: Cultivate an engaged workforce

SERVICE CENTER PERFORMANCE

Measure: Employee separation completions according to policies, procedures and law

| Description | Organizational Initiative | Unit of Measure | Target |
|---|---------------------------|-----------------|--------|
| Employee separation completions according to policies, procedures and law | Employee Engagement | % | 100 |

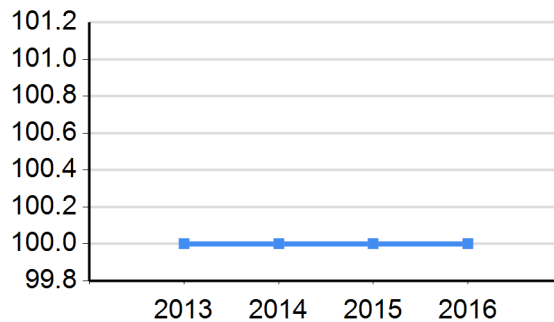
| Results | | |
|---------|----------|---|
| Year | Year End | Comments |
| 2013 | 100 | |
| 2014 | 100 | |
| 2015 | 100 | Employee separation administration process completed in timely manner |
| 2016 | 100 | |



Measure: Leaves of absence administration - return employees to active employment status upon receipt of employee medical clearance

| Description | Organizational Initiative | Unit of Measure | Target |
|--|---------------------------|-----------------|--------|
| Leaves of absence administration - return employees to active employment status upon receipt of employee medical clearance | Employee Engagement | % | 100 |

| Results | | |
|---------|----------|---------------------|
| Year | Year End | Comments |
| 2013 | 100 | New measure in 2013 |
| 2014 | 100 | |
| 2015 | 100 | |
| 2016 | 100 | |



PUBLIC AFFAIRS & MARKETING

The Public Affairs and Marketing (PAM) Department builds public support for the MAC through media relations, public information, outreach programs, marketing, and advertising. The department enhances the airport experience by providing information to travelers and increases MAC revenues through marketing of MAC facilities, parking, and food and retail concessions. In addition, PAM identifies, monitors, and helps address issues that may impact the MAC, communicates airport benefits and issues to surrounding communities, and enhances customer service and the MSP brand by communicating with travelers and tenants. PAM provides information to MAC staff and Commissioners for their use in working to achieve organizational goals, conducts advertising and marketing campaigns aimed at increasing MAC revenues, and continually promotes airport services. In addition, the department operates the Information and Paging Office (IPO), providing informational services to our customers 14 hours a day, 365 days a year.

BUDGET SUMMARY

| | 2015 Actual | 2016 Budget | 2017 Budget | \$ Variance | % Variance |
|-----------------------------|------------------|------------------|------------------|----------------|---------------|
| Personnel | 755,440 | 839,348 | 968,774 | 129,426 | 15.4% |
| Administrative Expenses | 152,578 | 252,042 | 287,114 | 35,072 | 13.9% |
| Professional Services | 228,060 | 192,600 | 393,000 | 200,400 | 104.0% |
| Utilities | 5,109 | 6,036 | 6,916 | 880 | 14.6% |
| Operating Services/Expenses | 408,199 | 481,060 | 505,840 | 24,780 | 5.2% |
| Maintenance | 14,119 | 17,700 | 17,700 | 0 | 0.0% |
| Other | 41,134 | 17,750 | 17,550 | (200) | -1.1% |
| Total Budget | 1,604,638 | 1,806,536 | 2,196,894 | 390,358 | 21.6% |

Full-time Equivalent (FTE) Total

8

9

10

HIGHLIGHTS OF BUDGET

- Personnel

The increase in Personnel costs reflects the full-year impact of hiring a public affairs and marketing coordinator (hired in June 2016), the full year impact of a mid-2016 reclassification of an Information and Paging Office headcount to supervisor level, and increased coverage by provisional employees in the IPO, in addition to wage adjustments and increases.
- Administrative Expenses

Increases in Administrative Expenses are driven largely by 1) subscription to more powerful tools for monitoring and assessing effectiveness of social media communications as well as the ability to analyze social media for data on specific customers service topics; 2) expenses related to activities/events that address the new strategic goal of engagement and enhancing the public narrative; and 3) purchase of items in preparation of efforts to support MSP customer service during the Super Bowl.
- Professional Services

The increase in Professional Services stems from the need to update MSP's five-year-old economic impact study, conduct sustainability communications and outreach efforts outlined in the MAC's sustainability plan, implement efforts related to the new engagement goal of enhancing the public narrative in our strategic plan, and allows for use of an illustrator as needed to incorporate digital illustrations in videos. The increase also includes funds for phase two content development for expanded digital directories program.
- Utilities

Utilities costs are up slightly due to the full-year impact of cell phone stipends for the new Information and Paging Office supervisor and public affairs and marketing coordinator positions created in 2016.
- Operating Services/Expenses

Increases are to promote MSP's new concessions, provide for internal and external sustainability activities and events in keeping with the sustainability plan, and support the new engagement goal in the MAC's strategic plan.

2016 SERVICE CENTER OBJECTIVE RESULTS

Objective: Fully integrate social/digital media into the Information and Paging Office communication program

Results: The text messaging customer service program was fully launched in all secure areas of Terminal 1-Lindbergh and Terminal 2-Humphrey during Q4. In addition, bag claims at both terminals are now included in the program as well. As of the end of Q4 steps were being taken to secure software that will enable the Information and Paging Office to monitor and respond to customers on Facebook and Twitter.

Objective: Improve messaging platforms to communicate more effectively with stakeholders across multiple mediums, including mobile, Web, email, SMS/text and social media

Results: Phase 1 of the MAC Information Tecnology project to rebuild www.msairport.com was nearing completion by the end of Q4. This scope includes a fully responsive website to better serve our customers regardless what device they use to browse our website, including mobile. In Q4 our department sent 39 email bulletins and newsletters to eNews subscribers. At the conclusion of Q4, 1,754 customers were served through text messaging (using software called Kipsu) for a 2016 total of 4,610. With Facebook, Twitter and Instagram combined, MSP has a social following of 55,247. In Q4, engagements on Facebook (people who have liked, commented on, or shared posts) equaled 1,317,694. MSP tweets (Twitter posts) achieved 444,000 impressions (the number of people's streams that our tweets appeared in).

2017 SERVICE CENTER OBJECTIVES

Objective: Communicate externally and internally the results of the MSP Airport Economic Impact Study conducted in 2017

Organizational Strategic Goal: Economic - Maintain our competitive cost structure while maintaining our airports' economic benefit

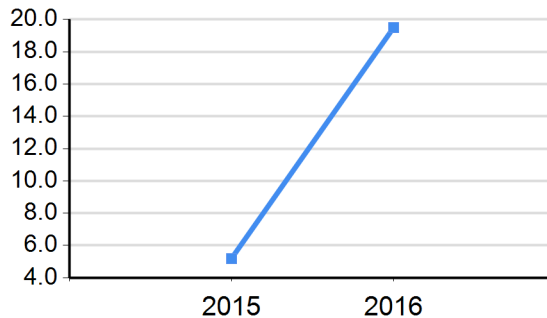
Organizational Strategic Objective: Measure and communicate our airports' economic benefit to the region

SERVICE CENTER PERFORMANCE

Measure: Facebook Engagement

| Description | Organizational Initiative | Unit of Measure | Target |
|--|---------------------------|-----------------|--------|
| Number of Facebook "fans" who "like," "share" or "comment on" a MAC post | Customer Experience | Number | 4.9 |

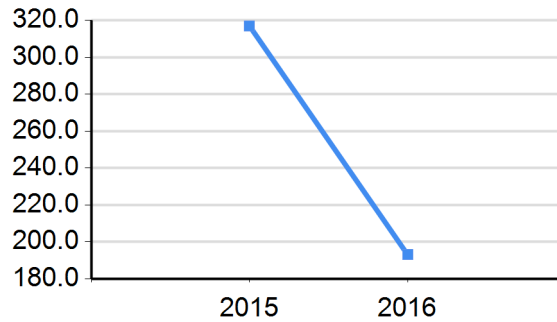
| Results | | |
|---------|----------|--|
| Year | Year End | Comments |
| 2015 | 5.2 | New measure for 2015; number in millions |
| 2016 | 19.5 | Number in millions |



Measure: "Fly" magazine impressions

| Description | Organizational Initiative | Unit of Measure | Target |
|--|---------------------------|-----------------|--------|
| The number of impressions garnered by Fly magazine | Finance | Number | 100 |

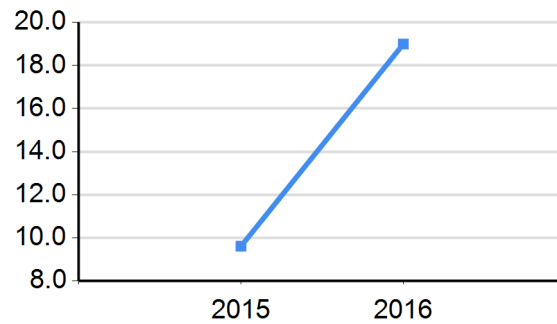
| Results | | |
|---------|----------|---|
| Year | Year End | Comments |
| 2015 | 317 | New measure for 2015; number in thousands |
| 2016 | 193 | Number in thousands; due to a change in analytics tracking, data for Q4 are not available |



Measure: Number of news and notification subscribers

| Description | Organizational Initiative | Unit of Measure | Target |
|---|---------------------------|-----------------|--------|
| Number of people subscribing for notices and information through the MAC's subscription news and notification service | Customer Experience | Number | 3 |

| Results | | |
|---------|----------|--|
| Year | Year End | Comments |
| 2015 | 9.6 | New measure for 2015; number is in thousands |
| 2016 | 19 | Number in thousands |



SUSTAINABILITY & STRATEGY

Created in 2016, the Sustainability & Strategy Department is responsible for the Commission's sustainability and strategy plans, processes, and outcomes. The sustainability effort provides a plan, process, and measurement of outcomes for the organization's vision to infuse sustainability into its way of doing business. The strategic plan sets the key goals to achieve the MAC's vision to provide your best airport experience.

BUDGET SUMMARY

| | 2015 Actual | 2016 Budget | 2017 Budget | \$ Variance | % Variance |
|-----------------------------|----------------|----------------|----------------|----------------|---------------|
| Personnel | | 189,200 | 286,332 | 97,132 | 51.3% |
| Administrative Expenses | | 16,650 | 20,375 | 3,725 | 22.4% |
| Professional Services | | 105,000 | 125,000 | 20,000 | 19.0% |
| Utilities | | 1,680 | 840 | (840) | -50.0% |
| Operating Services/Expenses | | | | 0 | 0.0% |
| Other | | 1,500 | 1,500 | 0 | 0.0% |
| Total Budget | | 314,030 | 434,047 | 120,017 | 38.2% |

Full-time Equivalent (FTE) Total

0 3 3

HIGHLIGHTS OF BUDGET

- Personnel The increase in Personnel is attributable to wage structure adjustments and step increases, as well as an open position for the 2017 budget.
- Administrative Expenses Increased Administrative Expenses are due to an increase in budgeted travel for 2017.
- Professional Services The increase in Professional Services Expense is due to the added role of strategic planning. The Service Center increased the budget to cover consultants and initial project costs for a small number of strategic plan 2017 projects.
- Utilities The Utilities Expense decrease is attributable to an adjustment of cell phone coverage and applications based on department usage.

2017 SERVICE CENTER OBJECTIVES

Objective: Complete the first phase of a sustainability data management program

Organizational Strategic Goal: Innovation - Innovate through opportunities in technology and sustainability

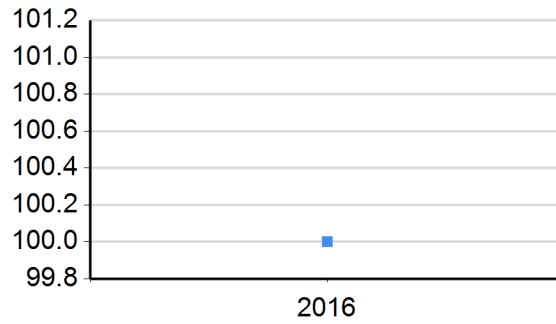
Organizational Strategic Objective: Integrate sustainability into our culture

SERVICE CENTER PERFORMANCE

Measure: MAC-MSP Sustainability Report

| Description | Organizational Initiative | Unit of Measure | Target |
|--|---------------------------|-----------------|--------|
| Publish the annual sustainability report | Environment | % | 100 |

| Results | | |
|---------|----------|--|
| Year | Year End | Comments |
| 2016 | 100 | The MAC's first Sustainability Report was published online in July 2016, and in print in October 2016. |



INTERNAL AUDIT

The Internal Audit Department provides an independent and objective assurance and consulting service that is guided by a philosophy of adding value by improving the operations of the Metropolitan Airports Commission. The department assists the MAC in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's risk management, internal control, and governance processes.

BUDGET SUMMARY

| | 2015 Actual | 2016 Budget | 2017 Budget | \$ Variance | % Variance |
|-----------------------------|----------------|----------------|----------------|----------------|---------------|
| Personnel | 425,428 | 439,158 | 449,931 | 10,773 | 2.5% |
| Administrative Expenses | 10,641 | 9,850 | 7,550 | (2,300) | -23.4% |
| Professional Services | | | | 0 | 0.0% |
| Utilities | 540 | 540 | 540 | 0 | 0.0% |
| Operating Services/Expenses | 5,314 | 7,300 | | (7,300) | -100.0% |
| Maintenance | | | | 0 | 0.0% |
| Other | | | | 0 | 0.0% |
| Total Budget | 441,923 | 456,848 | 458,021 | 1,173 | 0.3% |

Full-time Equivalent (FTE) Total 4 4 4

HIGHLIGHTS OF BUDGET

- Personnel The increase in Personnel is attributable to wage structure adjustments and step increases.
- Administrative Expenses The decrease in Administrative Expenses is attributed to a decrease in planned conference and continuing education travel in 2017.
- Operating Services/Expenses The decrease in Operating Services/Expenses is attributable to the transfer of software costs to the 79000-Information Technology service center.

2016 SERVICE CENTER OBJECTIVE RESULTS

Objective: Implement the Commission-approved Internal Audit Plan for 2016; issue quarterly reports to the Commission that detail testing processes and results; report audit findings and recommend process improvements for Commission approval

Results: During Q4, the Audit Plan was implemented as scheduled and the "Report on Third Quarter 2016 Audit Results" was issued. Results for the 4th Quarter of 2016 will be issued in Q1 2017.

Objective: Perform unscheduled audit procedures based on audit requests and audit issues identified through the continuous audit process; complete audit testing and report audit results to the Commission as appropriate; report audit findings and recommend process improvements for Commission approval as needed

Results: A special project in Information Technology Audit was completed in Q4 2016. A report on the results of the audit was issued to Senior Management and will be presented to the Commission in Q1 2017.

2017 SERVICE CENTER OBJECTIVES

Objective: Implement the Commission-approved Internal Audit Plan for 2017; issue quarterly reports to the Commission that detail testing processes and results; report audit findings and recommend process improvements for Commission approval

Organizational Strategic Goal: Economic - Maintain our competitive cost structure while maintaining our airports' economic benefit

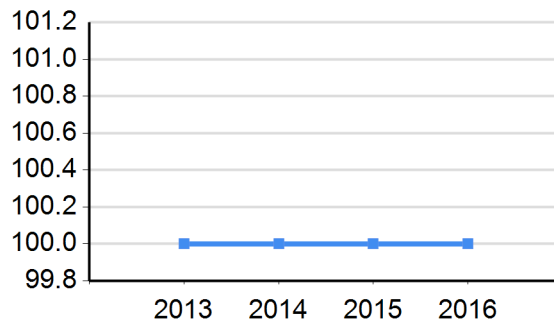
Organizational Strategic Objective: Maintain the MAC's competitive cost structure

SERVICE CENTER PERFORMANCE

Measure: Percentage of required staff training to maintain certifications

| Description | Organizational Initiative | Unit of Measure | Target |
|---|---------------------------|-----------------|--------|
| Complete required staff training to maintain certifications | Employee Engagement | % | 100 |

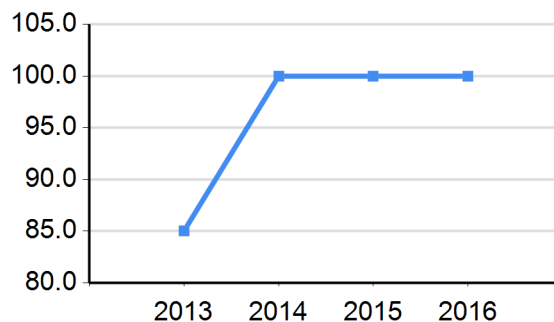
| Results | | |
|---------|----------|---|
| Year | Year End | Comments |
| 2013 | 100 | |
| 2014 | 100 | |
| 2015 | 100 | Staff training is critical both to maintain professional certifications and to enhance employee knowledge related to audit testing and determination of risk areas. |
| 2016 | 100 | |



Measure: Percentage of audit projects completed that were scheduled in the Annual Audit Plan

| Description | Organizational Initiative | Unit of Measure | Target |
|---|---------------------------|-----------------|--------|
| Percentage of audit projects completed that were scheduled in the Annual Audit Plan | Finance | % | 90 |

| Results | | |
|---------|----------|---|
| Year | Year End | Comments |
| 2013 | 85 | Audit testing for 2013 will be completed in the first quarter of 2014 due to delays in acquiring required data. |
| 2014 | 100 | |
| 2015 | 100 | Audit testing for the fourth quarter of each year is completed in the first quarter of the following year. |
| 2016 | 100 | |



INFORMATION TECHNOLOGY

The Information Technology (IT) Department provides leadership and direction to the MAC in the areas of information systems and technology. Responsibilities include reviewing and approving systems, technology plans, budgets, and purchases. IT works with all MAC service centers, airport partners, and airport customers in analyzing needs and implementing business solutions. The work includes analysis, design, selection, acquisition, installation, documentation and support of hardware, applications, infrastructure systems, and technologies.

BUDGET SUMMARY

| | 2015 Actual | 2016 Budget | 2017 Budget | \$ Variance | % Variance |
|-----------------------------|------------------|-------------------|-------------------|------------------|---------------|
| Personnel | 2,944,426 | 3,495,844 | 3,938,890 | 443,046 | 12.7% |
| Administrative Expenses | 137,706 | 291,563 | 264,163 | (27,400) | -9.4% |
| Professional Services | 872,130 | 809,000 | 958,600 | 149,600 | 18.5% |
| Utilities | 310,754 | 286,835 | 348,050 | 61,215 | 21.3% |
| Operating Services/Expenses | 4,034,485 | 5,281,402 | 6,210,594 | 929,192 | 17.6% |
| Maintenance | 20,866 | 20,000 | 20,000 | 0 | 0.0% |
| Other | 237,519 | 1,082,646 | 1,145,000 | 62,354 | 5.8% |
| Total Budget | 8,557,887 | 11,267,290 | 12,885,297 | 1,618,007 | 14.4% |

Full-time Equivalent (FTE) Total 29 35 38

HIGHLIGHTS OF BUDGET

- **Personnel** The increase in Personnel is attributable to wage structure adjustments and step increases, as well as additional FTE.
- **Administrative Expenses** MAC IT reviewed our actual spend in 2016 of software supplies leveraged across the organization and adjusted the 2017 budget to align with the trend. This ultimately resulted in a reduction of funds needed to supply software across the MAC.
- **Professional Services** As MAC IT continues to grow and expand capabilities to better serve the MAC, it was determined that there was an increased need to leverage professional services for improving and/or establishing fundamental competencies around needs such as enterprise architecture, cyber-security, etc.
- **Utilities** The cost of IT services to the MAC such as internet, phone, etc. have increased over the past few years. The 2017 budget increase more closely aligns with actual spending trends.
- **Operating Services/Expenses** A major factor driving the increase in Operating Services/Expenses is renewal of multi-year information technology-related contracts soon to expire, expansion of current technology solutions, and implementation of new technology.
- **Other** The increase in this category falls directly under the area of technology hardware replacements across the entire MAC campus including computers, monitors, printers, etc. IT uses asset life cycle standards as a predictor to help align this budget.

2016 SERVICE CENTER OBJECTIVE RESULTS

Objective: Build a robust data integration and messaging platform that will allow the MAC to share information with our stakeholders across multiple mediums such as mobile, web, email, SMS/text, and social media; to be completed by December 2016

Results: MAC Information Technology has implemented a robust data integration and messaging platform that has allowed the MAC to share information with our stakeholders across multiple mediums.

Objective: Develop an organizational reporting platform that can provide at-a-glance dashboards and key performance indicators to assist in performance measurement and decision making

Results: MAC IT continues to expand its data inventory. We have set up the foundation and simple data mart for implementing our business use cases.

Objective: Implement the first phase of the IT strategic plan, including evaluation of staffing and service levels, by the end of 2016

Results: IT has successfully implemented the first phase of the IT strategic plan. We have focused on an Enterprise View, established a PMO foundation, and rolled out Level 1 support practices.

2017 SERVICE CENTER OBJECTIVES

Objective: Implement a service-oriented Information Technology Service Management toolset that integrates incident and request management while enabling self-service capabilities enterprise-wide

Organizational Strategic Goal: Innovation - Innovate through opportunities in technology and sustainability

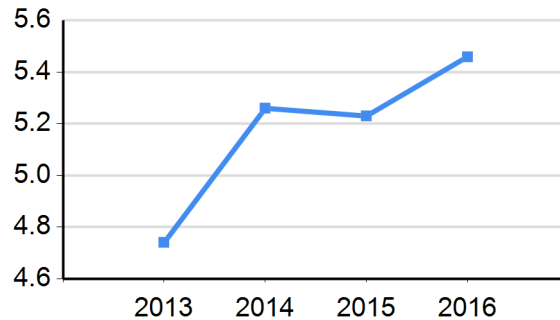
Organizational Strategic Objective: Modernize and accelerate technology use, enabling enterprise solutions

SERVICE CENTER PERFORMANCE

Measure: IT budget as percent total expense

| Description | Organizational Initiative | Unit of Measure | Target |
|------------------------------------|---------------------------|-----------------|--------|
| IT budget as percent total expense | Finance | % | 5.11 |

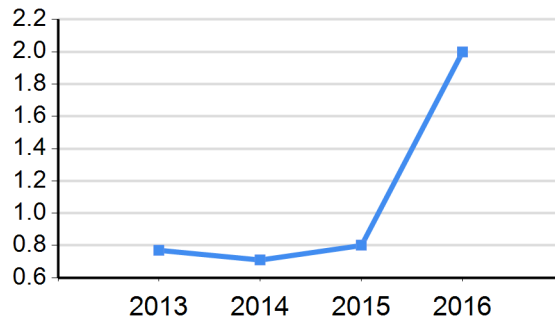
| Results | | |
|---------|----------|---|
| Year | Year End | Comments |
| 2013 | 4.74 | |
| 2014 | 5.26 | |
| 2015 | 5.23 | |
| 2016 | 5.46 | 2016 was the first year in which IT took budgeting responsibility for budgeting total IT expenses for the MAC as a whole; as a result, there is an increase in "other IT expenses" as well as an increase in IT percent of total budget |



Measure: IT staff per million passengers

| Description | Organizational Initiative | Unit of Measure | Target |
|--|---------------------------|-----------------|--------|
| Ratio of 1 IT staff person to 1 million passengers | Employee Engagement | Number | 0.8 |

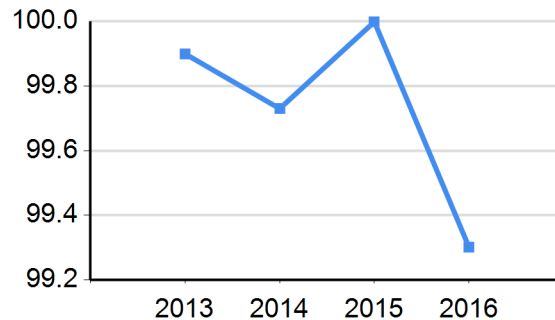
| Results | | |
|---------|----------|--|
| Year | Year End | Comments |
| 2013 | 0.77 | |
| 2014 | 0.71 | |
| 2015 | 0.8 | |
| 2016 | 2 | Four additional Information Technology staff were hired in 2016 to meet increasing internal and external customer needs. |



Measure: System availability

| Description | Organizational Initiative | Unit of Measure | Target |
|---------------------|---------------------------|-----------------|--------|
| System Availability | Operations | % | 99.99 |

| Results | | |
|---------|----------|--|
| Year | Year End | Comments |
| 2013 | 99.9 | |
| 2014 | 99.73 | |
| 2015 | 99.999 | System availability -99.99% uptime translates to 4 minutes of downtime per year. 99.9% equals 44 minutes of downtime per year. 99% equals 7 hours of downtime per year |
| 2016 | 99.3 | Planned system maintenance and repair work is completed during off-peak hours to minimize impact. |



GOVERNMENTAL AFFAIRS

The Governmental Affairs Department provides oversight and management of all MAC state and federal legislative issues. The service center monitors and assists in the development of legislative policies that may have an impact on the MAC's goals and objectives. Governmental Affairs staff serve as a first point of contact for federal, state, and local elected officials when they are working on MAC-related issues.

BUDGET SUMMARY

| | 2015 Actual | 2016 Budget | 2017 Budget | \$ Variance | % Variance |
|-----------------------------|----------------|----------------|----------------|----------------|---------------|
| Personnel | 148,186 | 180,634 | 186,816 | 6,182 | 3.4% |
| Administrative Expenses | 54,901 | 57,748 | 65,845 | 8,097 | 14.0% |
| Professional Services | 144,860 | 203,350 | 207,350 | 4,000 | 2.0% |
| Utilities | 840 | 840 | 840 | 0 | 0.0% |
| Operating Services/Expenses | 97 | | | 0 | 0.0% |
| Maintenance | | | | 0 | 0.0% |
| Other | 1,005 | 4,300 | 4,300 | 0 | 0.0% |
| Total Budget | 349,889 | 446,872 | 465,151 | 18,279 | 4.1% |

Full-time Equivalent (FTE) Total 1.5 1.5 1.5

HIGHLIGHTS OF BUDGET

- Personnel The increase in Personnel is attributable to wage structure adjustments and step increases.
- Administrative Expenses The increase in Administrative Expenses is attributable to added AAAE and Airport Legislative Alliance Federal Affairs annual membership dues.

2016 SERVICE CENTER OBJECTIVE RESULTS

Objective: Advocate for Federal Aviation Administration (FAA) re-authorization bill, which supports the MAC and our Trade Association policy positions. Monitor legislation and present MAC positions on issues to state political bodies and/or persons in an effort to modify and/or initiate legislation that supports the MAC's goals

Results: The Federal Aviation Administration re-authorization extension bill was passed.

2017 SERVICE CENTER OBJECTIVES

Objective: Enhance the MAC's presence in the State Chamber of Commerce

Organizational Strategic Goal: Engagement - Grow and enhance the narrative

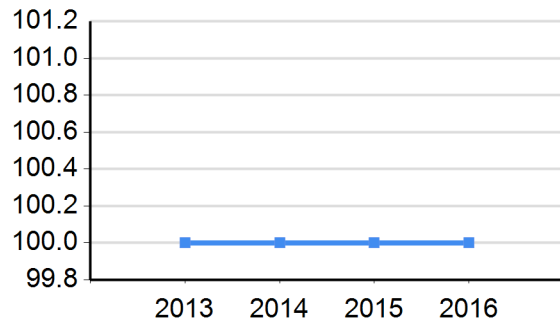
Organizational Strategic Objective: Lead conversations on strategic topics with stakeholders

SERVICE CENTER PERFORMANCE

Measure: Completion of evaluations for continuing consultants for legislative services

| Description | Organizational Initiative | Unit of Measure | Target |
|---|---------------------------|-----------------|--------|
| Completion of evaluations for continuing consultants for legislative services | Employee Engagement | % | 100 |

| Results | | |
|---------|----------|----------|
| Year | Year End | Comments |
| 2013 | 100 | |
| 2014 | 100 | |
| 2015 | 100 | |
| 2016 | 100 | |



COMMERCIAL MANAGEMENT & AIRLINE AFFAIRS

The Commercial Management and Airline Affairs Department oversees revenue generation from airline and airport concession agreements, Minneapolis-St. Paul International (MSP) leases, and system-wide non-aeronautical leases. The department manages MAC property and real estate. It also works to maintain and enhance air service at MSP, including development and management of incentive programs and efforts to spur additional domestic and international route development.

BUDGET SUMMARY

| | 2015 Actual | 2016 Budget | 2017 Budget | \$ Variance | % Variance |
|-----------------------------|----------------|------------------|------------------|----------------|---------------|
| Personnel | 501,964 | 518,246 | 537,170 | 18,924 | 3.7% |
| Administrative Expenses | 17,266 | 33,697 | 24,600 | (9,097) | -27.0% |
| Professional Services | 170,641 | 120,000 | 120,000 | 0 | 0.0% |
| Utilities | 4,621 | 5,713 | 4,500 | (1,213) | -21.2% |
| Operating Services/Expenses | 1,549 | 2,500 | 2,500 | 0 | 0.0% |
| Maintenance | 290,759 | 323,351 | 346,015 | 22,664 | 7.0% |
| Other | 3,187 | | | 0 | 0.0% |
| Total Budget | 989,987 | 1,003,507 | 1,034,785 | 31,278 | 3.1% |

Full-time Equivalent (FTE) Total

5 5 5

HIGHLIGHTS OF BUDGET

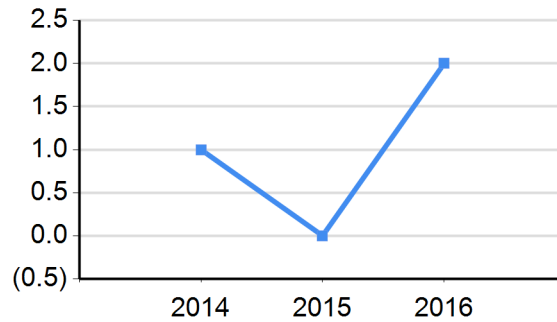
- Personnel The increase in Personnel is attributable to wage structure adjustments and step increases.
- Administrative Expenses There are no concession benchmarking trips scheduled for 2017, resulting in lower anticipated travel expenses.
- Utilities The decrease in Utilities expense aligns projected cellular telephone stipends with anticipated service center needs.
- Maintenance Building maintenance expenses have been rising due to the age and conditions of the buildings and annual escalators built into the contract terms with our vendors. Many of the expenses are reimbursed by the FAA.

SERVICE CENTER PERFORMANCE

Measure: Commercial Real Estate Leases

| Description | Organizational Initiative | Unit of Measure | Target |
|---|---------------------------|-----------------|--------|
| Enter into two commercial real estate leases at Reliever Airports | Finance | Number | 2 |

| Results | | |
|---------|----------|---|
| Year | Year End | Comments |
| 2014 | 1 | New measure in 2014. One has completed Eden Prairie city approval process for zoning change; awaiting FAA approval on the land release |
| 2015 | 0 | Completed zoning in Eden Prairie and Blaine. Two proposals in Blaine and a letter of intent to lease in Eden Prairie will be brought to the Commission in early 2016. |
| 2016 | 2 | MAC staff successfully complete the sale of Parcel 60 in Blaine to the Spring Lake Park school district and completed the lease agreement for the Blaine ball fields and the golf course; the leases will provide funds to the Reliever Airports Capital and Operating budgets in 2017. |



AIR SERVICE BUSINESS DEVELOPMENT

The Air Service Business Development Department is responsible for three primary areas: 1) developing air service - marketing MSP for new international passenger and cargo flights and for new low fare domestic passenger flights; 2) promoting the facilities and services of MSP and the MAC's system of airports both domestically and internationally; and 3) building community relations - establishing partnerships with public and private sectors to increase their awareness of the importance of air service in the region and solicit their support for such services.

BUDGET SUMMARY

| | 2015 Actual | 2016 Budget | 2017 Budget | \$ Variance | % Variance |
|-----------------------------|----------------|----------------|----------------|------------------|---------------|
| Personnel | | | | 0 | 0.0% |
| Administrative Expenses | 17,153 | 23,820 | 24,331 | 511 | 2.1% |
| Professional Services | 98,202 | 120,000 | 119,000 | (1,000) | -0.8% |
| Utilities | | | | 0 | 0.0% |
| Operating Services/Expenses | | 200,000 | 100,000 | (100,000) | -50.0% |
| Maintenance | | | | 0 | 0.0% |
| Other | 1,919 | | | 0 | 0.0% |
| Total Budget | 117,273 | 343,820 | 243,331 | (100,489) | -29.2% |

Full-time Equivalent (FTE) Total

0 0 0

HIGHLIGHTS OF BUDGET

- Operating Services/Expenses Operating Services/Expenses are down due to lower international air service eligibility in 2017 than in 2016.

2016 SERVICE CENTER OBJECTIVE RESULTS

Objective: Market MSP to both incumbent and potential new entrant airlines at industry air service business development conferences in 2016. The goal is to increase awareness of the Minneapolis-St. Paul air travel market.

Results: No air service development conferences were scheduled during Q4 2016.

2017 SERVICE CENTER OBJECTIVES

Objective: Market MSP to incumbent and potential new entrant airlines at industry air service business development conferences in 2017, with the goal of increasing awareness of the Minneapolis-St. Paul air travel market

Organizational Strategic Goal: Air Service - Grow and enhance air service at MSP

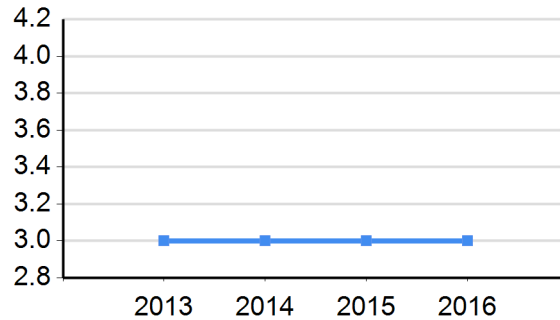
Organizational Strategic Objective: Increase competition, attract new airlines, and expand service for non-stop destinations

SERVICE CENTER PERFORMANCE

Measure: Number of Airline Meetings - Conferences attended

| Description | Organizational Initiative | Unit of Measure | Target |
|--------------------------------|---------------------------|-----------------|--------|
| Airline Meetings - Conferences | Operations | Number | 3 |

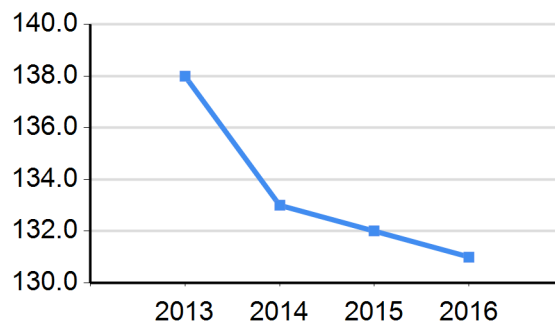
| Results | | |
|---------|----------|--|
| Year | Year End | Comments |
| 2013 | 3 | |
| 2014 | 3 | |
| 2015 | 3 | Plan to meet with 7-10 airlines at each conference |
| 2016 | 3 | 5 total airline meetings in 2016 |



Measure: Number of Nonstop Destinations

| Description | Organizational Initiative | Unit of Measure | Target |
|--|---------------------------|-----------------|--------|
| The number of destinations served by airlines to/from MSP on a nonstop basis | Customer Experience | Number | >130 |

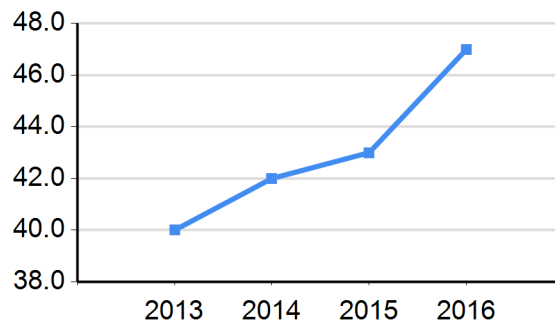
| Results | | |
|---------|----------|-----------------------------------|
| Year | Year End | Comments |
| 2013 | 138 | |
| 2014 | 133 | |
| 2015 | 132 | |
| 2016 | 131 | 107 domestic and 24 international |



Measure: Number of Competitive Destinations

| Description | Organizational Initiative | Unit of Measure | Target |
|--|---------------------------|-----------------|--------|
| The number of nonstop destinations that have more than one airline providing air service | Customer Experience | Number | >35 |

| Results | | |
|---------|----------|----------|
| Year | Year End | Comments |
| 2013 | 40 | |
| 2014 | 42 | |
| 2015 | 43 | |
| 2016 | 47 | |



CONCESSIONS & BUSINESS DEVELOPMENT

The Concessions and Business Development Department oversees revenue generation from airport concession agreements and implements new concepts to improve the customer experience and revenue generation at MSP. The department manages MAC property and real estate within the terminals.

BUDGET SUMMARY

| | 2015 Actual | 2016 Budget | 2017 Budget | \$ Variance | % Variance |
|-----------------------------|----------------|----------------|----------------|----------------|---------------|
| Personnel | 409,182 | 404,296 | 485,800 | 81,504 | 20.2% |
| Administrative Expenses | 11,822 | 23,476 | 16,557 | (6,919) | -29.5% |
| Professional Services | 3,053 | 330,000 | 425,000 | 95,000 | 28.8% |
| Utilities | 3,360 | 4,620 | 3,780 | (840) | -18.2% |
| Operating Services/Expenses | 4,668 | 2,300 | 5,000 | 2,700 | 117.4% |
| Maintenance | | | | 0 | 0.0% |
| Other | 5,337 | 1,800 | 10,000 | 8,200 | 455.6% |
| Total Budget | 437,423 | 766,492 | 946,137 | 179,645 | 23.4% |

Full-time Equivalent (FTE) Total

5 4 5

HIGHLIGHTS OF BUDGET

- Personnel The increase in Personnel is attributable to wage structure adjustments and step increases, as well as the addition of one FTE.
- Administrative Expenses There are no concession benchmarking trips planned for 2017, resulting in lower travel expenses.
- Professional Services There will be increased consultant expenses in 2017 in preparation for the 2017 concessions rebid, as well as continuing consultants.
- Operating Services/Expenses The Operating Services/Expenses increase is attributable to advertising expenses for the 2017 Concessions RFP process.
- Other The Other expense increase is attributed to new office furniture for the new FTE added to the Service Center.

2016 SERVICE CENTER OBJECTIVE RESULTS

Objective: Diversify current Food and Beverage portfolio to meet the needs of passengers and strategically position MSP as a leading industry innovator through key relationship building and outreach

Results: In Q4 staff ushered in an additional 18 new concepts for a year end total of 29 new units open in 2016. The Commission authorized the Phase 2 Request For Proposal (RFP) in November 2016 and staff intends to publish in mid- to late-March, 2017. In advance of the publication, staff will seek out opportunities to share the RFP terms with interested parties. The MAC is partnering with varying associations and chambers to present materials to garner interest and educate regional businesses on the MSP leasing process. Details have been coordinated for a two-day off-site event in February 2017, which will be open to the public to help interested parties understand the RFP process and lease terms. Staff will coordinate a networking series to bring together local small businesses and industry experts to assist in the proposal process. Additionally, resource tables will be available highlighting business loan resources, Airport Concessions Disadvantaged Business Enterprise certification and RFP drafting resources.

2017 SERVICE CENTER OBJECTIVES

Objective: Curate a food-beverage program diverse in meeting traveling public needs, bid competitively through an RFP process; refine and enhance the new retail program to ensure accessible customer service training standards and identify opportunities to drive revenue

Organizational Strategic Goal: Customer Experience - Delight our passengers

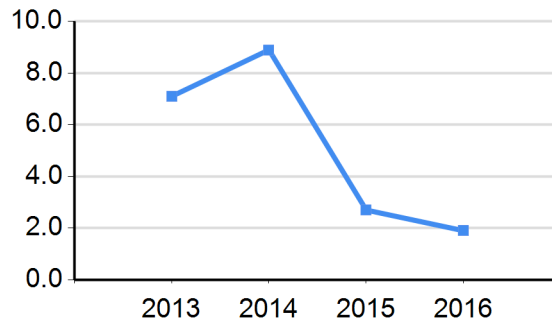
Organizational Strategic Objective: Reimagine and renew our airports to continually evolve our customer experience

SERVICE CENTER PERFORMANCE

Measure: Food & Beverage & Retail Revenue year over year

| Description | Organizational Initiative | Unit of Measure | Target |
|---|---------------------------|-----------------|--------|
| Increase or decrease in Food & Beverage, News & Convenience, and Retail Gross Sales | Finance | % | 4 |

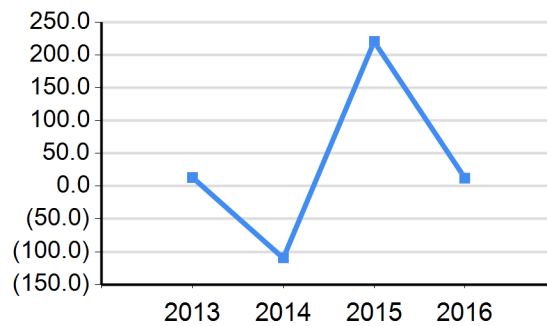
| Results | | |
|---------|----------|----------|
| Year | Year End | Comments |
| 2013 | 7.1 | |
| 2014 | 8.9 | |
| 2015 | 2.7 | |
| 2016 | 1.9 | |



Measure: Year over Year Passenger Services Revenue

| Description | Organizational Initiative | Unit of Measure | Target |
|--|---------------------------|-----------------|--------|
| Percent Change in Passenger Services Gross Sales | Finance | % | 2 |

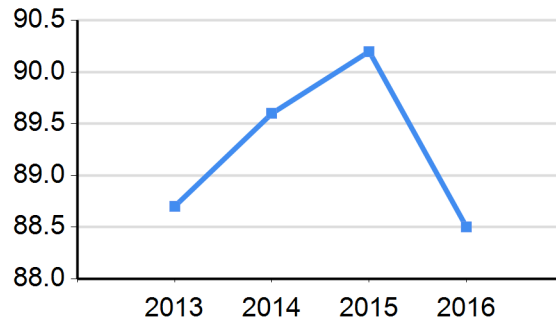
| Results | | |
|---------|----------|---|
| Year | Year End | Comments |
| 2013 | 13.44 | |
| 2014 | -109.77 | Mn/DOT delayed the approval process of the awarded outdoor advertising contract and delayed the permit for construction to Clear Channel resulting in a loss of one year of revenue or \$1m. January 2015 permit granted. |
| 2015 | 220.76 | |
| 2016 | 12.24 | |



Measure: Mystery Shopper Scores

| Description | Organizational Initiative | Unit of Measure | Target |
|--|---------------------------|-----------------|--------|
| Customer experience rating of mystery shoppers | Customer Experience | Number | 85 |

| Results | | |
|---------|----------|------------------|
| Year | Year End | Comments |
| 2013 | 88.7 | 9 months of data |
| 2014 | 89.6 | |
| 2015 | 90.2 | |
| 2016 | 88.5 | |



MSP AIRPORT CONFERENCE CENTER

The MSP Airport Conference Center provides first-class customer service to the external and internal customer. This service center is responsible for the management and promotion of the MSP Airport Conference Center, which is responsible for providing catering services, maintaining audio-visual equipment, and invoicing internal/external clients.

BUDGET SUMMARY

| | 2015 Actual | 2016 Budget | 2017 Budget | \$ Variance | % Variance |
|-----------------------------|----------------|----------------|----------------|----------------|---------------|
| Personnel | 170,384 | 181,291 | 203,110 | 21,819 | 12.0% |
| Administrative Expenses | 3,969 | 8,000 | 7,000 | (1,000) | -12.5% |
| Professional Services | | | | 0 | 0.0% |
| Utilities | 840 | 864 | 864 | 0 | 0.0% |
| Operating Services/Expenses | 26,658 | 33,700 | 33,700 | 0 | 0.0% |
| Maintenance | | | | 0 | 0.0% |
| Other | 56,396 | 4,601 | 7,600 | 2,999 | 65.2% |
| Total Budget | 258,247 | 228,456 | 252,274 | 23,818 | 10.4% |

Full-time Equivalent (FTE) Total

3 3 3

HIGHLIGHTS OF BUDGET

- Personnel The increase in Personnel is attributable to wage structure adjustments and step increases, as well as added temporary staff for a portion of the year.
- Administrative Expenses The Administrative Expenses decrease is a result of aligning budgeted expenses with historical costs.
- Other The Other expense increase is for the purchase of a freezer for additional food storage. The new freezer will augment current storage and mitigate food loss when equipment malfunctions occur.

2016 SERVICE CENTER OBJECTIVE RESULTS

Objective: Receive quotes on the Commission Chambers media rack replacement. Revise the plan according to additional needs or changes to 2015 replacement plan. MAC Information Technology has determined it will budget for the technology replacement scheduled for 2016.

Results: T-coil bids were accepted. The t-coil and new carpeting was installed at the end of December. The Chambers media rack replacement was approved but has been pushed out to Quarter one of 2017. The replacement will be complete by March 4th, 2017.

2017 SERVICE CENTER OBJECTIVES

Objective: Improve the initial online customer experience, enhance the face-to-face experience, and expand technological offerings to our customers

Organizational Strategic Goal: Innovation - Innovate through opportunities in technology and sustainability

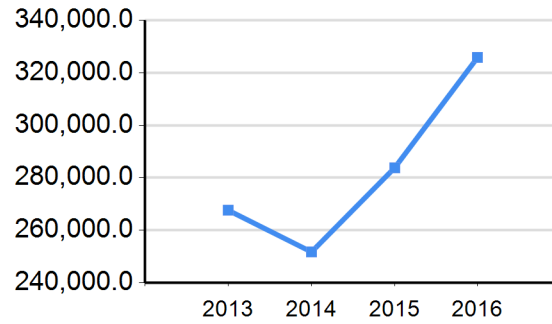
Organizational Strategic Objective: Modernize and accelerate technology use, enabling enterprise solutions

SERVICE CENTER PERFORMANCE

Measure: Airport Conference Center Gross Revenue

| Description | Organizational Initiative | Unit of Measure | Target |
|---|---------------------------|-----------------|--------|
| MSP Airport Conference Center Gross Revenue | Finance | \$ | 25 |

| Results | | |
|---------|----------|---|
| Year | Year End | Comments |
| 2013 | 267525 | |
| 2014 | 251649 | |
| 2015 | 283759 | Revenue increased over 22% from 2014; number in thousands |
| 2016 | 325953 | |



GENERAL COUNSEL

The General Counsel Department is responsible for providing legal advice and representation to the Commission, preparing legal documents, and monitoring/coordinating outside legal counsel.

BUDGET SUMMARY

| | 2015 Actual | 2016 Budget | 2017 Budget | \$ Variance | % Variance |
|-----------------------------|------------------|------------------|------------------|----------------|---------------|
| Personnel | 921,800 | 1,025,538 | 1,021,402 | (4,136) | -0.4% |
| Administrative Expenses | 46,991 | 53,072 | 53,072 | 0 | 0.0% |
| Professional Services | 578,803 | 764,000 | 799,000 | 35,000 | 4.6% |
| Utilities | 4,830 | 4,680 | 4,680 | 0 | 0.0% |
| Operating Services/Expenses | 564 | 887 | 887 | 0 | 0.0% |
| Maintenance | | | | 0 | 0.0% |
| Other | | | | 0 | 0.0% |
| Total Budget | 1,552,987 | 1,848,177 | 1,879,041 | 30,864 | 1.7% |

Full-time Equivalent (FTE) Total

8.5

9

9

HIGHLIGHTS OF BUDGET

- Personnel Although Personnel increased due to wage structure adjustments and step increases, the overall decrease is attributed to a .5 FTE that is expected to be open during the budget year.
- Professional Services The Professional Services expense increase is attributable to additional consultant services for full text retrieval of Commission and Committee meeting agendas and minutes.

2016 SERVICE CENTER OBJECTIVE RESULTS

Objective: Provide legal advice to all MAC management employees (supervisors, managers, directors, and senior staff) and MAC Commissioners

Results: During Q4, the MAC Legal Department provided advice on issues such as ordinance and policy interpretation and enforcement, Taxicab and TNC regulation, legislative changes, Minnesota Open Meeting Law, administrative and HR policies, compliance with Federal regulations, shared ride services, reliever lease and development matters, MNDOT's legislative proposal for airport zoning, procurement and process issues, employee benefits, numerous employment matters, Delta Air Lines, concessions proposal process and trademark application.

Objective: Draft, negotiate, and/or review documents (e.g., leases, ordinances) for all MAC management employees, especially Commercial Management & Airline Affairs, Relievers, Airport Development, Police, Fire, Purchasing, Landside, and Commissioners and for Airports Council International

Results: During Q4, the MAC Legal Department: drafted and negotiated various leases and agreements, including Second Amendment to Noise Consent Decree, and Airport Foundation agreements for rotating art exhibits, concourse art cases, and performances; drafted and assisted with negotiation of land sale for Forrest Meadows property and various non-aeronautical leases, including City of Blaine agreements, City of Crystal Term Sheet, 8th Amendment to Airline Agreement, and Comcast utility access agreement; began discussions on new Airline Agreement; continued work on Airport Foundation art guidelines and MAC advertising guidelines; completed hotel lease documents and closed the transaction, and began work on the related hotel facility charge ordinance; began drafting and negotiating a joint powers agreement with the Department of Administration, MNIT, and the City of St. Paul regarding a common online application portal for the Disadvantaged Business Enterprise/Airport Concessions Disadvantaged Business Enterprise, Central Certification, and Targeted Group Business programs in Minnesota; continued work on CLEAR, retail concessions Requests For Proposals (RFP), mosaic artist RFP, other miscellaneous concessions proposal process memos, Solar Energy Facility project, and Rental Auto rebid; continued work on modifications to fueling policies; completed concourse art case RFP process; and completed the Request For Qualifications processes for Employment Related Legal Counsel and Federal Aviation Counsel.

2017 SERVICE CENTER OBJECTIVES

Objective: Provide legal advice, and draft and negotiate documents related to the concessions process

Organizational Strategic Goal: Economic - Maintain our competitive cost structure while maintaining our airports' economic benefit

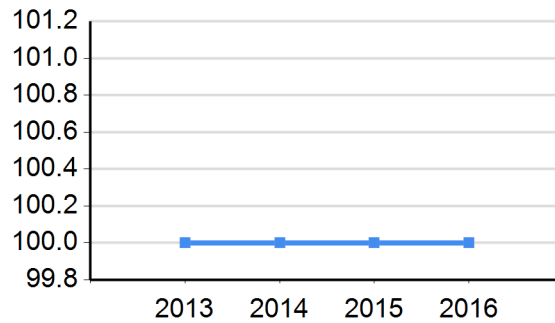
Organizational Strategic Objective: Grow non-aeronautical revenues in concessions, parking, and property development

SERVICE CENTER PERFORMANCE

Measure: Percent of continuing consultant evaluations completed

| Description | Organizational Initiative | Unit of Measure | Target |
|---|---------------------------|-----------------|--------|
| Completion of 100% of continuing consultant evaluations | Finance | % | 100 |

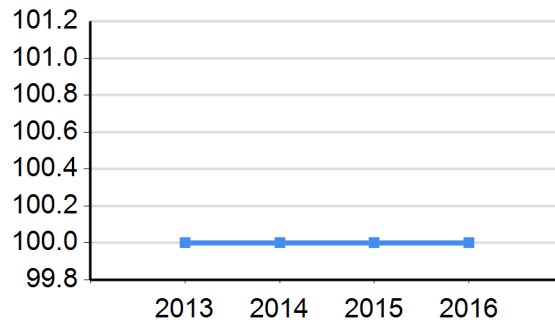
| Results | | |
|---------|----------|----------|
| Year | Year End | Comments |
| 2013 | 100 | |
| 2014 | 100 | |
| 2015 | 100 | |
| 2016 | 100 | |



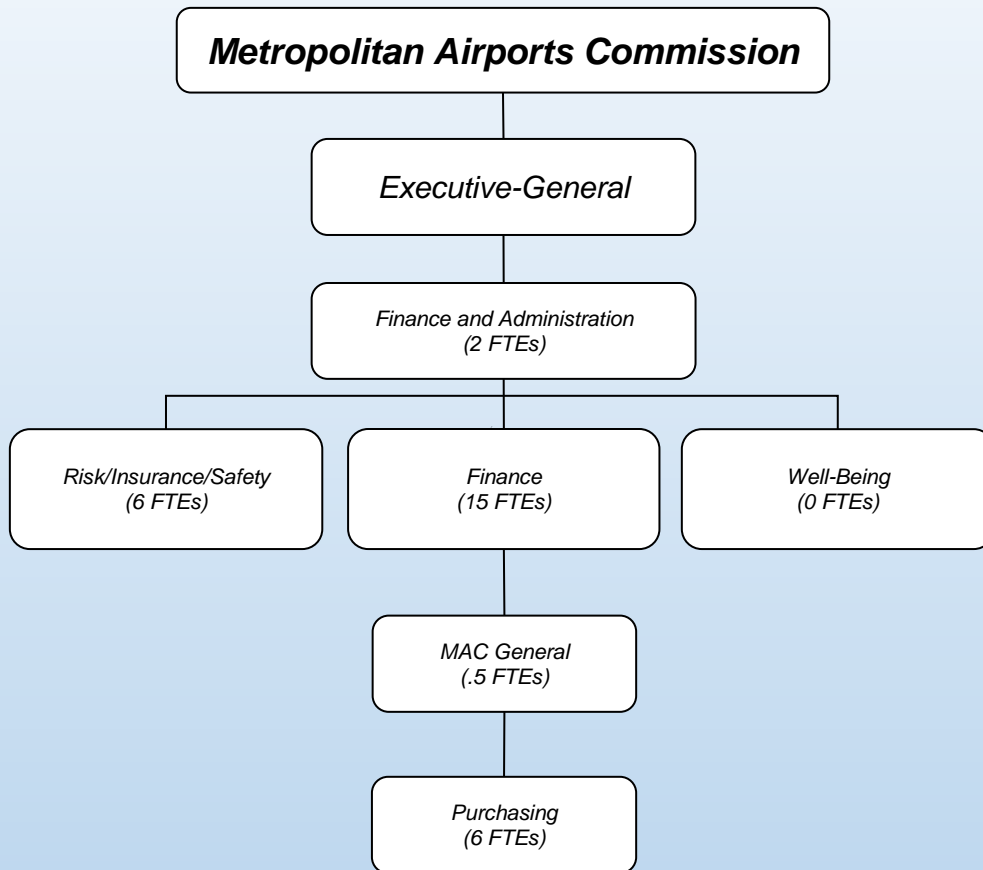
Measure: Completion of an average of 15 Continuing Legal Education (CLE) hours per attorney

| Description | Organizational Initiative | Unit of Measure | Target |
|--|---------------------------|-----------------|--------|
| Completion of an average of 15 Continuing Legal Education (CLE) hours per attorney | Employee Engagement | % | 100 |

| Results | | |
|---------|----------|--|
| Year | Year End | Comments |
| 2013 | 100 | |
| 2014 | 100 | |
| 2015 | 100 | Our goal is for each attorney to complete a minimum of 15 CLEs per year. |
| 2016 | 100 | |



Finance & Administration Division



Notations to Service Center Summaries:

- Variance (dollars and %) is computed between 2016 Budget and 2017 Budget amounts
- The explanations for the variances are based upon the 2016 Budget and 2017 Budget amounts
- Negative variances, in most cases, are the result of reductions in one-time expenses or budget reductions
- The FTE count in each service center is as of January 1, 2017. The FTE budget was calculated in 2016 and may not reflect the budgeted FTE count for some service centers.
- The 2017-2022 plan is an evolution from key initiatives to strategic goals and objectives. As a result, the 2017 service centers will not be tied to key initiatives, but will link to our new organizational goals and objectives.

FINANCE & ADMINISTRATION

The Finance and Administration Division is responsible for overseeing the implementation of the Commission's financial policies, strategic financial planning and analysis, and the establishment of good fiscal and budgetary practices. The Commission's conservative fiscal policies provide funding as required for operating and capital expenditures for the system of airports. It also allows for the establishment of good business practices to optimize the generation of revenues. This division also oversees and guides the strategic implementation and management of the organization's Well-Being Program and Risk/Insurance/Safety Department/Programs. The Vice President of Finance & Administration is the staff liaison to the Commission's Finance & Administration Committee.

BUDGET SUMMARY

| | 2015 Actual | 2016 Budget | 2017 Budget | \$ Variance | % Variance |
|-----------------------------|----------------|----------------|----------------|---------------|--------------|
| Personnel | 229,017 | 227,623 | 230,713 | 3,090 | 1.4% |
| Administrative Expenses | 4,951 | 6,275 | 6,250 | (25) | -0.4% |
| Professional Services | 185 | 1,500 | 26,500 | 25,000 | 1666.7% |
| Utilities | 540 | 540 | 540 | 0 | 0.0% |
| Operating Services/Expenses | | | | 0 | 0.0% |
| Maintenance | | | | 0 | 0.0% |
| Other | | 1,100 | 1,200 | 100 | 9.1% |
| Total Budget | 234,693 | 237,038 | 265,203 | 28,165 | 11.9% |

Full-time Equivalent (FTE) Total 2 2 2

HIGHLIGHTS OF BUDGET

- Personnel The increase in Personnel is attributable to wage structure adjustments and step increases.
- Professional Services This increase is due to the need to utilize a firm to aid in the update of our financial forecasting model to prepare for the airline leases that will be ending.

2016 SERVICE CENTER OBJECTIVE RESULTS

Objective: Complete the selection process for new airport financial consultants

Results: All financial consultants (Advisor, Bond Counsel, Model developer and Underwriters) have been selected and confirmed by the Commission. These selections were moved up so that they would be in place for the 2016 Bond Issues. The Airport Consultant (Feasibility Report) will be selected in early 2017 through a Request For Qualifications process.

Objective: Update and complete funding analysis for the 2017-2023 CIP

Results: This project was completed in Q4 with the Commission's approval of the fully-funded program at its December 2016 meeting.

2017 SERVICE CENTER OBJECTIVES

Objective: Update and complete funding analysis for the 2017-2023 Capital Improvement Program (CIP) while maintaining our Cost Per Enplaned Passenger and Bond Ratings

Organizational Strategic Goal: Economic - Maintain our competitive cost structure while maintaining our airports' economic benefit

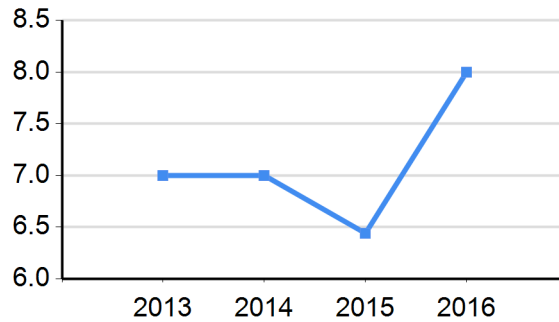
Organizational Strategic Objective: Maintain the MAC's competitive cost structure

SERVICE CENTER PERFORMANCE

Measure: Rank of Airline Cost Per Enplaned Passenger for large hub airports

| Description | Organizational Initiative | Unit of Measure | Target |
|---|---------------------------|-----------------|--------|
| Airline Cost Per Enplaned Passenger as compared to other large hub airports | Finance | Text | 8 |

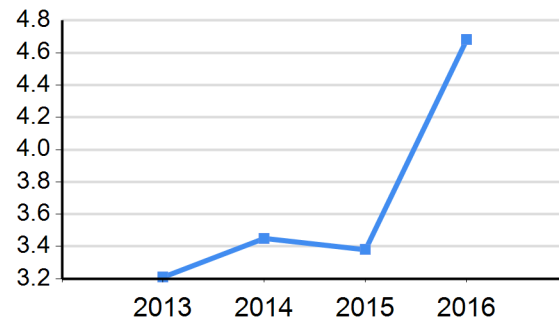
| Results | | |
|---------|----------|---|
| Year | Year End | Comments |
| 2013 | 7 | |
| 2014 | 7 | Our goal is to maintain airline cost per enplaned passenger in the lower third of large hub airports. |
| 2015 | 6.44 | |
| 2016 | 8 | |



Measure: Sr. Debt Service Coverage

| Description | Organizational Initiative | Unit of Measure | Target |
|--|---------------------------|-----------------|-------------|
| Maintain Sr. Debt Service Coverage Above 3.0 | Finance | Number | 2 or better |

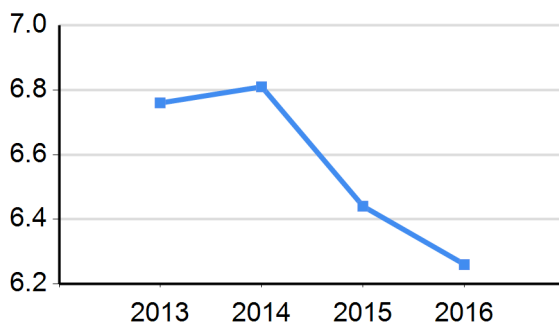
| Results | | |
|---------|----------|--|
| Year | Year End | Comments |
| 2013 | 3.21 | |
| 2014 | 3.45 | Our coverage goal is to be higher than 3. |
| 2015 | 3.38 | Estimate-Final number will be available in March 2016. |
| 2016 | 4.68 | Estimated-Final results will be available in March |



Measure: Cost per enplaned passenger

| Description | Organizational Initiative | Unit of Measure | Target |
|---|---------------------------|-----------------|--------|
| Maintain cost per enplaned passenger metric in the lower 1/3 of large hub airports. Target is to be below \$7 per enplaned passenger. | Finance | Text | < \$7 |

| Results | | |
|---------|----------|---|
| Year | Year End | Comments |
| 2013 | 6.76 | |
| 2014 | 6.81 | The target is to be below \$7 per enplaned passenger. |
| 2015 | 6.44 | |
| 2016 | 6.26 | Estimated-Actual results will be known in March |



WELL-BEING

The Well-Being Program works to encourage, educate, and support employees in making healthier lifestyle choices and strives to create a positive impact on employee morale and productivity. By achieving these goals, the program is also instrumental in reducing healthcare costs.

BUDGET SUMMARY

| | 2015 Actual | 2016 Budget | 2017 Budget | \$ Variance | % Variance |
|-----------------------------|----------------|----------------|----------------|----------------|---------------|
| Personnel | 195 | 1,000 | 1,000 | 0 | 0.0% |
| Administrative Expenses | 650 | 500 | 2,000 | 1,500 | 300.0% |
| Professional Services | | 6,000 | 6,000 | 0 | 0.0% |
| Utilities | | 504 | 504 | 0 | 0.0% |
| Operating Services/Expenses | 115,862 | 145,500 | 141,000 | (4,500) | -3.1% |
| Maintenance | | | | 0 | 0.0% |
| Other | 145 | 7,000 | 10,000 | 3,000 | 42.9% |
| Total Budget | 116,852 | 160,504 | 160,504 | 0 | 0.0% |

Full-time Equivalent (FTE) Total 0 0 0

HIGHLIGHTS OF BUDGET

- **Administrative Expenses** The Administrative Expenses increase is attributable to an out of town conference for a member of the Well-Being Committee.
- **Operating Services/Expenses** The Operating Services/Expenses decrease is attributable to a reduced need for fitness equipment maintenance in 2017.
- **Other** The increase in the Other category is attributed to anticipated fitness equipment purchases in 2017.

2016 SERVICE CENTER OBJECTIVE RESULTS

- Objective:** Engage 60% of MAC employees in Well-being programs, including the Well-being Points and the Move to Improve programs, by 31 December 2016
Results: In Q4, 43.9% of employees participated in the Move to Improve program, with employees exercising 12 or more times in 746 employee-months (41.0%). The Live Well, Stay Well Committee has begun revamping the Scorecard Incentive Program to reach more employees and drive more behavior changes from participating employees. Two hundred twenty-three employees participated in the Well-Being Scorecard Incentive Program during the second half of the year.
- Objective:** Expand the participation in events such as Relay for Life, American Heart Association Heart Walk, and MSP Health & Wellness Expo
Results: No events were held during Q4.
- Objective:** Provide an opportunity for nutrition counseling and seminars to MAC employees plus spouses and provide MAC-funded personal training sessions once a year
Results: Free nutrition counseling was offered to MAC employees during Q4; seven employees participated.

2017 SERVICE CENTER OBJECTIVES

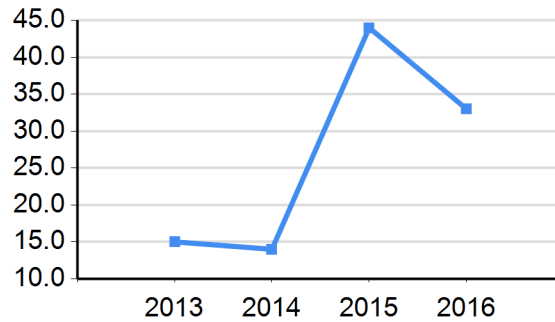
- Objective:** Successfully transition the Well-being brand to the Live Well, Stay Well brand through enhanced internal communications and consistent engagement with MAC staff
Organizational Strategic Goal: Talent - Be a model employer
Organizational Strategic Objective: Cultivate an engaged workforce

SERVICE CENTER PERFORMANCE

Measure: Number of employees receiving nutrition counseling

| Description | Organizational Initiative | Unit of Measure | Target |
|--|---------------------------|-----------------|--------|
| Number of employees receiving nutrition counseling | Employee Engagement | Number | 20 |

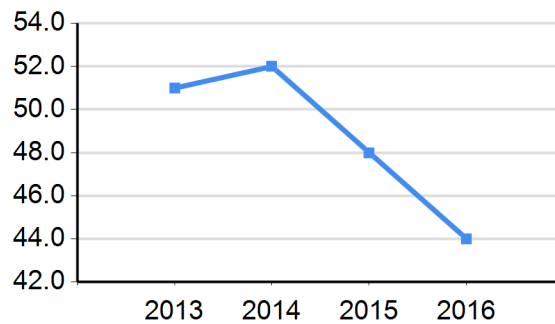
| Results | | |
|---------|----------|---|
| Year | Year End | Comments |
| 2013 | 15 | |
| 2014 | 14 | 100 percent goal reached |
| 2015 | 44 | Goal reached due to Move to Improve (MTI) Program |
| 2016 | 33 | |



Measure: Percent of employees participating in Well-being programs

| Description | Organizational Initiative | Unit of Measure | Target |
|---|---------------------------|-----------------|--------|
| Percent of employees participating in Well-being programs | Employee Engagement | % | 60 |

| Results | | |
|---------|----------|---|
| Year | Year End | Comments |
| 2013 | 51 | |
| 2014 | 52 | |
| 2015 | 48 | Moving MTI to E1 contributed to drop in numbers |
| 2016 | 44 | |



RISK/INSURANCE/SAFETY

The Risk/Insurance/Safety Department is responsible for the planning, organizing, and administering of risk and insurance programs to safeguard the MAC's assets from the risk of accidental loss, through the use of recognized risk management techniques. Department responsibilities include risk identification, evaluation, and measurement; preventative strategies; claims administration; purchase of coverage; and evaluation of financing alternatives. Areas of responsibility also include employee benefit programs and administration, workers' compensation, the MAC's health engagement program, liability and property insurance coverage, employee and fleet safety, and maintaining a safe airports system.

BUDGET SUMMARY

| | 2015 Actual | 2016 Budget | 2017 Budget | \$ Variance | % Variance |
|-----------------------------|-------------------|-------------------|-------------------|----------------|---------------|
| Personnel | 10,883,737 | 12,533,857 | 13,167,099 | 633,242 | 5.1% |
| Administrative Expenses | 14,749 | 26,250 | 23,750 | (2,500) | -9.5% |
| Professional Services | 311,673 | 371,000 | 371,000 | 0 | 0.0% |
| Utilities | 420 | 504 | 504 | 0 | 0.0% |
| Operating Services/Expenses | 2,504 | 16,000 | 16,000 | 0 | 0.0% |
| Maintenance | 779 | 2,000 | | (2,000) | -100.0% |
| Other | 1,952,228 | 2,149,225 | 2,160,483 | 11,258 | 0.5% |
| Total Budget | 13,166,090 | 15,098,836 | 15,738,836 | 640,000 | 4.2% |

Full-time Equivalent (FTE) Total

6 6 6

HIGHLIGHTS OF BUDGET

- Personnel The increase in Personnel is attributable to wage structure adjustments and step increases. It also includes an increase in employee benefits based on current headcount.
- Administrative Expenses The decrease in Administrative Expenses is attributed to decreased needs for office supplies and supplies for special projects in 2017.
- Maintenance The decrease in Maintenance expense is attributed to no equipment maintenance anticipated for 2017.
- Other The increase in Other expense is attributed to annual insurance expense increases.

2016 SERVICE CENTER OBJECTIVE RESULTS

Objective: Conduct an audit of the MAC's pharmacy employee benefits to assess risks in the process and take action to mitigate the risks

Results: An audit was conducted for the Prescription Drug Plan - specifically the Pharmaceutical Broker/Manager - administered by the MAC. The areas under audit were a financial review and if our protocols were being met from a Medical Insurance Design Review. The audit findings resulted in a high degree of confidence that all such areas are operating in an excellent manner. There were three minor findings with regard to the design.

Objective: Implement the Business Continuity Plan throughout the organization, which was developed by an assessment in 2015 using Airport Cooperative Research Program (ACRP) Report 93

Results: At the close of Q4, the Business Continuity Plan project was approximately 88% complete. All outstanding requests should be addressed by the close of Q1 2017.

2017 SERVICE CENTER OBJECTIVES

Objective: Complete harmonization of the Business Continuity Plans and the Continuity of Operations Plan

Organizational Strategic Goal: Safety, Security, and Preparedness - Keep our airports safe and secure

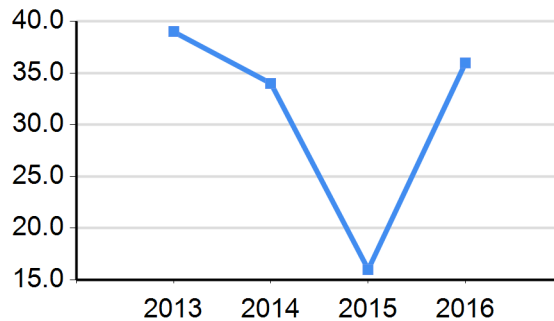
Organizational Strategic Objective: Prepare for current and potential threats to public safety and critical infrastructure through robust and aligned airport planning processes

SERVICE CENTER PERFORMANCE

Measure: Fleet Accidents

| Description | Organizational Initiative | Unit of Measure | Target |
|-----------------|---------------------------|-----------------|--------|
| Fleet Accidents | Finance | Number | <30 |

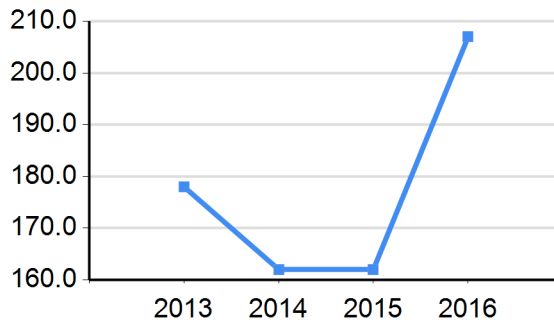
| Results | | |
|---------|----------|----------|
| Year | Year End | Comments |
| 2013 | 39 | |
| 2014 | 34 | |
| 2015 | 16 | |
| 2016 | 36 | |



Measure: Total Passenger Injuries

| Description | Organizational Initiative | Unit of Measure | Target |
|--------------------------|---------------------------|-----------------|--------|
| Total Passenger Injuries | Safety & Security | Number | <150 |

| Results | | |
|---------|----------|---|
| Year | Year End | Comments |
| 2013 | 178 | Identify problem areas and take action to control the loss potential. |
| 2014 | 162 | |
| 2015 | 162 | |
| 2016 | 207 | |



FINANCE

The Finance Department is responsible for the Commission's accounting and cash management functions and the preparation of the annual operating budget as well as the Comprehensive Annual Financial Report. The department oversees financial planning which includes, but not limited to, issuance of all debt, development of tenant rates and charges, cost-benefit analysis, financial analysis, and request for proposal assistance.

BUDGET SUMMARY

| | 2015 Actual | 2016 Budget | 2017 Budget | \$ Variance | % Variance |
|-----------------------------|------------------|------------------|------------------|----------------|---------------|
| Personnel | 1,407,243 | 1,441,026 | 1,456,275 | 15,249 | 1.1% |
| Administrative Expenses | 20,650 | 22,595 | 25,796 | 3,201 | 14.2% |
| Professional Services | 182,870 | 216,500 | 205,900 | (10,600) | -4.9% |
| Utilities | 1,620 | 1,620 | 2,160 | 540 | 33.3% |
| Operating Services/Expenses | 236,097 | 215,700 | 213,200 | (2,500) | -1.2% |
| Maintenance | | | | 0 | 0.0% |
| Other | 765 | 1,500 | 2,000 | 500 | 33.3% |
| Total Budget | 1,849,246 | 1,898,941 | 1,905,331 | 6,390 | 0.3% |

Full-time Equivalent (FTE) Total

15 15 15

HIGHLIGHTS OF BUDGET

- Personnel The increase in Personnel is attributable to wage structure adjustments and step increases.
- Administrative Expenses The increase in Administrative Expenses is related to conference travel and publications for the department.
- Professional Services The decrease in Professional Services expense is related to a decrease in accounting and audit fees.
- Utilities The increase in Utilities expense is attributable to additional department cellular telephone needs.

2016 SERVICE CENTER OBJECTIVE RESULTS

Objective: Manage the construction of new concession lease management files as new store units open, and the deconstruction of existing leases as old store units close

Results: This process was managed through Q4 and will continue through Q1 2017.

Objective: Develop financial aspects of the 2017 Phase II concession Request For Proposals

Results: Defining the concession unit footprints and associated projected sales and fees has been completed. The MAC Finance Department will assist with creating the final lists of footprints, rents, and fees with the MAC Legal Department and MAC Commercial Management and Airline Affairs Department in Q1 2017.

2017 SERVICE CENTER OBJECTIVES

Objective: Manage the construction of new concession lease management files as new store units open, and the deconstruction of existing leases as old store units close

Organizational Strategic Goal: Economic - Maintain our competitive cost structure while maintaining our airports' economic benefit

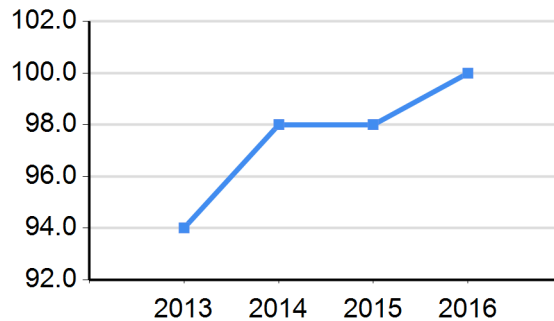
Organizational Strategic Objective: Maintain the MAC's competitive cost structure

SERVICE CENTER PERFORMANCE

Measure: Accounts Payable Closed by the Friday before the General Ledger close

| Description | Organizational Initiative | Unit of Measure | Target |
|--|---------------------------|-----------------|--------|
| Close Accounts Payable by the Friday before the General Ledger close | Finance | % | 100 |

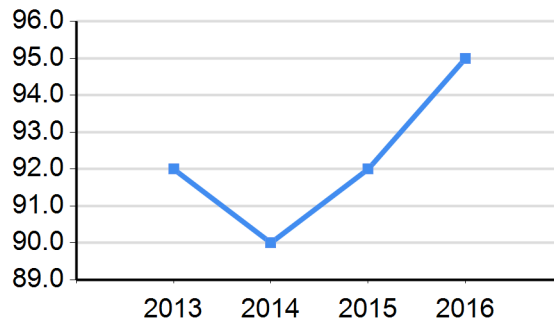
| Results | | |
|---------|----------|---------------------------------|
| Year | Year End | Comments |
| 2013 | 94 | |
| 2014 | 98 | |
| 2015 | 98 | December takes longer to close. |
| 2016 | 100 | |



Measure: Accounts Receivable closed within 2 business days

| Description | Organizational Initiative | Unit of Measure | Target |
|--|---------------------------|-----------------|--------|
| Accounts Receivable Close within 2 business days | Finance | % | 92 |

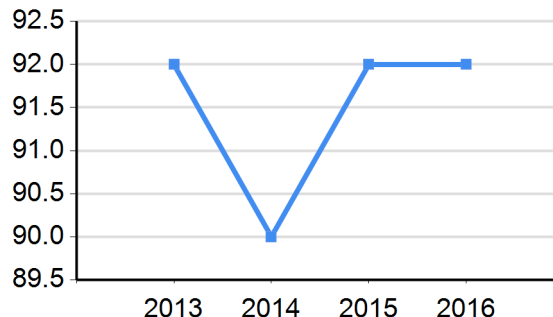
| Results | | |
|---------|----------|---|
| Year | Year End | Comments |
| 2013 | 92 | December takes longer to close. |
| 2014 | 90 | Badging office conversion impact delayed closing. |
| 2015 | 92 | December takes longer to close. |
| 2016 | 95 | |



Measure: Monthly general ledger close by the second Monday of the month

| Description | Organizational Initiative | Unit of Measure | Target |
|--|---------------------------|-----------------|--------|
| Monthly general ledger close by the second Monday of the month | Finance | Text | 100 |

| Results | | |
|---------|----------|---|
| Year | Year End | Comments |
| 2013 | 92 | December is the end of the fiscal year and it takes longer to close. |
| 2014 | 90 | Problems with Accounts Receivable due to the new Badging system software. |
| 2015 | 92 | December is end of the fiscal year and takes longer to close. |
| 2016 | 92 | |



MAC GENERAL

The MAC General Service Center contains expenses that are not specific to any one service center such as FICA/Medicare taxes, retirement plans, utilities, and gas and diesel for MAC vehicles. The FTE count is for all open positions that have not been allocated to a specific service center. The Finance Department is responsible for the budgeting of the MAC General service center.

BUDGET SUMMARY

| | 2015 Actual | 2016 Budget | 2017 Budget | \$ Variance | % Variance |
|-----------------------------|-------------------|-------------------|-------------------|------------------|---------------|
| Gross Depreciation | | | | 0 | 0.0% |
| Personnel | 13,363,812 | 12,018,155 | 10,880,603 | (1,137,552) | -9.5% |
| Administrative Expenses | 7,575 | | | 0 | 0.0% |
| Professional Services | 720,054 | | | 0 | 0.0% |
| Utilities | 17,747,167 | 18,620,758 | 19,216,337 | 595,579 | 3.2% |
| Operating Services/Expenses | 38,824 | 512,944 | 810,061 | 297,117 | 57.9% |
| Maintenance | 1,679,723 | 1,924,825 | 2,037,825 | 113,000 | 5.9% |
| Other | 202,687 | 55,045 | 55,045 | 0 | 0.0% |
| Total Budget | 33,759,842 | 33,131,727 | 32,999,871 | (131,856) | -0.4% |

Full-time Equivalent (FTE) Total

0

1.5

0.5

HIGHLIGHTS OF BUDGET

- Personnel Personnel decreased as unallocated FTEs are lower than 2016.
- Utilities Overall, utilities are expected to increase in 2017.
- Operating Services/Expenses Operating Services/Expenses increased for additions to the Percent for Arts and Culture Program.
- Maintenance Maintenance cost are rising in 2017 for inline baggage screening maintenance.

PURCHASING

The Purchasing Department oversees the acquisition of materials, equipment, and supplies; coordinating minor construction; and repairing or performing minor maintenance to meet the needs of end users by using the method that results in the most efficient use of MAC resources. Purchasing administers the Commercial Card Program for the MAC and maintains blanket orders, including insurance certificates, for contracts generated by Purchasing. Purchasing's responsibilities also include disposing of surplus property by distribution of surplus items between MAC departments, selling items on the open market, and donating items to various charities.

BUDGET SUMMARY

| | 2015 Actual | 2016 Budget | 2017 Budget | \$ Variance | % Variance |
|-----------------------------|----------------|----------------|----------------|-----------------|---------------|
| Personnel | 523,497 | 529,703 | 455,401 | (74,302) | -14.0% |
| Administrative Expenses | 30,006 | 49,800 | 49,200 | (600) | -1.2% |
| Professional Services | | | | 0 | 0.0% |
| Operating Services/Expenses | 172,172 | 168,500 | 171,100 | 2,600 | 1.5% |
| Maintenance | | | | 0 | 0.0% |
| Other | 1,644 | 7,300 | 1,700 | (5,600) | -76.7% |
| Total Budget | 727,318 | 755,303 | 677,401 | (77,902) | -10.3% |

Full-time Equivalent (FTE) Total

7.5

6

6

HIGHLIGHTS OF BUDGET

- Personnel The decrease in Personnel is attributable to wage structure adjustments and changes in step levels for positions with employee turnover.
- Administrative Expenses This category includes supplies, travel, membership dues, MAC-wide printing, delivery, and postage fees. These fees peak every other year, with peaks occurring during even years.
- Operating Services/Expenses This category includes the MAC-wide copy agreement and the postage meter rental for the General Offices site.
- Other Other decreased as vehicle tab renewal fees are expected to be lower in 2017.

2016 SERVICE CENTER OBJECTIVE RESULTS

Objective: Create a Frequently Asked Questions (FAQ) document covering MAC purchasing

Results: This objective has changed and an online Purchasing Policy training course will not be created. Purchasing staff are working with the MAC Information Technology Department to create a Frequently Asked Questions (FAQ) document, which will serve as a Purchasing review.

Objective: Continue efforts to go paperless by accepting responses to sealed, formal solicitations on jump or flash drives, instead of hard copies

Results: Pilot a paperless RFP process in calendar year 2017.

2017 SERVICE CENTER OBJECTIVES

Objective: Develop and implement a paperless submission and review process for Request for Proposals (RFPs)

Organizational Strategic Goal: Economic - Maintain our competitive cost structure while maintaining our airports' economic benefit

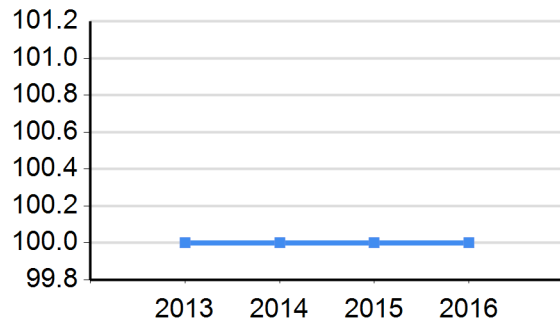
Organizational Strategic Objective: Maintain the MAC's competitive cost structure

SERVICE CENTER PERFORMANCE

Measure: Completed performance reviews

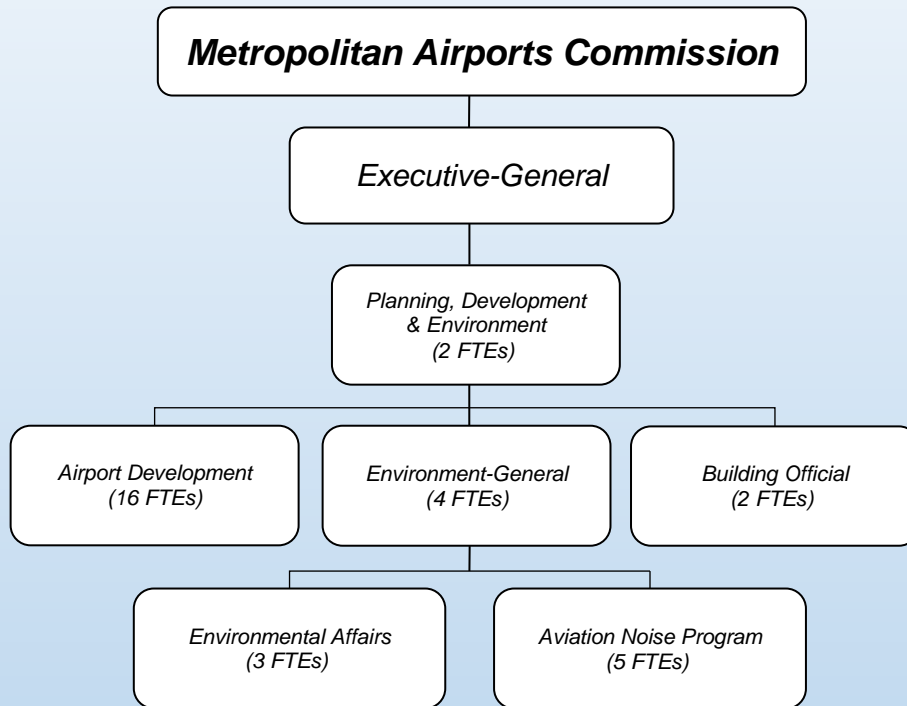
| Description | Organizational Initiative | Unit of Measure | Target |
|-------------------------------|---------------------------|-----------------|--------|
| Completed performance reviews | Employee Engagement | % | 100 |

| Results | | |
|---------|----------|--|
| Year | Year End | Comments |
| 2013 | 100 | |
| 2014 | 100 | |
| 2015 | 100 | |
| 2016 | 100 | Everyone received their annual review on or before their anniversary date. |



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Planning, Development & Environment Division



Notations to Service Center Summaries:

- Variance (dollars and %) is computed between 2016 Budget and 2017 Budget amounts
- The explanations for the variances are based upon the 2016 Budget and 2017 Budget amounts
- Negative variances, in most cases, are the result of reductions in one-time expenses or budget reductions
- The FTE count in each service center is as of January 1, 2017. The FTE budget was calculated in 2016 and may not reflect the budgeted FTE count for some service centers.
- The 2017-2022 plan is an evolution from key initiatives to strategic goals and objectives. As a result, the 2017 service centers will not be tied to key initiatives, but will link to our new organizational goals and objectives.

PLANNING, DEVELOPMENT & ENVIRONMENT

The Planning, Development & Environment Division supervises property acquisition, planning, design, engineering, architecture, construction of all Commission facilities, and grants management. This division also manages environmental programs aimed at providing a sustainable airport system and addressing noise, air quality, and water quality issues. In addition, the division is responsible for maintaining good relationships with local, state, and federal government partners and airport stakeholders. The Vice President of Planning, Development & Environment is the staff liaison to the Commission's Planning, Development & Environment Committee.

BUDGET SUMMARY

| | 2015 Actual | 2016 Budget | 2017 Budget | \$ Variance | % Variance |
|-----------------------------|----------------|----------------|----------------|------------------|---------------|
| Personnel | 219,276 | 226,873 | 230,409 | 3,536 | 1.6% |
| Administrative Expenses | 5,796 | 13,600 | 12,800 | (800) | -5.9% |
| Professional Services | 97,609 | 420,000 | 245,000 | (175,000) | -41.7% |
| Utilities | 840 | 840 | 840 | 0 | 0.0% |
| Operating Services/Expenses | 201,980 | 222,500 | 222,500 | 0 | 0.0% |
| Maintenance | | | | 0 | 0.0% |
| Other | 7,237 | | | 0 | 0.0% |
| Total Budget | 532,738 | 883,813 | 711,549 | (172,264) | -19.5% |

Full-time Equivalent (FTE) Total

2 2 2

HIGHLIGHTS OF BUDGET

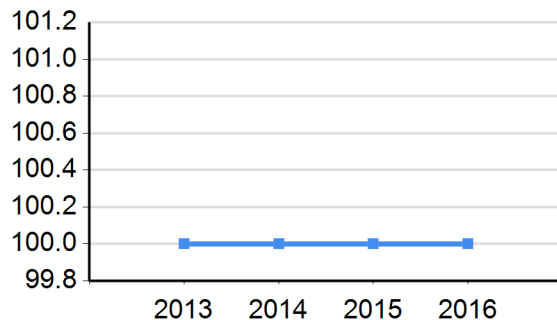
- Personnel The increase in Personnel is attributable to wage structure adjustments and step increases.
- Professional Services The variance is associated with the delayed process for updating comprehensive plans at MSP, Lake Elmo Airport, and Crystal Airport, as well as a delay in the MnDOT Zoning Ordinance Policy stalemate.

SERVICE CENTER PERFORMANCE

Measure: *Compliance with Consent Decree Deadlines*

| Description | Organizational Initiative | Unit of Measure | Target |
|--|---------------------------|-----------------|--------|
| Compliance with Consent Decree Deadlines | Environment | % | 100 |

| Results | | |
|---------|----------|----------|
| Year | Year End | Comments |
| 2013 | 100 | |
| 2014 | 100 | |
| 2015 | 100 | |
| 2016 | 100 | |



AIRPORT DEVELOPMENT

The Airport Development Department manages the Commission's Capital Improvement Program (CIP). Within the CIP, the service center supervises the planning, design, engineering, architecture, and construction of all Commission facilities at MSP and the Commission's six Reliever Airports.

BUDGET SUMMARY

| | 2015 Actual | 2016 Budget | 2017 Budget | \$ Variance | % Variance |
|-----------------------------|----------------|------------------|------------------|-----------------|---------------|
| Personnel | 533,583 | 739,157 | 724,079 | (15,078) | -2.0% |
| Administrative Expenses | 39,719 | 68,262 | 42,750 | (25,512) | -37.4% |
| Professional Services | 376,139 | 353,750 | 353,750 | 0 | 0.0% |
| Utilities | 6,330 | 6,750 | 6,720 | (30) | -0.4% |
| Operating Services/Expenses | 3,779 | 2,500 | 3,000 | 500 | 20.0% |
| Maintenance | | 500 | | (500) | -100.0% |
| Other | 4,490 | 5,000 | 9,500 | 4,500 | 90.0% |
| Total Budget | 964,040 | 1,175,919 | 1,139,799 | (36,120) | -3.1% |

Full-time Equivalent (FTE) Total

14 16 16

HIGHLIGHTS OF BUDGET

- Personnel The decrease in Personnel is attributable to wage structure adjustments and changes in step level for positions with employee turnover.
- Administrative Expenses Computer software was moved to the Information Technology service center for better tracking.
- Operating Services/Expenses The increase in Operating Services/Expense costs is related to an increase in public meetings, which require public advertisement.
- Maintenance The decrease in Maintenance expense is attributed to no equipment maintenance anticipated for 2017.
- Other This increase is due to a purchase of two Automatic Traffic Recording devices that allows us to collect traffic data in house which aids large-scale traffic studies done by outside consultants.

2016 SERVICE CENTER OBJECTIVE RESULTS

Objective: Improve operational efficiency in the baggage claim area by launching the Bag Claim expansion program by July 2016

Results: The Baggage Claim expansion program was launched in Q2 2016 with construction of the first phase getting underway.

Objective: Improve passenger security screening throughput capacity by consolidating checkpoints and expanding Checkpoint 1 at Terminal 1-Lindbergh by February 2016

Results: The newly-consolidated checkpoint at Terminal 1-Lindbergh opened in phases starting on February 16, 2016, with all 10 lanes available for Transportation Security Administration use on February 19, 2016.

2017 SERVICE CENTER OBJECTIVES

Objective: Launch and advance the revamp of the MAC Design and Construction Standards to reformat, update, and integrate the defined initiatives in the MAC Sustainability Management Plan

Organizational Strategic Goal: Innovation - Innovate through opportunities in technology and sustainability

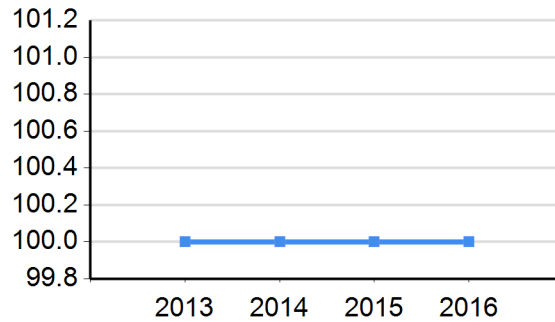
Organizational Strategic Objective: Integrate sustainability into our culture

SERVICE CENTER PERFORMANCE

Measure: Performance reviews completed on continuing consultants by 12/31 of each year

| Description | Organizational Initiative | Unit of Measure | Target |
|--|---------------------------|-----------------|--------|
| Annual performance reviews on all continuing consultants | Development | % | 100 |

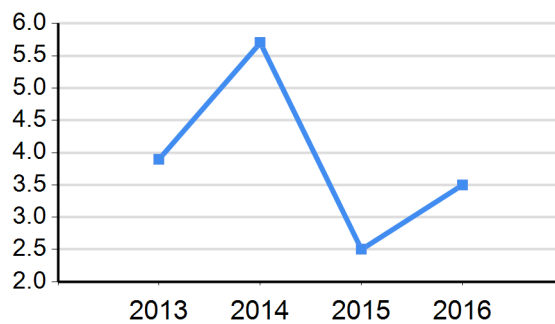
| Results | | |
|---------|----------|----------|
| Year | Year End | Comments |
| 2013 | 100 | |
| 2014 | 100 | |
| 2015 | 100 | |
| 2016 | 100 | |



Measure: Percent of CIP construction projects within historic change order parameters

| Description | Organizational Initiative | Unit of Measure | Target |
|--|---------------------------|-----------------|--------|
| Manage CIP construction projects within historic change order parameters | Development | % | < 5 |

| Results | | |
|---------|----------|--------------|
| Year | Year End | Comments |
| 2013 | 3.9 | Less than 5% |
| 2014 | 5.7 | Less than 5% |
| 2015 | 2.5 | Less than 5% |
| 2016 | 3.5 | Less than 5% |



BUILDING OFFICIAL

The Building Official is responsible for the overall administration of the Metropolitan Airports Commission (MAC) Building Code Ordinance. Service center responsibilities include the application, administration, implementation and enforcement of the State of Minnesota Building Code and the MAC Construction Standards and Procedures, Design Standards and Guidelines. Duties include plan review, issuance of permits, inspections, and retention of inspection history and building construction plans. In addition, the service center provides construction coordination for retail, food, and beverage construction build-outs and remodeling of existing tenant spaces within Terminal 1-Lindbergh and Terminal 2-Humphrey.

BUDGET SUMMARY

| | 2015 Actual | 2016 Budget | 2017 Budget | \$ Variance | % Variance |
|-----------------------------|----------------|----------------|----------------|----------------|---------------|
| Personnel | 186,903 | 188,005 | 195,001 | 6,996 | 3.7% |
| Administrative Expenses | 20,070 | 19,785 | 20,000 | 215 | 1.1% |
| Professional Services | | | | 0 | 0.0% |
| Utilities | 840 | 840 | 840 | 0 | 0.0% |
| Operating Services/Expenses | | 100 | 100 | 0 | 0.0% |
| Maintenance | | | | 0 | 0.0% |
| Other | | | | 0 | 0.0% |
| Total Budget | 207,813 | 208,730 | 215,941 | 7,211 | 3.5% |

Full-time Equivalent (FTE) Total

2 2 2

HIGHLIGHTS OF BUDGET

- Personnel The increase in Personnel is attributable to wage structure adjustments and step increases.

2016 SERVICE CENTER OBJECTIVE RESULTS

Objective: Issue all permits within 10-14 days after application is received

Results: During Q4, 100% of all permit applications that were received were issued within the 14-day time period.

Objective: Conduct field inspections within 24 hours from the time the inspection was requested

Results: During Q4, all scheduled inspections were conducted within the 24-hour requested time period.

2017 SERVICE CENTER OBJECTIVES

Objective: Issue new space permits within 10-14 days after applications are received and plan reviews are completed

Organizational Strategic Goal: Customer Experience - Delight our passengers

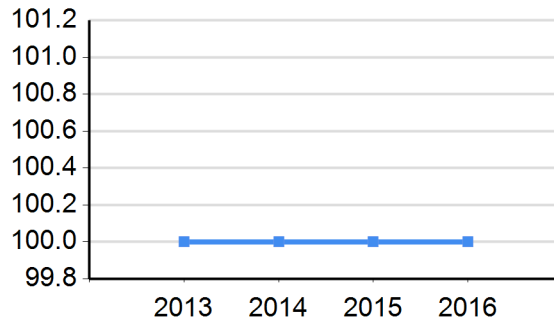
Organizational Strategic Objective: Reimagine and renew our airports to continually evolve our customer experience

SERVICE CENTER PERFORMANCE

Measure: Inspections conducted within 24 hours of request

| Description | Organizational Initiative | Unit of Measure | Target |
|--|---------------------------|-----------------|--------|
| Conduct inspections within 24 hours of the request | Safety & Security | % | 100 |

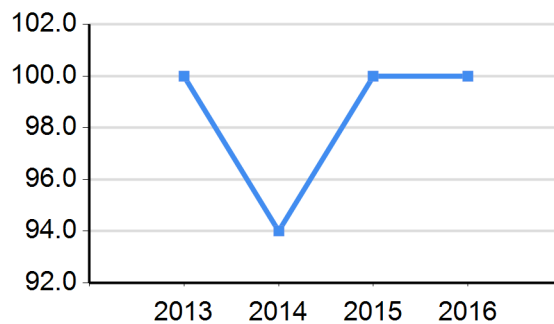
| Results | | |
|---------|----------|-----------------------|
| Year | Year End | Comments |
| 2013 | 100 | |
| 2014 | 100 | |
| 2015 | 100 | 100% within 24 hours. |
| 2016 | 100 | |



Measure: Percent of Plan Reviews on construction plans conducted within 14 days of submittals

| Description | Organizational Initiative | Unit of Measure | Target |
|---|---------------------------|-----------------|--------|
| Conduct Plan Reviews on construction plans within 14 days of submittals | Development | % | 100 |

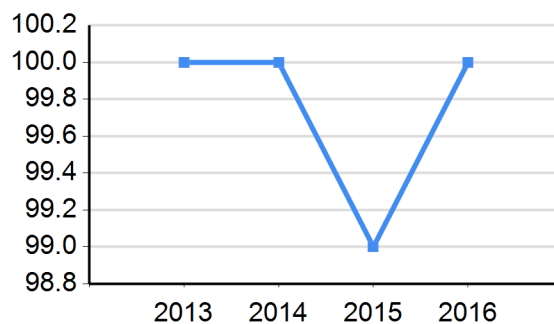
| Results | | |
|---------|----------|-----------------------|
| Year | Year End | Comments |
| 2013 | 100 | |
| 2014 | 94 | |
| 2015 | 100 | Timeliness percentage |
| 2016 | 100 | |



Measure: Construction Management/Tenant Buildouts

| Description | Organizational Initiative | Unit of Measure | Target |
|--|---------------------------|-----------------|--------|
| Construction Management/Tenant Buildouts | Development | % | 100 |

| Results | | |
|---------|----------|----------|
| Year | Year End | Comments |
| 2013 | 100 | |
| 2014 | 100 | |
| 2015 | 99 | |
| 2016 | 100 | |



ENVIRONMENT-GENERAL

The Environment-General Department facilitates compliance with state and federal environmental regulations at MAC-owned facilities, and manages aircraft noise issues and navigation programs. The Department leads environmental review processes in compliance with the Minnesota and National Environmental Policy Acts, and efforts aligned with the MAC's sustainability program including recycling/organics and greenhouse gas emission management/reduction. The Environment Department maintains an effective working relationship with state and local government and supports activities to establish sound strategies to reduce environmental impacts from aviation-related activities.

BUDGET SUMMARY

| | 2015 Actual | 2016 Budget | 2017 Budget | \$ Variance | % Variance |
|-----------------------------|----------------|----------------|----------------|----------------|---------------|
| Personnel | 494,075 | 346,562 | 474,459 | 127,897 | 36.9% |
| Administrative Expenses | 41,142 | 17,575 | 19,900 | 2,325 | 13.2% |
| Professional Services | 134,100 | 160,000 | 207,000 | 47,000 | 29.4% |
| Utilities | 2,580 | 6,444 | 6,445 | 1 | 0.0% |
| Operating Services/Expenses | 75,990 | 67,764 | | (67,764) | -100.0% |
| Maintenance | | | | 0 | 0.0% |
| Other | 22,876 | 500 | | (500) | -100.0% |
| Total Budget | 770,763 | 598,845 | 707,804 | 108,959 | 18.2% |

Full-time Equivalent (FTE) Total

5 4 4

HIGHLIGHTS OF BUDGET

- Personnel The increase in Personnel is partially attributable to wage structure adjustments and step increases. In 2016, one FTE was assigned to Environment-General but was budgeted to remain open. It is budgeted to be filled throughout the 2017 budget year.
- Administrative Expenses The increase in Administrative Services expense is driven by additional travel related expenses (Director's travel to ACI-NA meetings as Chairman of the Water Quality Working Group) and an increase in office supplies.
- Professional Services The increase in Professional Services expense is driven by an increase in consulting services for Airport Carbon Accreditation Level 2 Certification and related green house gas reporting.
- Operating Services/Expenses These funds were transferred to the 79000-Information Technology service center.
- Other The decrease is due to the completed purchase of new office furniture that occurred in 2016.

2016 SERVICE CENTER OBJECTIVE RESULTS

Objective: Develop and execute a department-level strategy for the implementation, management and measurement of the environmental initiatives included in the MAC's sustainability strategy

Results: Through Q4, the Environment Department completed its 2016-2018 strategic plan, projects were being implemented accordingly and on schedule in 2016. All 2017 budget requests were submitted in alignment with the plan.

2017 SERVICE CENTER OBJECTIVES

Objective: Expand the MAC's commitment to air quality and greenhouse gas emissions reductions by establishing a program focused on developing and implementing strategies to reduce air quality impacts and greenhouse gas emissions, and the evaluation of climate adaptation

Organizational Strategic Goal: Engagement - Grow and enhance the narrative

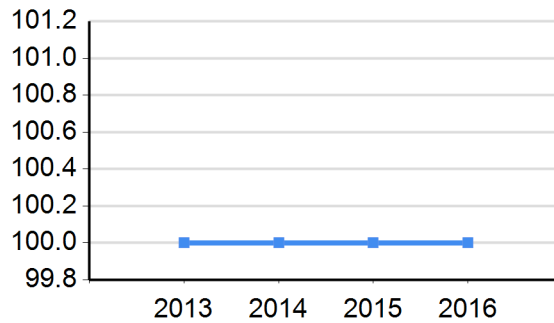
Organizational Strategic Objective: Lead conversations on strategic topics with stakeholders

SERVICE CENTER PERFORMANCE

Measure: Airport and Community Advisory Commissions

| Description | Organizational Initiative | Unit of Measure | Target |
|---|---------------------------|-----------------|--------|
| Complete airport and community advisory commission work plans | Environment | % | 100 |

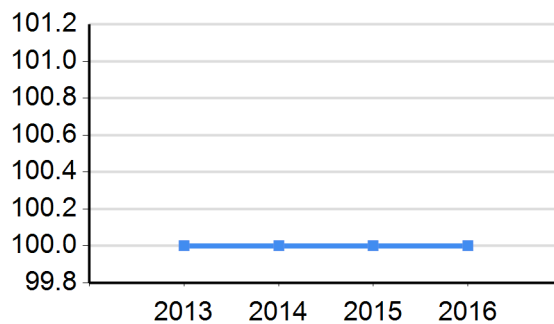
| Results | | |
|---------|----------|---|
| Year | Year End | Comments |
| 2013 | 100 | All airport and community advisory commissions were supported successfully. |
| 2014 | 100 | All airport and community advisory commissions were supported successfully. |
| 2015 | 100 | All airport and community advisory commissions were supported successfully. |
| 2016 | 100 | |



Measure: Develop Environmental Documents

| Description | Organizational Initiative | Unit of Measure | Target |
|--|---------------------------|-----------------|--------|
| Environmental documents to support MAC activities including planning, Capital Improvement Program, Air Traffic Control operational noise activities, and the administration of environmental rules | Environment | % | 100 |

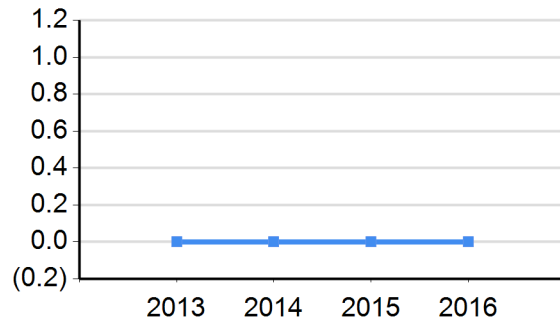
| Results | | |
|---------|----------|--|
| Year | Year End | Comments |
| 2013 | 100 | |
| 2014 | 100 | All required environmental documents were prepared. |
| 2015 | 100 | All required MEPA and NEPA environmental documents were completed successfully including the Hotel and Skyway Project EAW. |
| 2016 | 100 | |



Measure: Number of Environmental Violations

| Description | Organizational Initiative | Unit of Measure | Target |
|--|---------------------------|-----------------|--------|
| Number of violations identified by a regulatory agency | Environment | Number | 0 |

| Results | | |
|---------|----------|---------------------------------------|
| Year | Year End | Comments |
| 2013 | 0 | |
| 2014 | 0 | No environmental violations occurred. |
| 2015 | 0 | No environmental violations occurred. |
| 2016 | 0 | No environmental violations occurred. |



ENVIRONMENTAL AFFAIRS

The Environmental Affairs Office facilitates compliance with local, state, and federal environmental regulations at MAC-owned facilities. The Environmental Affairs Office maintains programs that document environmental impacts related to construction projects, comply with stormwater and soil management requirements, administer underground and aboveground storage tank rules, monitor and report on air quality and hazardous waste management, implement pollution prevention programs, and perform environmental investigations and audits.

BUDGET SUMMARY

| | 2015 Actual | 2016 Budget | 2017 Budget | \$ Variance | % Variance |
|-----------------------------|------------------|------------------|------------------|----------------|---------------|
| Personnel | 301,826 | 307,902 | 316,942 | 9,040 | 2.9% |
| Administrative Expenses | 7,176 | 6,895 | 7,780 | 885 | 12.8% |
| Professional Services | 273,117 | 405,775 | 559,400 | 153,625 | 37.9% |
| Utilities | 2,739 | 5,521 | 3,000 | (2,521) | -45.7% |
| Operating Services/Expenses | 1,490,639 | 1,530,407 | 1,592,650 | 62,243 | 4.1% |
| Maintenance | | | | 0 | 0.0% |
| Other | 10,574 | 21,150 | 21,150 | 0 | 0.0% |
| Total Budget | 2,086,070 | 2,277,650 | 2,500,922 | 223,272 | 9.8% |

| | | | |
|---|---|---|---|
| Full-time Equivalent (FTE) Total | 3 | 3 | 3 |
|---|---|---|---|

HIGHLIGHTS OF BUDGET

- Personnel
 The increase in Personnel is attributable to wage structure adjustments and step increases.
- Administrative Expenses
 The increase in Administrative Expenses is due to an increase in staff registration costs for continuing education and training programs.
- Professional Services
 The increase in Professional Services expenses is driven by plans to develop a green stormwater infrastructure plan, conduct a waste management program assessment, and improve customer participation in the Reliever environmental compliance program. The increased budget will also fund efforts to address continuing and new regulatory air quality, water quality, and hazardous compliance requirements.
- Utilities
 The decrease in Utilities expense is a result of aligning budgeted costs with actual cost trends.
- Operating Services/Expenses
 The increase will help address changes in National Pollutant Discharge Elimination System permit requirements, miscellaneous regulatory requests, and stormwater collection and sampling efforts.

2016 SERVICE CENTER OBJECTIVE RESULTS

- Objective:** Continue to maintain and improve the data management platforms/processes in the MAC's compliance-focused Environmental Management Information System program
- Results:** The spill reporting application was built during Q4; however, the information is currently being entered by Environmental Affairs staff. Further work/training is required to get the Fire Department on the system. Recycling data are collected and summaries are now being entered by staff using the Environmental Management Information System's (EMIS - Enviance) End User Portal.
- Objective:** Formalize the MAC's Greenhouse Gas (GHG) reporting process through Airport Carbon Accreditation (ACA)
- Results:** In Q4 2016, Environmental Affairs staff worked to establish proper methodology for reporting using the Airport Carbon Accreditation (ACA) guidance and utilizing the current Federal Aviation Administration (FAA) Aviation Environmental Design Tool (AEDT) software. The reporting format and program management will be revised to better meet these needs.

2017 SERVICE CENTER OBJECTIVES

Objective: Continue to reduce airport environmental impacts by minimizing water quality and consumption impacts through the development of a Green Stormwater Infrastructure strategy/plan for MAC's system of airports

Organizational Strategic Goal: Innovation - Innovate through opportunities in technology and sustainability

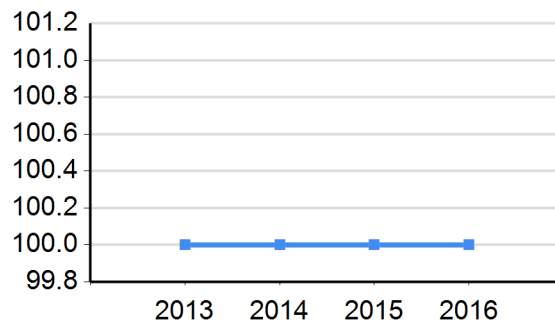
Organizational Strategic Objective: Integrate sustainability into our culture

SERVICE CENTER PERFORMANCE

Measure: Environmental Permits Compliance Reports

| Description | Organizational Initiative | Unit of Measure | Target |
|--|---------------------------|-----------------|--------|
| Submit regularly-scheduled compliance reports to regulating agencies | Environment | % | 100 |

| Results | | |
|---------|----------|---|
| Year | Year End | Comments |
| 2013 | 100 | 42 reports must be submitted either monthly, quarterly or annually to regulatory entities. |
| 2014 | 100 | All required reports (i.e., Discharge Monitoring Report (DMR), Comprehensive Well Network (CWN) and Soil Management Plan (SMP)) submitted to regulatory entity on time. |
| 2015 | 100 | All required reports were submitted on time and in compliance with various regulatory permits. |
| 2016 | 100 | All required reports were submitted on time |



AVIATION NOISE PROGRAM

The Aviation Noise Program Office manages aircraft noise issues and navigation programs through an industry-leading noise program built on extensive collaboration efforts with community and aviation stakeholders. The Noise Program Office ensures compliance related to assessing noise impacts and corrective measures that includes management of one of the largest community outreach programs at the MAC and the development and operation of sophisticated technical systems in support of the department's mission.

BUDGET SUMMARY

| | 2015 Actual | 2016 Budget | 2017 Budget | \$ Variance | % Variance |
|-----------------------------|----------------|----------------|----------------|----------------|---------------|
| Personnel | 402,693 | 466,614 | 491,359 | 24,745 | 5.3% |
| Administrative Expenses | 15,259 | 28,391 | 26,887 | (1,504) | -5.3% |
| Professional Services | 220,375 | 158,055 | 212,000 | 53,945 | 34.1% |
| Utilities | 15,641 | 46,800 | 19,800 | (27,000) | -57.7% |
| Operating Services/Expenses | 37,505 | 45,000 | 123,800 | 78,800 | 175.1% |
| Maintenance | | | | 0 | 0.0% |
| Other | 3,287 | 1,300 | | (1,300) | -100.0% |
| Total Budget | 694,759 | 746,160 | 873,846 | 127,686 | 17.1% |

Full-time Equivalent (FTE) Total

5 5 5

HIGHLIGHTS OF BUDGET

- Personnel The increase in Personnel is attributable to wage structure adjustments and step increases.
- Administrative Expenses The reduction from 2016 is from the elimination of delivery and membership dues.
- Professional Services The increase in Professional Services is driven by costs associated with consulting fees and MAC Noise and Operations Monitoring System roadmap implementation. The increase is also a result of a new Community Engagement Enhancement Plan. Other increases are due to 2035 forecast noise contours for the MAC's Long-Term Comprehensive Plans.
- Utilities Efforts were made to offset increased expenditures in Professional Services and Operating Services/Expenses by decreasing utilities. The remaining funds are required for Remote Monitoring Tower modems and cell phone plans for members of the Airport Noise Program Office.
- Operating Services/Expenses The Operating Services/Expenses increase is due to the noise monitoring site reconditioning project, maintenance and replacement parts for site equipment, and special noise monitoring projects.
- Other The Other expense decrease results from the completed 2016 purchase of new office furniture purchases, as well reduction in rental equipment costs.

2016 SERVICE CENTER OBJECTIVE RESULTS

Objective: Continue to enhance community relations and information-sharing initiatives to include ongoing Noise Program Office website developments, enhanced responsive website design, and proactive, simplified communication to members of the public

Results: During Q4 2016, staff made progress on the MAC Noise Communication Enhancement Plan. MAC Public Affairs & Marketing and the MAC Noise Office published its first video in a series covering noise basics. The video was shared via the MAC Noise Office website and played at a MSP Noise Oversight Committee meeting and a Public Input Meeting. Through consultation with experts in convening, the MAC Noise Office has developed a plan to change quarterly Public Input Meetings to Listening Sessions, garnering better engagement and immediate responses to questions at the meetings.

Objective: Assess the use of Optimized Profile Descent (OPD) arrivals to MSP, and quantify resultant fuel and emission reduction benefits through partnering with the airlines and the Federal Aviation Administration (FAA)

Results: The OPD Application was presented to the MSP Noise Oversight Committee, with 1/3 of the data processed at the time of the presentation. These procedures mark the single biggest reduction in carbon emissions in the history of MAC. The presentation was provided to Delta Air Lines and the FAA NextGen Office in Washington. The FAA NextGen office is providing consulting funds to conduct a complimentary analysis in parallel with our OPD Application results. Staff plans to present the final results in Q2 2017.

2017 SERVICE CENTER OBJECTIVES

Objective: Enhance relationships with our stakeholders through implementation of an expanded role for the MAC Noise Program Office to include a focus on wider community engagement with a narrative beyond noise

Organizational Strategic Goal: Engagement - Grow and enhance the narrative

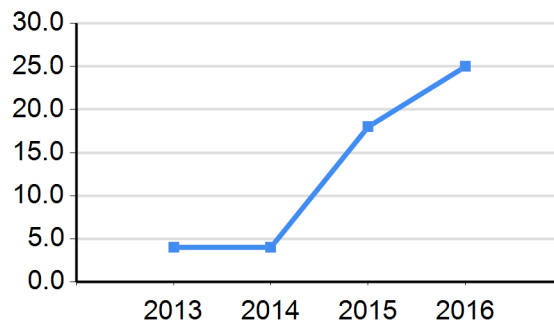
Organizational Strategic Objective: Leverage communication tools for a balanced public engagement process

SERVICE CENTER PERFORMANCE

Measure: Number of website news articles

| Description | Organizational Initiative | Unit of Measure | Target |
|---------------------------------------|---------------------------|-----------------|--------|
| Publish regular website news articles | Environment | Number | 4 |

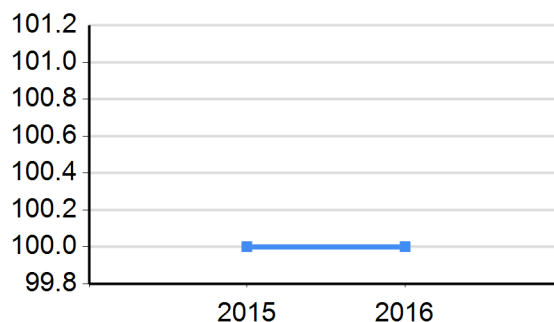
| Results | | |
|---------|----------|---|
| Year | Year End | Comments |
| 2013 | 4 | |
| 2014 | 4 | |
| 2015 | 18 | News articles transitioned to electronic delivery, resulting in increased publications. |
| 2016 | 25 | |



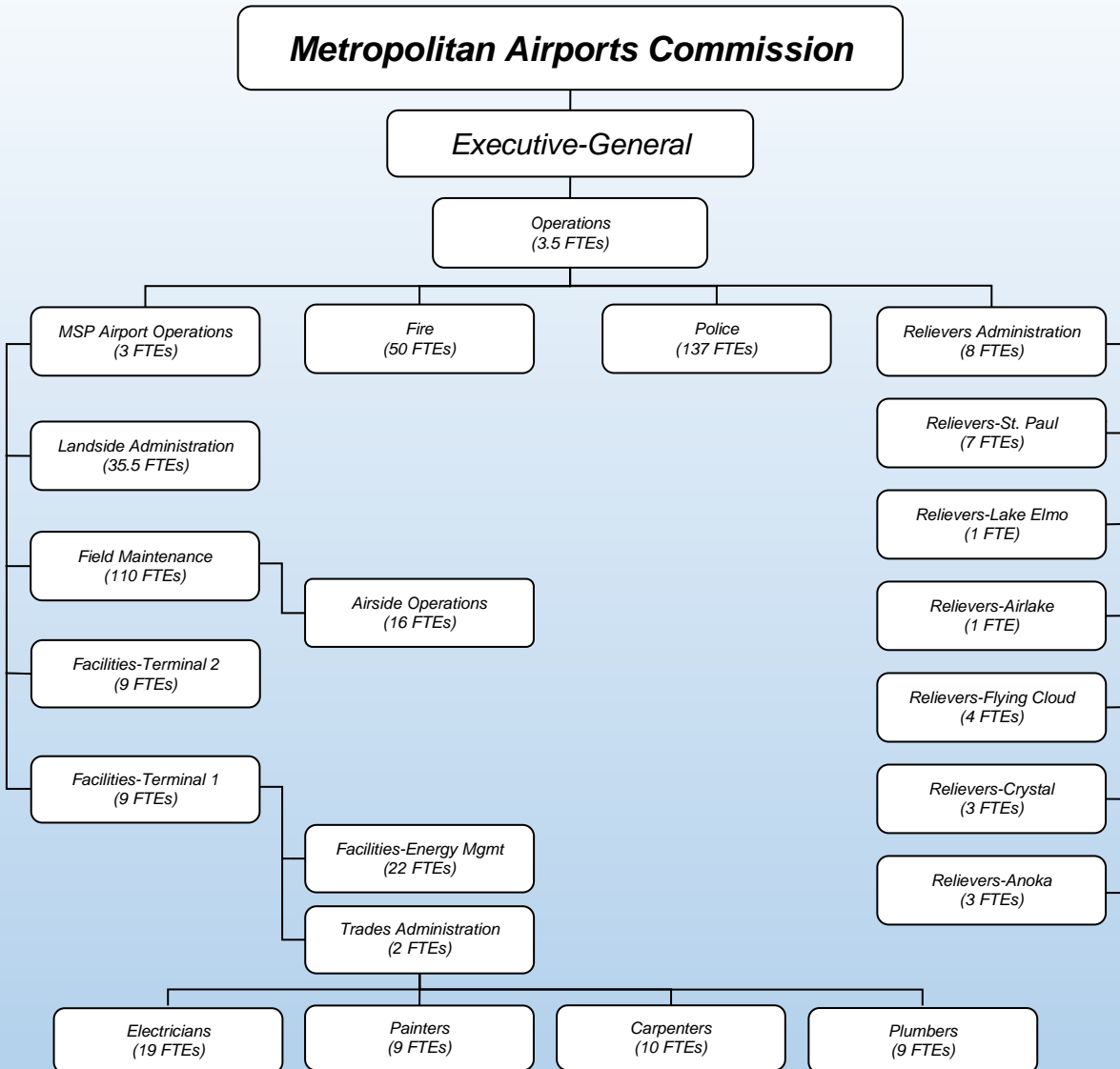
Measure: Noise Oversight Committee Work Plan Completion

| Description | Organizational Initiative | Unit of Measure | Target |
|---|---------------------------|-----------------|--------|
| Complete the items on the Noise Oversight Committee Work Plan | Environment | % | 100 |

| Results | | |
|---------|----------|--|
| Year | Year End | Comments |
| 2015 | 100 | The NOC 2015 Work Plan was completed successfully. |
| 2016 | 100 | |



Management & Operations Division



Notations to Service Center Summaries:

- Variance (dollars and %) is computed between 2016 Budget and 2017 Budget amounts
- The explanations for the variances are based upon the 2016 Budget and 2017 Budget amounts
- Negative variances, in most cases, are the result of reductions in one-time expenses or budget reductions
- The FTE count in each service center is as of January 1, 2017. The FTE budget was calculated in 2016 and may not reflect the budgeted FTE count for some service centers.
- The 2017-2022 plan is an evolution from key initiatives to strategic goals and objectives. As a result, the 2017 service centers will not be tied to key initiatives, but will link to our new organizational goals and objectives.

OPERATIONS

The Management & Operations Division is led by the Vice President of Management & Operations and is responsible for oversight and administration of the departments that manage the day-to-day operations of the MAC's systems of airports. These departments include Police, Fire, MSP Operations & Administration, and Reliever Airports. The Vice President of Management & Operations is the staff liaison to the Commission's Management & Operations Committee. Working with the Committee Chair, the Vice President is responsible for ensuring the effective conduct of business through the committee process of all operations-related issues, and for participating at the senior staff level in policy development, strategic planning, and interdepartmental coordination.

BUDGET SUMMARY

| | 2015 Actual | 2016 Budget | 2017 Budget | \$ Variance | % Variance |
|-----------------------------|----------------|----------------|----------------|----------------|---------------|
| Personnel | 350,781 | 334,894 | 345,498 | 10,604 | 3.2% |
| Administrative Expenses | 9,760 | 8,500 | 9,500 | 1,000 | 11.8% |
| Professional Services | 20,000 | 22,000 | 24,000 | 2,000 | 9.1% |
| Utilities | 1,680 | 840 | 840 | 0 | 0.0% |
| Operating Services/Expenses | 56 | | | 0 | 0.0% |
| Maintenance | | | | 0 | 0.0% |
| Other | | | | 0 | 0.0% |
| Total Budget | 382,277 | 366,234 | 379,838 | 13,604 | 3.7% |

Full-time Equivalent (FTE) Total

3.5

3.5

3.5

HIGHLIGHTS OF BUDGET

- Personnel The increase in Personnel is attributable to wage structure adjustments and step increases.
- Administrative Expenses The increase in Administrative Expenses is attributable to additional travel to local meetings and purchases of special supplies.
- Professional Services Increased Professional Services expenses are attributable to additional consulting needs during 2017.

2016 SERVICE CENTER OBJECTIVE RESULTS

Objective: Coordinate and facilitate a regional Irregular Operations Summit

Results: The sixth MSP Regional Diversion IROPS workshop was held in early Q4 and was attended by 41 participants and 14 airports. Participants discussed their airport's capabilities and capacity to accept diversions and the plans and preparations they have established to accommodate aircraft and passengers during an irregular operation. The MSP Regional Network Group leads the country in developing a coordinated approach to address IROPS events and this year focused on: 1) Early Notification; 2) Airlines System Operations; 3) Leveraging Technology; and 4) Special Event Coordination.

2017 SERVICE CENTER OBJECTIVES

Objective: Align divisional activities to maintain public safety, prevent runway incursions, and prepare facilities and operations plans for Super Bowl LII in 2018

Organizational Strategic Goal: Safety, Security, and Preparedness - Keep our airports safe and secure

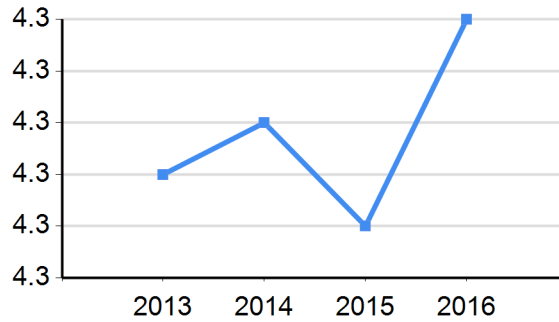
Organizational Strategic Objective: Prepare for current and potential threats to public safety and critical infrastructure through robust and aligned airport planning processes

SERVICE CENTER PERFORMANCE

Measure: Overall satisfaction with the airport

| Description | Organizational Initiative | Unit of Measure | Target |
|--|---------------------------|-----------------|--------|
| ASQ performance rating of all travelers (1 to 5 scale) | Customer Experience | Number | 4.30 |

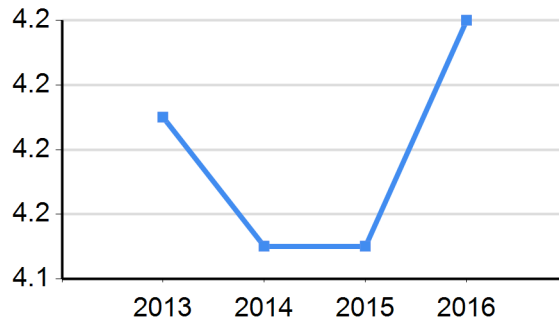
| Results | | |
|---------|----------|----------|
| Year | Year End | Comments |
| 2013 | 4.28 | |
| 2014 | 4.29 | |
| 2015 | 4.27 | |
| 2016 | 4.31 | |



Measure: Overall satisfaction with the airport - business travelers

| Description | Organizational Initiative | Unit of Measure | Target |
|---|---------------------------|-----------------|--------|
| ASQ rating of business travelers (1 to 5 scale) | Customer Experience | Number | 4.20 |

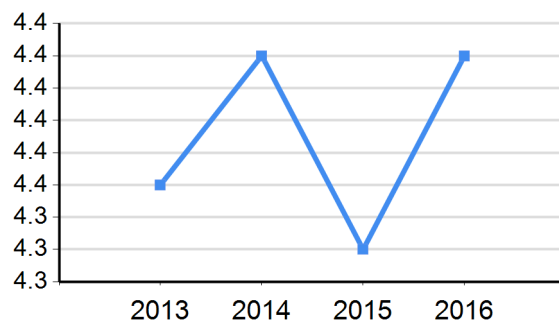
| Results | | |
|---------|----------|----------|
| Year | Year End | Comments |
| 2013 | 4.19 | |
| 2014 | 4.15 | |
| 2015 | 4.15 | |
| 2016 | 4.22 | |



Measure: Overall satisfaction with the airport - leisure travelers

| Description | Organizational Initiative | Unit of Measure | Target |
|--|---------------------------|-----------------|--------|
| ASQ rating of leisure travelers (1 to 5 scale) | Customer Experience | Number | 4.35 |

| Results | | |
|---------|----------|----------|
| Year | Year End | Comments |
| 2013 | 4.35 | |
| 2014 | 4.37 | |
| 2015 | 4.34 | |
| 2016 | 4.37 | |



MSP AIRPORT OPERATIONS

The MSP Airport Operations Department responds to the operational, maintenance, and emergency preparedness needs of the traveling public, outside agencies, airlines, and tenants. Considered the "landlord" of MSP, customer service is a key element of this department. Furthermore, special events and terminal complex activities are coordinated through this department.

BUDGET SUMMARY

| | 2015 Actual | 2016 Budget | 2017 Budget | \$ Variance | % Variance |
|-----------------------------|----------------|----------------|----------------|----------------|---------------|
| Personnel | 326,976 | 330,604 | 339,994 | 9,390 | 2.8% |
| Administrative Expenses | 41,149 | 36,230 | 47,370 | 11,140 | 30.7% |
| Professional Services | 32,375 | 38,920 | 38,920 | 0 | 0.0% |
| Utilities | 5,294 | 4,635 | 5,294 | 659 | 14.2% |
| Operating Services/Expenses | 104,510 | 106,665 | 122,338 | 15,673 | 14.7% |
| Maintenance | | | 32,100 | 32,100 | 100.0% |
| Other | 33,257 | 10,029 | 10,029 | 0 | 0.0% |
| Total Budget | 543,561 | 527,083 | 596,045 | 68,962 | 13.1% |

Full-time Equivalent (FTE) Total

3 3 3

HIGHLIGHTS OF BUDGET

- Personnel The increase in Personnel is attributable to wage structure adjustments and step increases.
- Administrative Expenses The primary increase in this category is for local meetings, a large portion of which is hosting the NTSB Airport Emergency conference in 2017.
- Utilities The Utilities expense increase is attributable to increased cellular telephone usage by service center employees.
- Operating Services/Expenses The primary increase in this category is due to the increase in the International Air Transport Association contract expense.
- Maintenance The Maintenance expense increase is a result of the planned 2017 recarpeting of the entire Airport Director's office suite.
- Other The primary increase in this category is due to increasing budgeted monies for the Airport Assist Team, based on historical spending trends.

2016 SERVICE CENTER OBJECTIVE RESULTS

Objective: The goal of the Travelers with Disabilities Advisory Committee is to promote equitable access for all travelers; to that end, add accessibility chapter to MAC Design & Construction Standards document

Results: As of the close of Q4 a chapter on accessibility was not yet added to the MAC Design & Construction Standards document.

Objective: Help facilitate improved ASQ scores related to waiting time at the security checkpoints from the previous two-year average

Results: The Q4 2016 ASQ score was 4.33, compared to the average of 4.15.

2017 SERVICE CENTER OBJECTIVES

Objective: Partner with the FAA and AAEE to research and develop potential national standards, prototype solutions, and propose guidelines for consistent and effective independent navigation for travelers with disabilities and the elderly in multi-modal airport hubs

Organizational Strategic Goal: Customer Experience - Delight our passengers

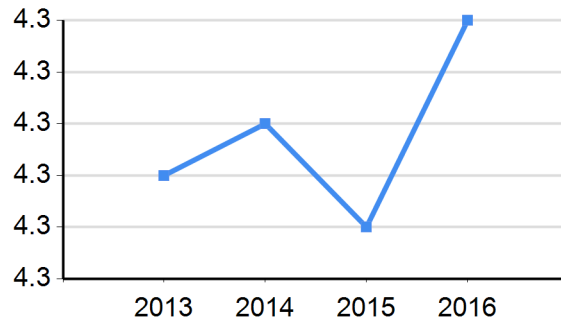
Organizational Strategic Objective: Advance the culture of customer experience at our airports

SERVICE CENTER PERFORMANCE

Measure: Overall satisfaction with airport

| Description | Organizational Initiative | Unit of Measure | Target |
|-------------------------------------|---------------------------|-----------------|--------|
| Airport service quality (ASQ) score | Customer Experience | Number | 4.30 |

| Results | | |
|---------|----------|---|
| Year | Year End | Comments |
| 2013 | 4.28 | |
| 2014 | 4.29 | |
| 2015 | 4.27 | Major remodeling will impact the score. |
| 2016 | 4.31 | |



LANDSIDE-ADMINISTRATION

The Landside Department is responsible for the administration of public parking, employee parking, commercial vehicle operations, and Lost & Found program at MSP. This includes the parking facilities, commercial vehicle roadways, and related automated access and revenue control systems. Landside also manages the ground transportation regulations at MSP, including taxis, limousines, shared ride shuttles, TNCs, charter buses, courtesy shuttles, etc. Additionally, the department oversees the inter-terminal transportation services provided by light rail and/or shuttle bus service and acts as a liaison between the Metropolitan Airports Commission and the Metropolitan Council for such services.

BUDGET SUMMARY

| | 2015 Actual | 2016 Budget | 2017 Budget | \$ Variance | % Variance |
|-----------------------------|-------------------|-------------------|-------------------|----------------|---------------|
| Personnel | 1,929,772 | 2,016,119 | 2,157,162 | 141,043 | 7.0% |
| Administrative Expenses | 99,890 | 73,705 | 80,307 | 6,602 | 9.0% |
| Professional Services | | | | 0 | 0.0% |
| Utilities | 6,932 | 7,027 | 7,200 | 173 | 2.5% |
| Operating Services/Expenses | 9,440,628 | 10,208,719 | 10,626,840 | 418,121 | 4.1% |
| Maintenance | 232,797 | 204,000 | 203,040 | (960) | -0.5% |
| Other | 26,305 | 1,300 | 1,440 | 140 | 10.8% |
| Total Budget | 11,736,325 | 12,510,870 | 13,075,989 | 565,119 | 4.5% |

Full-time Equivalent (FTE) Total

31.5

35.5

35.5

HIGHLIGHTS OF BUDGET

- Personnel The increase in Personnel is attributable to wage structure adjustments and step increases.
- Administrative Expenses The increase in Administrative Expenses represents costs associated with industry conferences for an additional member of the management team.
- Utilities The Utilities expense budgeted amount was aligned with the 2016 spending level for cell phone 7 stipends and 3 Passenger Services Assistant phones.
- Operating Services/Expenses The overall increase represents the annual increase in the cost of management contracts with Schmitty and Sons, Super Shuttle, and ABM Parking
- Other The Other expense increase is attributed to an increase monthly rental rate for the Pitney Bowes postage machine.

2016 SERVICE CENTER OBJECTIVE RESULTS

Objective: Evaluate and recommend changes in parking services and products

Results: During Q4 MAC Landside did a soft rollout of the MSP Airport ZipPass Parking and MNPass alliance. Public Parkers can now enroll in ZipPass and access airport parking facilities with the convenience of automatic vehicle identification technology. Parkers can obtain an AVI tag that works at the airport ZipPass lanes and MNPass toll lanes.

Objective: Work actively with Airport Development on the design and development of the new Terminal 1-Lindbergh parking ramp

Results: Weekly meetings were held with our engineering consultant and other contractors to provide feedback, and staff attended monthly Project Management Team meetings.

Objective: Minimize the number of parkers diverted from Terminal 1-Lindbergh due to full parking conditions

Results: In Q4 2016, 4214 vehicles were diverted; this is a 71.6% decrease from Q4 2015 when 14,831 vehicles diverted. In Q4, diversion time totaled 17:02:00; this is a 73.8% decrease from Q4 2015 when diversion time totaled 65:15:00. MAC Landside has worked with ABM, and the MAC Field Maintenance, Trades and Airport Development departments to further minimize the amount of time spaces are out of service for annual maintenance.

2017 SERVICE CENTER OBJECTIVES

Objective: Install a parking reservation system that would allow travelers to book and pay for parking in advance

Organizational Strategic Goal: Customer Experience - Delight our passengers

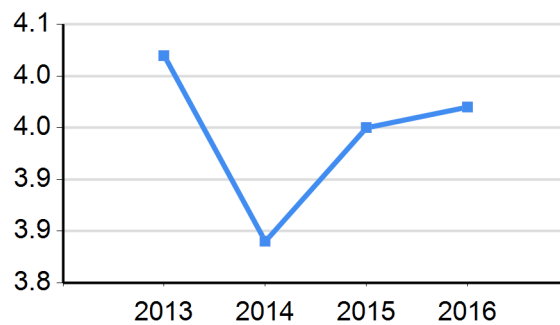
Organizational Strategic Objective: Enhance surface transportation options to MSP

SERVICE CENTER PERFORMANCE

Measure: ASQ survey score for “Quarterly Parking Facilities”

| Description | Organizational Initiative | Unit of Measure | Target |
|--|---------------------------|-----------------|--------|
| ASQ survey score for Quarterly Parking Availability survey results | Customer Experience | Number | 4 |

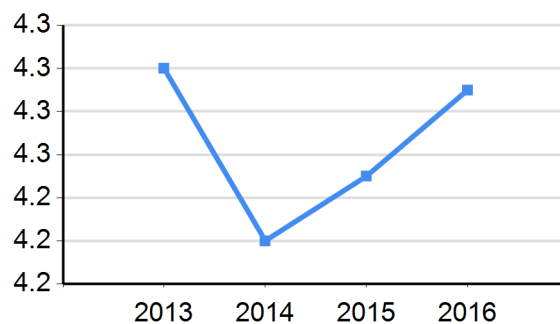
| Results | | |
|---------|----------|-----------------------|
| Year | Year End | Comments |
| 2013 | 4.02 | Goal achieved. |
| 2014 | 3.84 | Goal nearly achieved. |
| 2015 | 3.95 | Goal nearly achieved |
| 2016 | 3.97 | |



Measure: Ground Transportation to/from the airport

| Description | Organizational Initiative | Unit of Measure | Target |
|--|---------------------------|-----------------|--------|
| ASQ survey score for Ground Transportation | Customer Experience | Number | 4.2 |

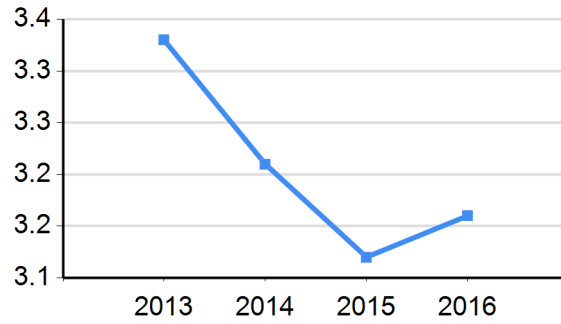
| Results | | |
|---------|----------|----------------|
| Year | Year End | Comments |
| 2013 | 4.3 | Goal achieved. |
| 2014 | 4.22 | Goal achieved. |
| 2015 | 4.25 | Goal achieved |
| 2016 | 4.29 | |



Measure: Parking facilities value for money

| Description | Organizational Initiative | Unit of Measure | Target |
|--|---------------------------|-----------------|--------|
| ASQ Score on a 1 to 5 scale of value for the money of parking facilities | Customer Experience | Number | 3.2 |

| Results | | |
|---------|----------|----------------------|
| Year | Year End | Comments |
| 2013 | 3.33 | Goal achieved. |
| 2014 | 3.21 | Goal achieved. |
| 2015 | 3.12 | Goal nearly achieved |
| 2016 | 3.16 | |



FACILITIES-TERMINAL 2

The Facilities-Terminal 2 Department is responsible for daily operations management, maintenance, and planning of all MSP common-use facilities and related equipment, including Terminal 2-Humphrey and U.S. Customs inspections facilities in both Terminal 1-Lindbergh and Terminal 2-Humphrey. The service center shares responsibility with the MAC Information Technology Department for planning, implementation, operation, and support of MAC common- and shared-use computer systems and equipment including Common Use Passenger Processing Systems (CUPPS), Common Use Self Service (CUSS) Kiosks, Electronic Visual Information Display System (EVIDS), Multiple Users Flight Information Displays (MUFIDS), Resource Management System (RMS), Integrated Video Systems Network (iVISN), Automated Passport Control kiosks (APC), and Mobile Passport Control (MPC).

BUDGET SUMMARY

| | 2015 Actual | 2016 Budget | 2017 Budget | \$ Variance | % Variance |
|-----------------------------|----------------|------------------|------------------|----------------|---------------|
| Personnel | 593,478 | 617,718 | 644,797 | 27,079 | 4.4% |
| Administrative Expenses | 6,264 | 14,550 | 14,505 | (45) | -0.3% |
| Professional Services | | | | 0 | 0.0% |
| Utilities | 2,334 | 2,886 | 2,886 | 0 | 0.0% |
| Operating Services/Expenses | 3,847 | 223,700 | 285,650 | 61,950 | 27.7% |
| Maintenance | 216,523 | 266,950 | 344,200 | 77,250 | 28.9% |
| Other | 14,553 | 5,300 | 8,100 | 2,800 | 52.8% |
| Total Budget | 836,999 | 1,131,104 | 1,300,138 | 169,034 | 14.9% |

Full-time Equivalent (FTE) Total

9 9 9

HIGHLIGHTS OF BUDGET

- Personnel The increase in Personnel is attributable to wage structure adjustments and step increases.
- Operating Services/Expenses The increase is due to new costs resulted from the 2016 installation of a new baggage handling and screening system and the build out of four new gates.
- Maintenance The increase is due to new costs resulted from the 2016 installation of a new baggage handling and screening system and the build out of four new gates.
- Other The increase is due to new costs resulted from the 2016 installation of a new baggage handling and screening system and the build out of four new gates.

2016 SERVICE CENTER OBJECTIVE RESULTS

Objective: Expand Terminal 2-Humphrey curbside check-in facilities to support increased use by Terminal 2 airlines

Results: This project is being deferred until 2017.

2017 SERVICE CENTER OBJECTIVES

Objective: Exapnd Terminal 2-Humphrey curbside check-in facilities to support increased use by Terminal-2 airlines

Organizational Strategic Goal: Air Service - Grow and enhance air service at MSP

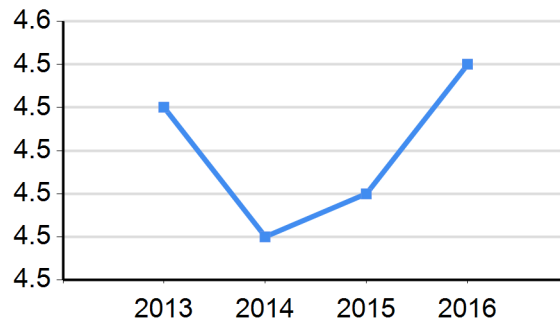
Organizational Strategic Objective: Increase competition, attract new airlines, and expand service for non-stop destinations

SERVICE CENTER PERFORMANCE

Measure: ASQ Score - Terminal Cleanliness

| Description | Organizational Initiative | Unit of Measure | Target |
|--|---------------------------|-----------------|--------|
| Maintain an Airport Service Quality survey score of 4.51 or higher for overall terminal cleanliness at Terminal 2-Humphrey | Customer Experience | Number | 4.51 |

| Results | | |
|---------|----------|--|
| Year | Year End | Comments |
| 2013 | 4.53 | Spirit Airlines begin service at Terminal 2-Humphrey |
| 2014 | 4.5 | This was the busiest year ever at Terminal 2-Humphrey |
| 2015 | 4.51 | Spirit Airlines moved to Terminal 1-Lindbergh; janitorial staff were added |
| 2016 | 4.54 | |



FACILITIES-TERMINAL 1

The Facilities-Terminal 1 Department is responsible for the operation, maintenance, and cleaning of the Terminal 1-Lindbergh facilities and all MAC campus buildings, with oversight responsibility for the Energy Management Center and the Trades work groups. Facilities Management also provides management oversight for various service, operation, and management contracts. The service center also responds to both immediate and long-term tenant and public concerns. The department works with MAC Airport Development staff to ensure that Capital Improvement Projects are completed with the least amount of disruption to the traveling public and the terminal building operations, in order to maintain MSP at a level consistent with the expectations of its internal and external customers and partners.

BUDGET SUMMARY

| | 2015 Actual | 2016 Budget | 2017 Budget | \$ Variance | % Variance |
|-----------------------------|-------------------|-------------------|-------------------|----------------|---------------|
| Personnel | 700,685 | 766,255 | 757,056 | (9,199) | -1.2% |
| Administrative Expenses | 7,013 | 10,000 | 10,000 | 0 | 0.0% |
| Professional Services | 260,998 | 298,762 | 305,852 | 7,090 | 2.4% |
| Utilities | 7,283 | 7,584 | 7,584 | 0 | 0.0% |
| Operating Services/Expenses | 3,312,202 | 3,325,602 | 3,311,312 | (14,290) | -0.4% |
| Maintenance | 21,324,812 | 24,895,710 | 25,860,088 | 964,378 | 3.9% |
| Other | 5,982 | 6,850 | 6,850 | 0 | 0.0% |
| Total Budget | 25,618,975 | 29,310,763 | 30,258,742 | 947,979 | 3.2% |

Full-time Equivalent (FTE) Total

9 9 9

HIGHLIGHTS OF BUDGET

- Personnel The decrease in Personnel is attributable to changes in step levels for positions with employee turnover and is offset by wage structure adjustments.
- Professional Services The primary increase for Professional Services is due to increased usage of VDA - MAC's Tram / Elevator / Escalator / Moving Walk Consultants throughout various projects at MSP.
- Operating Services/Expenses The primary decrease in this category is the discontinuation of the 3-1-1 Baggies Program.
- Maintenance Primary increases in this category are the contractual increases for APM (Trams), Janitorial & Windows, Elevators/Escalators/Moving Walks, Carrouseles & Conveyors, along with the usage increases of cleaning & restroom supplies, and rubbish & recycling removal.

2016 SERVICE CENTER OBJECTIVE RESULTS

Objective: Improve Terminal 1-Lindbergh and Terminal 2-Humphrey restroom cleanliness and overall cleanliness Airport Service Quality scores to 4.10 and 4.40, respectively, by the end of 2016

Results: At the close of Q4 2016, the cleanliness of washrooms/toilets score was 4.27 and the cleanliness of the airport terminal score was 4.37.

Objective: Reduce material delivery visibility within Terminal 1-Lindbergh and Terminal 2-Humphrey by 5% by the end of 2016

Results: During Q4, high-volume visibility increased due to new concessions concepts opening; this trend will continue through the first half of 2017. New Hi-Low Material Visibility Reporting will be used to establish a new baseline strategic improvement objective for 2017; the goal is to align and size tenant storage locations to minimize high-visibility product movements in the passenger areas of the terminals, while maximizing and driving sales.

Objective: Maintain average Hub (Blue and Red Parking Ramps, car rental facility, Light Rail Transit, Checkpoint 10, and Buses/Oversize Vehicle area tram) and Concourse (passenger service tram on Concourse C) tram availability at 99% annually

Results: At the close of Q4 2016, Concourse tram availability was at 99.35% and Hub Tram availability came in at 99.97%.

2017 SERVICE CENTER OBJECTIVES

Objective: Throughout 2017, complete weekly restroom and terminal cleanliness inspections

Organizational Strategic Goal: Customer Experience - Delight our passengers

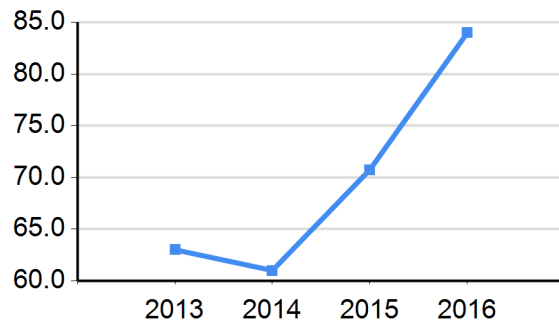
Organizational Strategic Objective: Reimagine and renew our airports to continually evolve our customer experience

SERVICE CENTER PERFORMANCE

Measure: Elevator/escalator/moving walk callbacks

| Description | Organizational Initiative | Unit of Measure | Target |
|--|---------------------------|-----------------|--------|
| Elevator/escalator/moving walk callbacks | Operations | Number | <70 |

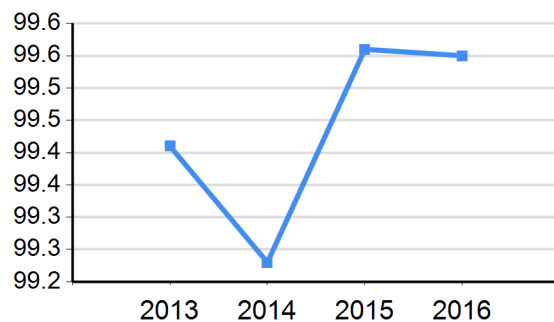
| Results | | |
|---------|----------|---|
| Year | Year End | Comments |
| 2013 | 63 | |
| 2014 | 61 | |
| 2015 | 70.75 | |
| 2016 | 84 | Q1: 64 elevator, 68 escalator, 72 moving walk = avg 68; Q2 elevator 66, escalator 86, moving walk 96 = avg 82; Q3 elevator 119, escalator 105, moving walk 92 = avg 105 |



Measure: C Concourse tram and Hub tram availability

| Description | Organizational Initiative | Unit of Measure | Target |
|---|---------------------------|-----------------|--------|
| The percent of time the C Concourse and Hub trams are in service during normal business hours | Operations | % | 99 |

| Results | | |
|---------|----------|--|
| Year | Year End | Comments |
| 2013 | 99.41 | |
| 2014 | 99.23 | |
| 2015 | 99.56 | |
| 2016 | 99.55 | Q1 C Concourse 99.02, Hub 99.94 = avg 99.48; Q2 C Concourse 99.68, Hub 99.96 = avg 99.82; Q3 C Concourse 98.53, Hub 99.97 = avg 99.25; Q4 C Concourse 99.35, Hub 99.97 = avg 99.66 |



FACILITIES-ENERGY MANAGEMENT CENTER

The Energy Management Center (EMC) is responsible for the heating, ventilation, and air conditioning (HVAC) of all MAC facilities. A staff of 19 operating engineers provides 24/7 service. Staff operate and maintain boilers with jet fuel backup, chillers, cooling towers, and numerous miscellaneous components to provide a comfortable environment for all MSP customers, tenants, and staff. The EMC utilizes an Open Architectural Building Automation System (OABA) to operate and maintain the growing airport complex HVAC systems, and monitors 200 carbon monoxide sensors spread around the MSP campus. The EMC responds to all incoming HVAC-related calls and keeps detailed records of gas, oil, water, and steam usage, as well as all repair work and preventative maintenance.

BUDGET SUMMARY

| | 2015 Actual | 2016 Budget | 2017 Budget | \$ Variance | % Variance |
|-----------------------------|------------------|------------------|------------------|----------------|---------------|
| Personnel | 1,524,398 | 1,598,273 | 1,742,131 | 143,858 | 9.0% |
| Administrative Expenses | 4,229 | 4,550 | 4,338 | (212) | -4.7% |
| Professional Services | 31,993 | 45,630 | 45,630 | 0 | 0.0% |
| Utilities | 5,185 | 10,545 | 9,820 | (725) | -6.9% |
| Operating Services/Expenses | 99,683 | 102,000 | | (102,000) | -100.0% |
| Maintenance | 1,504,263 | 1,610,079 | 1,805,241 | 195,162 | 12.1% |
| Other | 6,259 | 7,725 | 19,193 | 11,468 | 148.5% |
| Total Budget | 3,176,010 | 3,378,802 | 3,626,353 | 247,551 | 7.3% |

| | | | |
|---|----|----|----|
| Full-time Equivalent (FTE) Total | 20 | 22 | 22 |
|---|----|----|----|

HIGHLIGHTS OF BUDGET

- Personnel The increase in Personnel is attributable to wage structure adjustments and step increases.
- Operating Services/Expenses The decrease in the Operating Services/Expenses is due to moving expenses to the Maintenance category.
- Maintenance The increase in Maintenance expense is due to moving expenses from Operating Services/Expenses and increase in the Intelligent Monitoring and Control Systems contract pending Request for Qualifications.
- Other The increase in Other expense is due to two new minor asset requests.

2016 SERVICE CENTER OBJECTIVE RESULTS

Objective: Implement annual testing of Terminal 1-Lindbergh G Concourse steam release valves to insure safety and reliability

Results: The Energy Management Center tested 100% of the steam relief valves by the close of Q3 2016. No further testing was needed during 2016; annual testing will resume in 2017.

2017 SERVICE CENTER OBJECTIVES

Objective: Complete installation of all airflow diffusers in Terminal 1-Lindbergh and Terminal 2-Humphrey gate hold areas by the end of 2017

Organizational Strategic Goal: Safety, Security, and Preparedness - Keep our airports safe and secure

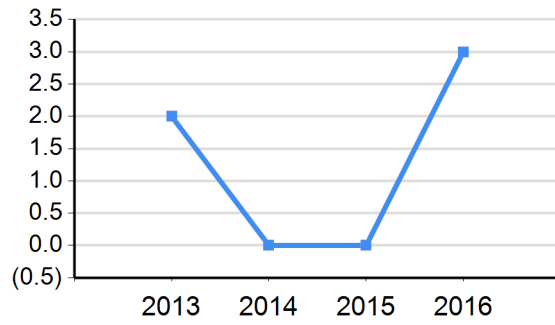
Organizational Strategic Objective: Prepare for current and potential threats to public safety and critical infrastructure through robust and aligned airport planning processes

SERVICE CENTER PERFORMANCE

Measure: OSHA reportable employee accidents

| Description | Organizational Initiative | Unit of Measure | Target |
|--------------------|---------------------------|-----------------|--------|
| Employee accidents | Safety & Security | Number | 0 |

| Results | | |
|---------|----------|---|
| Year | Year End | Comments |
| 2013 | 2 | |
| 2014 | 0 | |
| 2015 | 0 | Our goal is to remain accident free every year. |
| 2016 | 3 | |



TRADES - ADMINISTRATION

The Trades-Administration Department is responsible for the administration and coordination of the carpenters, electricians, painters, and plumbers. Trades-Administration works on construction projects, enforces the construction standards, conducts construction inspections, and oversees the computerized maintenance management system. Trades-Administration represents the Trades in the Capital Improvement Plan process and interfaces with consultants and vendors on behalf of the Trades group. This department is also responsible for the oversight of the Terminal 1-Lindbergh and Terminal 2-Humphrey emergency generators and Uninterruptible Power Supply contracts.

BUDGET SUMMARY

| | 2015 Actual | 2016 Budget | 2017 Budget | \$ Variance | % Variance |
|-----------------------------|----------------|----------------|------------------|----------------|---------------|
| Personnel | 175,673 | 223,002 | 227,758 | 4,756 | 2.1% |
| Administrative Expenses | 5,272 | 7,700 | 7,700 | 0 | 0.0% |
| Professional Services | 275,225 | 274,931 | 274,800 | (131) | 0.0% |
| Utilities | 840 | 4,140 | 1,000 | (3,140) | -75.8% |
| Operating Services/Expenses | 30,570 | 31,908 | 34,545 | 2,637 | 8.3% |
| Maintenance | 357,092 | 385,318 | 439,653 | 54,335 | 14.1% |
| Other | 19,639 | 29,500 | 31,400 | 1,900 | 6.4% |
| Total Budget | 864,311 | 956,499 | 1,016,856 | 60,357 | 6.3% |

Full-time Equivalent (FTE) Total

2 2 2

HIGHLIGHTS OF BUDGET

- Personnel The increase in Personnel is attributable to wage structure adjustments and step increases.
- Utilities The decrease in Utilities is attributable to aligning the budget with changing cellular telephone needs within this service center.
- Maintenance Additional funds were included in Maintenance for the annual increase of the Fire Alarm Testing and Inspection Contract (Honeywell).

2016 SERVICE CENTER OBJECTIVE RESULTS

Objective: Ensure all Trades performance reviews are completed by December 31, 2016

Results: Annual performance reviews were completed by December 31, 2016.

Objective: Update employee training matrix quarterly

Results: The training matrix was updated during Q4.

2017 SERVICE CENTER OBJECTIVES

Objective: Develop and implement a paperless work order system for all Trades departments, to increase efficiency in providing quality customer service to those we serve

Organizational Strategic Goal: Customer Experience - Delight our passengers

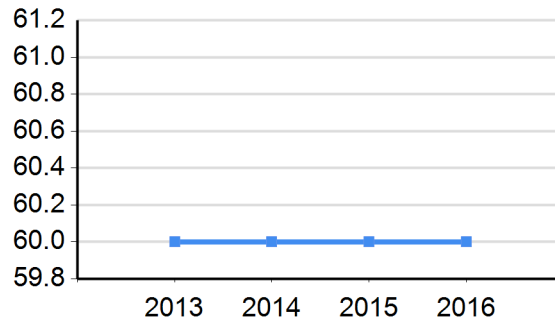
Organizational Strategic Objective: Reimagine and renew our airports to continually evolve our customer experience

SERVICE CENTER PERFORMANCE

Measure: Foreperson minutes spent entering data into the Work Order System

| Description | Organizational Initiative | Unit of Measure | Target |
|---|---------------------------|-----------------|--------|
| Foreman Time in Work Order System to 30 min/Day | Operations | Number | 30 |

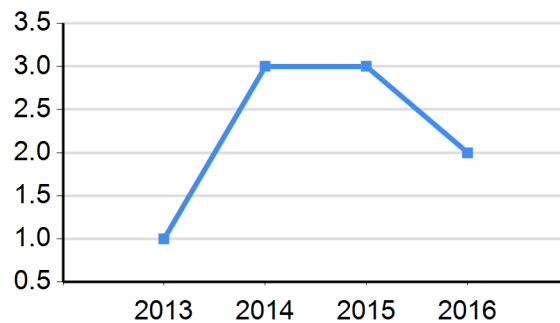
| Results | | |
|---------|----------|---|
| Year | Year End | Comments |
| 2013 | 60 | |
| 2014 | 60 | |
| 2015 | 60 | On average, staff enters data 30-60 mn per day. |
| 2016 | 60 | On average, forepersons spent 60 minutes per day entering data. |



Measure: Number of lost time work injuries all Trades Departments

| Description | Organizational Initiative | Unit of Measure | Target |
|--|---------------------------|-----------------|--------|
| On the job Injuries for all Trades Departments | Safety & Security | Number | 0 |

| Results | | |
|---------|----------|----------|
| Year | Year End | Comments |
| 2013 | 1 | |
| 2014 | 3 | |
| 2015 | 3 | |
| 2016 | 2 | |



TRADES - ELECTRICIANS

The Trades-Electricians Department provides maintenance and repairs of most electrical equipment and lighting fixtures throughout the MSP campus and Reliever Airports system. Electricians are responsible for the maintenance and repair of all directional signage and runway/taxiway lighting to comply with specific Federal Aviation Administration regulations throughout all MAC airports. The department also maintains and tests all airfield lighting regulators, all emergency generator buildings, and all associated lighting and electrical work within MAC parking facilities. Responsibilities include all security gates and electronic card readers throughout the MAC's airports system, fire alarms, and oversight and repair responsibility for the Light Rail Transit Platform.

BUDGET SUMMARY

| | 2015 Actual | 2016 Budget | 2017 Budget | \$ Variance | % Variance |
|-----------------------------|------------------|------------------|------------------|----------------|---------------|
| Personnel | 1,881,259 | 2,065,977 | 2,115,799 | 49,822 | 2.4% |
| Administrative Expenses | 491 | | 300 | 300 | 100.0% |
| Professional Services | | | | 0 | 0.0% |
| Utilities | 14,254 | 20,642 | 20,642 | 0 | 0.0% |
| Operating Services/Expenses | 144,460 | 321,667 | 321,667 | 0 | 0.0% |
| Maintenance | 1,099,163 | 1,492,006 | 1,510,355 | 18,349 | 1.2% |
| Other | 17,634 | 31,600 | 31,600 | 0 | 0.0% |
| Total Budget | 3,157,262 | 3,931,892 | 4,000,363 | 68,471 | 1.7% |

Full-time Equivalent (FTE) Total

19 19 19

HIGHLIGHTS OF BUDGET

- Personnel The increase in Personnel is attributable to wage structure adjustments and step increases.
- Administrative Expenses The increase is attributable to delivery services increases, based on historical spending.
- Maintenance The increase reflects a sizeable addition related to a new solar maintenance contract. This is offset by other line items that were based on a three year average.

2016 SERVICE CENTER OBJECTIVE RESULTS

Objective: Test 100% of Uninterruptible Power Supplies by December 31 2016

Results: During Q4, 15% of the Uninterruptible Power Supplies were tested.

Objective: Have 100% of employees complete confined space entry training by December 31 2016

Results: 95% of the electricians have completed confined space entry training; a new hire started on December 1, 2016, and that was the last employee who needed the training.

2017 SERVICE CENTER OBJECTIVES

Objective: Complete weekly inspection of lighting fixtures in Terminal 1-Lindbergh and Terminal 2-Humphrey, and replace outages

Organizational Strategic Goal: Customer Experience - Delight our passengers

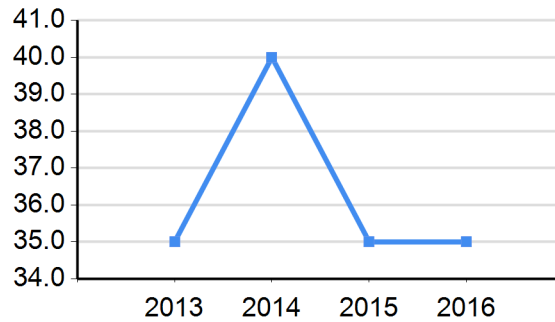
Organizational Strategic Objective: Reimagine and renew our airports to continually evolve our customer experience

SERVICE CENTER PERFORMANCE

Measure: Cross-training

| Description | Organizational Initiative | Unit of Measure | Target |
|--|---------------------------|-----------------|--------|
| Cross-training necessary to improve efficiencies | Development | % | 35 |

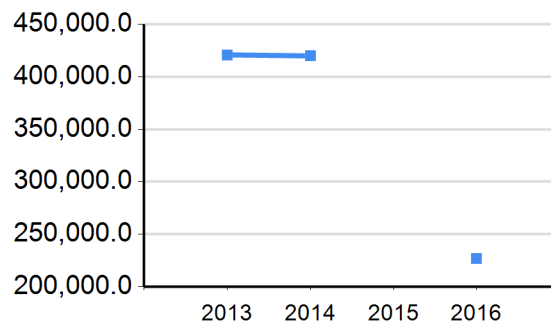
| Results | | |
|---------|----------|---|
| Year | Year End | Comments |
| 2013 | 35 | |
| 2014 | 40 | |
| 2015 | 35 | Percent completed; cross-training is improving efficiencies |
| 2016 | 35 | Cross-training has improved efficiencies |



Measure: Uninterrupted Power Supply cost maintenance

| Description | Organizational Initiative | Unit of Measure | Target |
|---|---------------------------|-----------------|---------|
| Uninterrupted Power Supply cost maintenance | Finance | \$ | 389,000 |

| Results | | |
|---------|----------|--|
| Year | Year End | Comments |
| 2013 | 421,000 | Unforeseen repairs were needed |
| 2014 | 420,000 | |
| 2015 | | Data not available |
| 2016 | 226,784 | Using the latest budget variance numbers, we came in under the \$365,000 contract amount |



TRADES - PAINTERS

The primary role of the Trades-Painters Department is to protect a multitude of surfaces from corrosion and deterioration to ensure a full service life to the surface. Additionally, MAC Painters maintain a clean, comfortable, visually pleasing, and safe environment for the traveling public and meet all Federal Aviation Administration (FAA)-mandated Airport Operations Area (AOA) markings at MSP and the Reliever Airports. The Painters are responsible for all paint maintenance on buildings, for the correct markings used on public roadways and parking ramps, and for the maintenance of runways/taxiways in accordance with FAA regulations. The Painters insure that the most appropriate and safest materials are utilized and disposed of in an environmentally responsible manner. The sign shop is responsible for regulatory roadway, interior, and exterior signage; vehicle graphics; and security and directional signage at MSP and the Reliever Airports.

BUDGET SUMMARY

| | 2015 Actual | 2016 Budget | 2017 Budget | \$ Variance | % Variance |
|-----------------------------|------------------|------------------|------------------|----------------|---------------|
| Personnel | 875,889 | 953,847 | 981,559 | 27,712 | 2.9% |
| Administrative Expenses | | | | 0 | 0.0% |
| Professional Services | | | | 0 | 0.0% |
| Utilities | 1,004 | 1,190 | 1,190 | 0 | 0.0% |
| Operating Services/Expenses | | | | 0 | 0.0% |
| Maintenance | 217,579 | 280,499 | 299,527 | 19,028 | 6.8% |
| Other | 21,549 | 17,403 | 4,403 | (13,000) | -74.7% |
| Total Budget | 1,116,021 | 1,252,939 | 1,286,679 | 33,740 | 2.7% |

Full-time Equivalent (FTE) Total

8 9 9

HIGHLIGHTS OF BUDGET

- Personnel The increase in Personnel is attributable to wage structure adjustments and step increases.
- Maintenance The increase is related to the increase cost for glass bead recommended for the Hold Position Markings (Hold Bars) at MSP. The type 3 glass bead is recommended by the FAA over the type 4 due to its brightness and durability.
- Other The Other expense decrease is a result of the 2016 completed purchase of 2 new Line Drivers.

2016 SERVICE CENTER OBJECTIVE RESULTS

Objective: Complete customer feedback phone survey from 50% of departments/customers

Results: We were near a 100% satisfaction level with all surveyed departments. This program lets our customers know we care that they are satisfied and lets management know that things are being completed in a timely manner.

Objective: Reduce hazardous and non-hazardous waste by 10%

Results: The 2016 MAC Paint Shop hazardous/non-hazardous totals as reported to Hennepin County waste licensing are as follows: Latex paint waste (non-hazardous) 2045 pounds of waste generated, an increase of 2.25% from 2015; oil-based paint/solvents, and paint sludge from solvent recycler still bottoms (hazardous) 160 pounds, a 0.0% increase/decrease from 2015 in generated waste.

2017 SERVICE CENTER OBJECTIVES

Objective: Reduce 2017 hazardous and non-hazardous waste 10% compared to 2016

Organizational Strategic Goal: Customer Experience - Delight our passengers

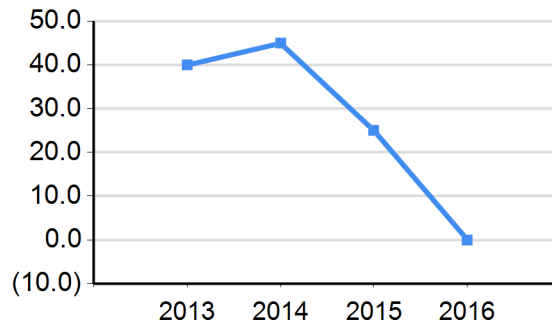
Organizational Strategic Objective: Reimagine and renew our airports to continually evolve our customer experience

SERVICE CENTER PERFORMANCE

Measure: Equipment cross-training

| Description | Organizational Initiative | Unit of Measure | Target |
|--|---------------------------|-----------------|--------|
| Cross-training on painting equipment completed | Operations | % | 35 |

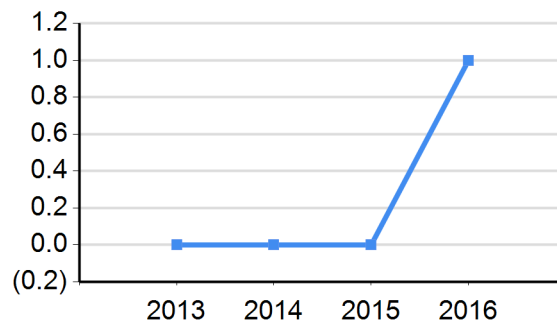
| Results | | |
|---------|----------|---------------------|
| Year | Year End | Comments |
| 2013 | 40 | New measure in 2013 |
| 2014 | 45 | |
| 2015 | 25 | |
| 2016 | 0 | |



Measure: Number of lost time work accidents

| Description | Organizational Initiative | Unit of Measure | Target |
|-----------------------------|---------------------------|-----------------|--------|
| Lost days to work accidents | Safety & Security | Number | 0 |

| Results | | |
|---------|----------|----------|
| Year | Year End | Comments |
| 2013 | 0 | |
| 2014 | 0 | |
| 2015 | 0 | |
| 2016 | 1 | |



TRADES - CARPENTERS

The Trades-Carpenters Service Center ensures that all of the MAC's terminals and facilities are safe, secure, and aesthetically pleasing for the MAC, its tenants, and the traveling public. This service center provides high-quality service to all MAC departments and airport tenants in a timely manner and at a cost savings. Responsibilities include repair and maintenance of a wide variety of facility finishes; securing and separating "non-secured" areas from "secured" areas; and specialty projects such as upholstery, cabinet making, office remodeling, and naming/numbering doors and concession spaces with identification tags.

BUDGET SUMMARY

| | 2015 Actual | 2016 Budget | 2017 Budget | \$ Variance | % Variance |
|-----------------------------|------------------|------------------|------------------|-----------------|---------------|
| Personnel | 848,006 | 1,001,792 | 1,026,205 | 24,413 | 2.4% |
| Administrative Expenses | 3,406 | 3,861 | 4,622 | 761 | 19.7% |
| Professional Services | | | | 0 | 0.0% |
| Utilities | 8,817 | 11,341 | 11,341 | 0 | 0.0% |
| Operating Services/Expenses | | | | 0 | 0.0% |
| Maintenance | 230,289 | 363,739 | 251,795 | (111,944) | -30.8% |
| Other | 29,346 | 6,933 | 11,487 | 4,554 | 65.7% |
| Total Budget | 1,119,863 | 1,387,666 | 1,305,450 | (82,216) | -5.9% |

Full-time Equivalent (FTE) Total

9

10

10

HIGHLIGHTS OF BUDGET

- Personnel The increase in Personnel is attributable to wage structure adjustments and step increases.
- Administrative Expenses The increase in Administrative Expenses covers the cost of an out of town auto door training seminar for carpentry staff.
- Maintenance The decrease in supplies is due to the reduction of necessary supplies for construction and lock-related projects from 2016 to 2017.
- Other The increased Other expense is due to necessary repair and replacement of several tools and safety equipment items.

2016 SERVICE CENTER OBJECTIVE RESULTS

Objective: Complete 100% of work orders by December 31, 2016

Results: During Q4, we maintained and 91% completion rate on work orders.

2017 SERVICE CENTER OBJECTIVES

Objective: Complete monthly preventative maintenance of all automatic doors within Terminal 1-Lindbergh and Terminal 2-Humphrey

Organizational Strategic Goal: Customer Experience - Delight our passengers

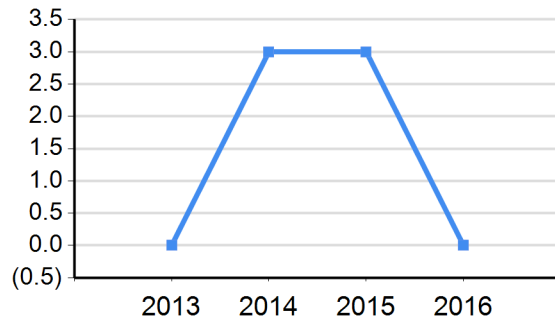
Organizational Strategic Objective: Reimagine and renew our airports to continually evolve our customer experience

SERVICE CENTER PERFORMANCE

Measure: Lost time work accidents

| Description | Organizational Initiative | Unit of Measure | Target |
|--------------------------|---------------------------|-----------------|--------|
| Lost time work accidents | Safety & Security | Number | 0 |

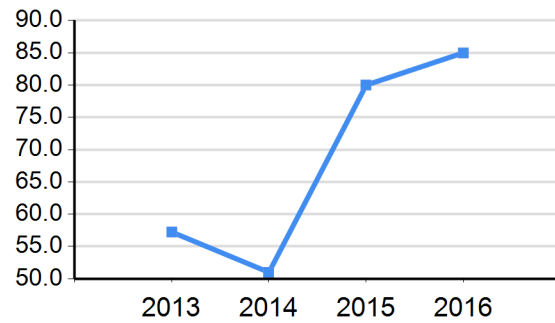
| Results | | |
|---------|----------|--|
| Year | Year End | Comments |
| 2013 | 0 | |
| 2014 | 3 | |
| 2015 | 3 | Our goal is to have no lost time work accidents. |
| 2016 | 0 | |



Measure: Preventative maintenance workorders

| Description | Organizational Initiative | Unit of Measure | Target |
|-------------------------------------|---------------------------|-----------------|--------|
| Preventative maintenance workorders | Finance | % | 55 |

| Results | | |
|---------|----------|--|
| Year | Year End | Comments |
| 2013 | 57.25 | |
| 2014 | 51 | |
| 2015 | 80 | By increasing the number/percentage of preventative maintenance work orders, we will move from reactive to planned proactive work orders, thereby increasing time and financial effectiveness. |
| 2016 | 85 | |



TRADES - PLUMBERS

The Trades-Plumbers Department is responsible for the water supply available to MSP users, tenants, and MAC personnel. This is accomplished through the maintenance, repair, and ongoing preventive measures of the potable water systems, sanitary and storm sewer systems, building plumbing systems, irrigation systems, and fire sprinkler systems. The Plumbers are also responsible for completing plumbing inspections, locating appropriate utility lines, and reviewing plumbing schematics for new projects. Staff stays current with new plumbing technologies, processes, and efficiencies by attending training seminars on new equipment and tooling demonstrations throughout the year.

BUDGET SUMMARY

| | 2015 Actual | 2016 Budget | 2017 Budget | \$ Variance | % Variance |
|-----------------------------|------------------|------------------|------------------|----------------|---------------|
| Personnel | 1,321,400 | 1,489,968 | 1,639,251 | 149,283 | 10.0% |
| Administrative Expenses | 2,344 | 4,100 | 4,200 | 100 | 2.4% |
| Professional Services | 29,984 | 30,000 | 30,000 | 0 | 0.0% |
| Utilities | 8,436 | 8,400 | 8,400 | 0 | 0.0% |
| Operating Services/Expenses | 14,328 | 20,000 | | (20,000) | -100.0% |
| Maintenance | 339,860 | 405,722 | 403,160 | (2,562) | -0.6% |
| Other | 25,815 | 18,300 | 14,960 | (3,340) | -18.3% |
| Total Budget | 1,742,168 | 1,976,490 | 2,099,971 | 123,481 | 6.2% |

Full-time Equivalent (FTE) Total

10 9 9

HIGHLIGHTS OF BUDGET

- Personnel The increase in Personnel is attributable to wage structure adjustments and step increases. One Temporary Journeyman Plumber was added to support plumbers in achieving the customer service goals and safety directives put forth by MAC
- Operating Services/Expenses The decrease in Operating Services/Expenses is due to system support expenses moving to Information Technology.

2016 SERVICE CENTER OBJECTIVE RESULTS

Objective: Maintain the sanitary sewer collection system to industry standards

Results: The sanitary lift stations were cleaned one more time in Q4. Approximately 2000 feet of sanitary sewer from MAC Fire Station 1 to the Terminal 2-Humphrey loading dock area were cleaned.

Objective: Survey the G Concourse in Terminal 1-Lindbergh to gather data on all plumbing fixtures for deficiencies

Results: Replacement of soap dispensers in the G Concourse was part of the 2016 Miscellaneous Modification project. At the close of Q4 contractors had almost completed the domestic hot water natural gas water heater installation, which should be ready to commission soon.

2017 SERVICE CENTER OBJECTIVES

Objective: During 2017, replace 5% of existing drinking fountains within Terminal 1-Lindbergh and Terminal 2-Humphrey with refillable bottle filling stations

Organizational Strategic Goal: Customer Experience - Delight our passengers

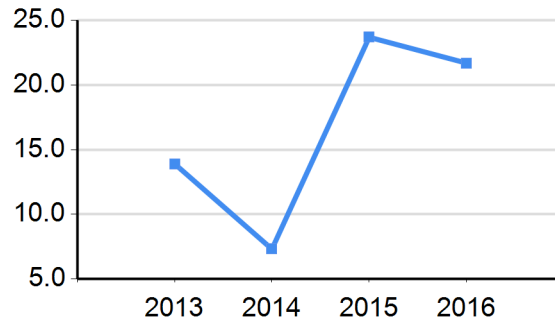
Organizational Strategic Objective: Reimagine and renew our airports to continually evolve our customer experience

SERVICE CENTER PERFORMANCE

Measure: MSP campus irrigation water consumption

| Description | Organizational Initiative | Unit of Measure | Target |
|--|---------------------------|-----------------|--------------|
| Total irrigation water usage in gallons at MSP | Finance | Number | < prior year |

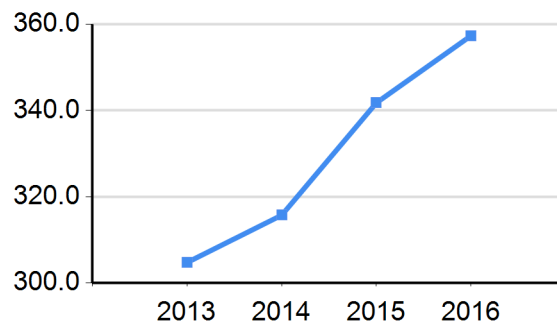
| Results | | |
|---------|----------|---|
| Year | Year End | Comments |
| 2013 | 13.9 | Number is in millions. |
| 2014 | 7.3 | Number in millions; MSP campus irrigation water consumption down from 2013 due largely to a significant spring rainfall and construction projects that shut off a large area of irrigation at Terminal 2-Humphrey |
| 2015 | 23.7 | Number in millions; irrigation water usage higher than expected; contributors to this increase were construction-related damage to irrigation systems and lack of rain during certain times of the season |
| 2016 | 21.7 | Number in millions; irrigation water consumption is slightly less than 2015 at this time. |



Measure: Overall MSP water consumption

| Description | Organizational Initiative | Unit of Measure | Target |
|------------------------------------|---------------------------|-----------------|--------------|
| Total water consumption in gallons | Finance | Number | < prior year |

| Results | | |
|---------|----------|---|
| Year | Year End | Comments |
| 2013 | 304.7 | Number is in millions. |
| 2014 | 315.7 | Total year end water usage at MSP higher than the target; number is in millions |
| 2015 | 341.8 | Water main break on 3/22/2015 large water loss; number is in millions |
| 2016 | 357.4 | Number in millions; usage higher than 2015 due to Delta Building B Fire Water Storage Tank leak |



FIELD MAINTENANCE

The MAC Field Maintenance Department is responsible for pavement maintenance, pollution control, landscape/grounds maintenance, security fence and access gate maintenance, traffic control installation, signage installation, parking ramp maintenance, and refuse removal. Winter responsibilities include the removal of snow from runways, taxiways, ramps, aircraft parking areas, airside roadways, public roadways, terminal sidewalks, and MAC buildings. Maintenance personnel supervise contracted snow removal operators who remove snow from parking ramps and landside parking areas. The department maintains and repairs a fleet of more than 500 vehicles and partners with other MAC departments to procure vehicles and related equipment.

BUDGET SUMMARY

| | 2015 Actual | 2016 Budget | 2017 Budget | \$ Variance | % Variance |
|-----------------------------|-------------------|-------------------|-------------------|----------------|---------------|
| Personnel | 8,653,657 | 9,346,276 | 9,649,932 | 303,656 | 3.2% |
| Administrative Expenses | 19,182 | 17,375 | 29,875 | 12,500 | 71.9% |
| Professional Services | 36,864 | 54,850 | 56,000 | 1,150 | 2.1% |
| Utilities | 17,453 | 18,675 | 22,396 | 3,721 | 19.9% |
| Operating Services/Expenses | 47,219 | 66,595 | 29,450 | (37,145) | -55.8% |
| Maintenance | 4,087,728 | 4,631,200 | 4,707,300 | 76,100 | 1.6% |
| Other | 82,289 | 39,560 | 66,460 | 26,900 | 68.0% |
| Total Budget | 12,944,391 | 14,174,531 | 14,561,413 | 386,882 | 2.7% |

Full-time Equivalent (FTE) Total

108

110

110

HIGHLIGHTS OF BUDGET

- Personnel The increase in Personnel is attributable to wage structure adjustments and step increases.
- Administrative Expenses The increase in Administrative Expenses is for travel expenses for personnel to attend the International Aviation Snow Symposium.
- Professional Services The increase in the Professional Services expense reflects the annual increase in the FAA-required Vehicle Movement Area Transponder maintenance agreement.
- Utilities The increase in Utilities expense reflects a change in computer equipment installed at supervisor desks. The new equipment requires a wireless air card for the laptops to connect to the internet when used on the fields and runways.
- Operating Services/Expenses The decrease in Operating Services/Expenses is due to certain expenses transferred to Information Technology and the Large Hub Conference attended by staff in 2016 is included in the 2017 budget.
- Maintenance The increase in Maintenance expense is a result of rental fees for an additional sweeper and to upgrade the tire budget to accurately represent what is needed to maintain the MAC fleet.
- Other The increase in Other expense reflects the annual safety related increased costs, purchases of additional OSHA regulated safety equipment, and additional minor equipment purchases.

2016 SERVICE CENTER OBJECTIVE RESULTS

Objective: In conjunction with the Risk/Insurance/Safety Department, create and conduct safety presentations to educate staff on safe operating practices. The goal is to reduce on-the-job injuries by 10% over the previous year.

Results: During Q4, the Filed Maintenance Department recorded two preventable vehicle accidents.

2017 SERVICE CENTER OBJECTIVES

Objective: Invest in professional development to reflect the importance of Field Maintenance succession planning, allowing the MAC to provide top-quality service to entities operating at MSP

Organizational Strategic Goal: Air Service - Grow and enhance air service at MSP

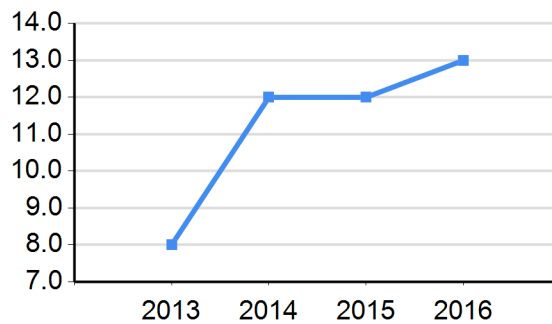
Organizational Strategic Objective: Maintain our appeal as a hub operation

SERVICE CENTER PERFORMANCE

Measure: *Field Maintenance preventable vehicle accidents*

| Description | Organizational Initiative | Unit of Measure | Target |
|-------------------------------------|---------------------------|-----------------|--------|
| Field Maintenance vehicle accidents | Safety & Security | Number | 6 |

| Results | | |
|---------|----------|---|
| Year | Year End | Comments |
| 2013 | 8 | Figures represent 'preventable' accidents only as rated by MAC Risk/Safety. |
| 2014 | 12 | |
| 2015 | 12 | Did not meet goal due to winter-related accidents |
| 2016 | 13 | Did not meet goal due to winter-related accidents |



AIRSIDE OPERATIONS

The Airside Operations Department's three primary tenets are regulatory compliance, safety, and operational efficiency. The department is responsible for ensuring that MSP is in compliance with federal and state regulations, particularly Federal Aviation Regulations Part 139-Airport Certification. The department conducts airfield safety inspections and determines the operating status of the airport. Airside Operations coordinates airfield activities with Federal Aviation Administration Air Traffic Control facilities and air carrier tenants. The department is responsible for managing the snow and ice control plan, the wildlife control program, construction safety, and the airfield driver's training/testing program. Airside Operations is the 24/7 non-emergency point-of-contact for airport tenants.

BUDGET SUMMARY

| | 2015 Actual | 2016 Budget | 2017 Budget | \$ Variance | % Variance |
|-----------------------------|------------------|------------------|------------------|-----------------|---------------|
| Personnel | 1,527,287 | 1,526,654 | 1,574,946 | 48,292 | 3.2% |
| Administrative Expenses | 82,894 | 86,315 | 102,315 | 16,000 | 18.5% |
| Professional Services | 113,920 | 132,800 | 105,348 | (27,452) | -20.7% |
| Utilities | 18,244 | 20,202 | 20,202 | 0 | 0.0% |
| Operating Services/Expenses | 192,766 | 161,274 | 86,608 | (74,666) | -46.3% |
| Maintenance | 20,134 | 31,000 | 22,000 | (9,000) | -29.0% |
| Other | 73,142 | 30,000 | 27,000 | (3,000) | -10.0% |
| Total Budget | 2,028,387 | 1,988,245 | 1,938,419 | (49,826) | -2.5% |

Full-time Equivalent (FTE) Total

16 16 16

HIGHLIGHTS OF BUDGET

- Personnel The increase in Personnel is due to the alignment of budgeted overtime costs with actual overtime cost trends, as well as wage structure adjustments and step increases.
- Administrative Expenses Administrative expenses increased due to the alignment of budgeted costs for office supplies with actual cost trends, increased travel requirements for Airside staff who are serving in leadership positions on aviation industry boards and committees, and the introduction of two invitation only airport operations innovation workshops created and hosted by MSP.
- Professional Services The decrease in Professional Services is due to the completion of MSP's Wildlife Hazard Assessment by USDA Wildlife Services in 2016. In 2017, USDA Wildlife Services staff will return to typical monitoring and surveillance activities.
- Operating Services/Expenses The decrease in Operating Services/Expenses is due to the transfer of computers and service radios to the Information Technology service center.
- Maintenance The primary reason for the decrease in Maintenance is due to the remodeling of the Drivers' Training Center. Following this remodeling, maintenance was transferred from an outside vendor to a more cost-effective internal maintenance program.
- Other The decrease in Other is due to a decrease in spending for the MSP Wildlife Program.

2016 SERVICE CENTER OBJECTIVE RESULTS

Objective: Establish baseline Airport Operations Area (AOA) driving statistics in two categories: 1) the number of AOA motor vehicle accidents; and 2) the number of written AOA citations. The goal is to identify the need for additional AOA driver's training requirements or for the implementation of an airport-wide driver's training and licensing program.

Results: During Q4 there was one AOA motor vehicle accident; two AOA citations were written - one was administrative and one was a warning.

Objective: Issue an updated Airport Operations Area (AOA) Driver's Ordinance that includes enhanced safety features to further protect airport personnel and to protect the aircraft movement area environment. The objective is to have no vehicle/pedestrian runway incursions during the 2016 calendar year.

Results: During Q4, staff continued to work on finalizing the draft ordinance, which is expected to be presented for Commission review and approval in 2017 Q2.

2017 SERVICE CENTER OBJECTIVES

Objective: Using data from MAC Airside Operations' and other systems, lead the collaboration with MAC Information Technology and other departments on the design and initial development of an Airfield Situational Awareness Dashboard

Organizational Strategic Goal: Air Service - Grow and enhance air service at MSP

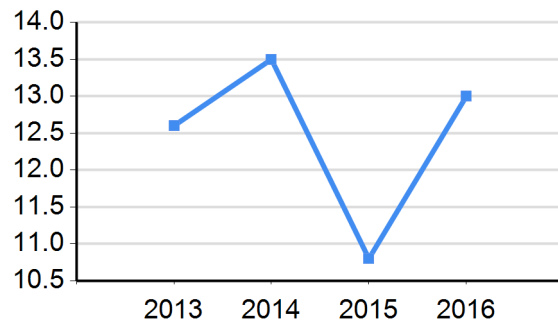
Organizational Strategic Objective: Maintain our appeal as a hub operation

SERVICE CENTER PERFORMANCE

Measure: Overtime as a percentage of total wages

| Description | Organizational Initiative | Unit of Measure | Target |
|---|---------------------------|-----------------|--------|
| Airside overtime as a % of total department wages | Employee Engagement | % | < 11 |

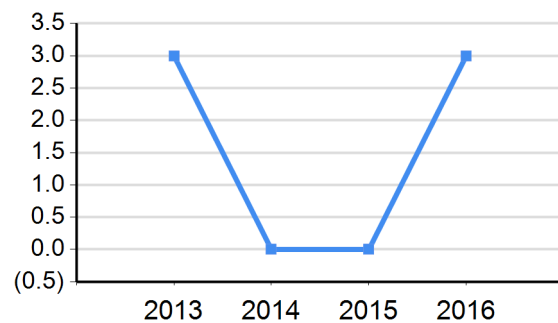
| Results | | |
|---------|----------|--|
| Year | Year End | Comments |
| 2013 | 12.6 | Higher winter operations expenses |
| 2014 | 13.5 | Shift coverage due to a resignation increased OT usage |
| 2015 | 10.8 | Met targeted goal |
| 2016 | 13 | Higher winter operations expenses |



Measure: Number of MSP vehicle/pedestrian runway incursions

| Description | Organizational Initiative | Unit of Measure | Target |
|--|---------------------------|-----------------|--------|
| Vehicle/pedestrian runway incursions that we have control over | Safety & Security | Number | 0 |

| Results | | |
|---------|----------|---|
| Year | Year End | Comments |
| 2013 | 3 | All vehicle operations; MAC and tenant drivers. |
| 2014 | 0 | All vehicle operations; MAC and tenant drivers. |
| 2015 | 0 | Met targeted goal |
| 2016 | 3 | |



FIRE

The MSP Airport Fire Department is responsible for providing aircraft rescue and firefighting (ARFF), structural firefighting, and first response emergency medical services to the MSP campus and some adjacent areas under agreement. The department is also responsible for fire code enforcement, investigation of all fires that occur within the service area, maintaining Federal Aviation Administration ARFF training and response requirements, and ensuring proper documentation for state and federal reporting requirements.

BUDGET SUMMARY

| | 2015 Actual | 2016 Budget | 2017 Budget | \$ Variance | % Variance |
|-----------------------------|------------------|------------------|------------------|----------------|---------------|
| Personnel | 4,561,070 | 4,838,716 | 4,964,954 | 126,238 | 2.6% |
| Administrative Expenses | 13,542 | 28,631 | 19,085 | (9,546) | -33.3% |
| Professional Services | 7,469 | 7,200 | 55,200 | 48,000 | 666.7% |
| Utilities | 10,963 | 13,468 | 14,360 | 892 | 6.6% |
| Operating Services/Expenses | 20,870 | 36,000 | 34,000 | (2,000) | -5.6% |
| Maintenance | 7,722 | 5,100 | 4,600 | (500) | -9.8% |
| Other | 145,648 | 197,900 | 145,500 | (52,400) | -26.5% |
| Total Budget | 4,767,284 | 5,127,015 | 5,237,699 | 110,684 | 2.2% |

| | | | |
|---|----|----|----|
| Full-time Equivalent (FTE) Total | 46 | 49 | 50 |
|---|----|----|----|

HIGHLIGHTS OF BUDGET

- Personnel Personnel increases are due to contracted wage adjustment and uniform allowances. Overtime increased to align with actual costs from previous years. Training increased to cover higher costs of required training.
- Administrative Expenses The decrease in Administrative Expenses is primarily attributed to the absence of strategic planning costs during 2017.
- Professional Services The Professional Services expense increase is due to a 2017 Professional Services Authorization to assist with fire protection plan reviews for increased construction projects throughout the MAC system.
- Utilities The Utilities expense increase is due to increased cellular service cost for on duty supervisors, administration, and vehicle mobile data terminals.
- Operating Services/Expenses Decreases are due to the alignment of budgeted costs to past actual cost trends.
- Maintenance Decreases are due to the alignment of budgeted costs to past actual cost trends.
- Other Decreases are due to the alignment of budgeted costs to past actual cost trends.

2016 SERVICE CENTER OBJECTIVE RESULTS

Objective: Review and revise Fire Department apparatus replacement plan

Results: An updated Fire Department Apparatus Replacement Plan was completed during Q2 2016 as part of initial 2017 budgeting process.

Objective: Review and revise policies and procedures related to plan review, inspections, prevention, and investigations

Results: Policies and procedures relating to fire protection systems were further revised in Q4. Discussions regarding fire alarm system policies and procedures were initiated and initial implementation has occurred. This initiative will continue into 2017.

2017 SERVICE CENTER OBJECTIVES

Objective: Conduct joint response training for complex incidents with MAC Fire Department response partners, including the MAC Police Department, Allina Ambulance, and our mutual aid partners

Organizational Strategic Goal: Safety, Security, and Preparedness - Keep our airports safe and secure

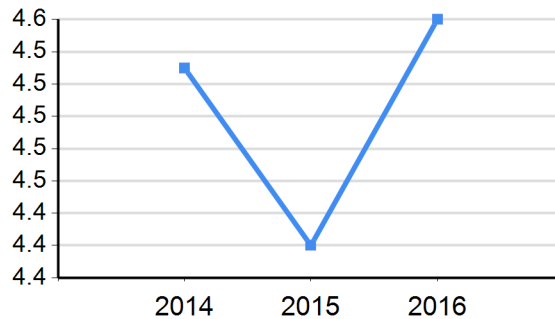
Organizational Strategic Objective: Ensure capacity to respond and recover effectively to changes in our facilities, passenger growth, and situations that impact our community

SERVICE CENTER PERFORMANCE

Measure: Emergency Response Time

| Description | Organizational Initiative | Unit of Measure | Target |
|--|---------------------------|-----------------|--------|
| The average response time to all emergencies from time of dispatch to arrival on scene | Operations | Number | 5.00 |

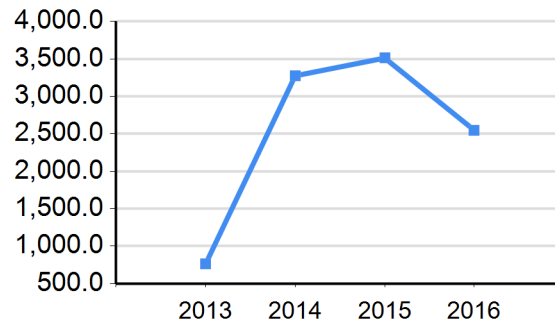
| Results | | |
|---------|----------|---|
| Year | Year End | Comments |
| 2014 | 4.53 | New measure in 2014; number is in minutes/seconds |
| 2015 | 4.42 | Number is in minutes/seconds |
| 2016 | 4.56 | Number is in minutes/seconds |



Measure: Positive Public Interactions

| Description | Organizational Initiative | Unit of Measure | Target |
|--|---------------------------|-----------------|--------|
| The number of positive interactions between fire department staff and the traveling public | Customer Experience | Number | 760 |

| Results | | |
|---------|----------|----------------------------------|
| Year | Year End | Comments |
| 2013 | 760 | New measure began in August 2013 |
| 2014 | 3274 | |
| 2015 | 3511 | |
| 2016 | 2547 | |



POLICE

With public service as our foundation, every member of the Airport Police Department is committed to the preservation of peace, order, and safety. We are dedicated to the protection of life and property, the prevention of crime, and the deterrence of terrorism. Our Emergency Communications Center (ECC) is the 911 center for the MSP airport community. ECC staff make critical decisions to ensure the safety of both the traveling public and public safety personnel. The department's vision is to be the standard of excellence in aviation policing throughout North America.

BUDGET SUMMARY

| | 2015 Actual | 2016 Budget | 2017 Budget | \$ Variance | % Variance |
|-----------------------------|-------------------|-------------------|-------------------|------------------|---------------|
| Personnel | 11,817,547 | 12,600,387 | 13,387,167 | 786,780 | 6.2% |
| Administrative Expenses | 225,617 | 265,843 | 285,582 | 19,739 | 7.4% |
| Professional Services | 103,422 | 111,278 | 62,824 | (48,454) | -43.5% |
| Utilities | 73,288 | 72,221 | 74,984 | 2,763 | 3.8% |
| Operating Services/Expenses | 757,020 | 738,864 | 1,196,875 | 458,011 | 62.0% |
| Maintenance | 50,683 | 32,450 | 30,548 | (1,902) | -5.9% |
| Other | 385,941 | 379,314 | 342,651 | (36,663) | -9.7% |
| Total Budget | 13,413,517 | 14,200,357 | 15,380,631 | 1,180,274 | 8.3% |

Full-time Equivalent (FTE) Total

129

134

137

HIGHLIGHTS OF BUDGET

- Personnel The Personnel increase is due to added FTE headcount, additional wages resulting from TSA mandated Terminal 1-Lindbergh checkpoint reconfigurations, and costs related to new and replacement uniforms.
- Administrative Expenses Increases in Administrative Expenses are due to increased badging supply costs, membership dues, printing fees, and airfare.
- Professional Services The decrease in Professional Services expense is due to Learn Center consulting services expenses transferring to the Information Technology service center in 2017.
- Operating Services/Expenses The Operating Services/Expenses increase is due to TSA-mandated security duties, including additional staff at the Terminal 1-Lindbergh "public to sterile" door, addition of gate staff, and increased costs for required training.
- Other The 2017 decrease in Other expenses results mainly from the completion in 2016 of a special expense to replace Emergency Response Team vests.

2016 SERVICE CENTER OBJECTIVE RESULTS

Objective: Evaluate the current threat and continue to work on security threat awareness 'See Something Say Something' campaign/training bulletins for MAC employees, airport tenants and travelers

Results: We continue to spread the 'See Something Say Something' message. Along with Tip Submit cards being handed out at Security Identification Display Area (SIDA) training sessions and at the Badging Office, we are maintaining high-visibility patrols at key time periods. The insider threat initiative also continues to move forward with outreach to airline and tenant workgroups through our intelligence detective position. Threat Awareness training remains a focus for new badge holders during SIDA training, and we are continuing our work with the Transportation Security Administration to get information out on our new airport employee awareness program called "This is My Airport."

Objective: Conduct, at a minimum, one progressive readiness training and exercise that is built on the previous year's training and associated drills geared toward the readiness of all airport employees by the end of 2016

Results: During Q4, an exercise was conducted at the general office building and trades building involving employees, police, fire and paramedics. The exercise prepared employees on how to react in a critical situation and allowed public safety teams to work through a complex (multi-location) coordinated attack.

Objective: Using data provided by the new tracking system, begin directing patrol activity based upon predictable call locations

Results: Since the Video Surveillance position's hours are based on peak passenger traffic and call volumes, the Patrol Division utilized the data to design the 2017 schedules. In addition, the department increased officer presence in the non-secure areas in response to growing risks in these areas.

2017 SERVICE CENTER OBJECTIVES

Objective: Continue to improve upon the MSP public area protection initiative, which is focused on deterrence and rapid response to critical incidents that could occur in public mass gathering locations at MSP

Organizational Strategic Goal: Safety, Security, and Preparedness - Keep our airports safe and secure

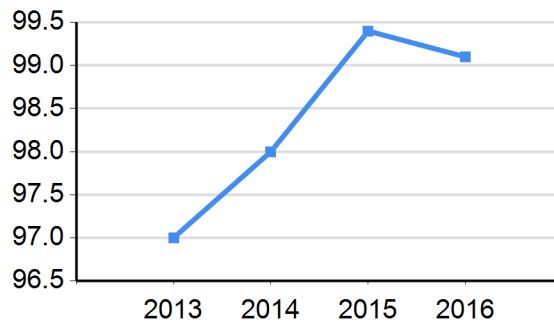
Organizational Strategic Objective: Prepare for current and potential threats to public safety and critical infrastructure through robust and aligned airport planning processes

SERVICE CENTER PERFORMANCE

Measure: Percent of 911 calls answered in 10 seconds or less

| Description | Organizational Initiative | Unit of Measure | Target |
|--|---------------------------|-----------------|--------|
| 911 calls answered in accordance with NENA Standard 56-005 | Safety & Security | % | 90 |

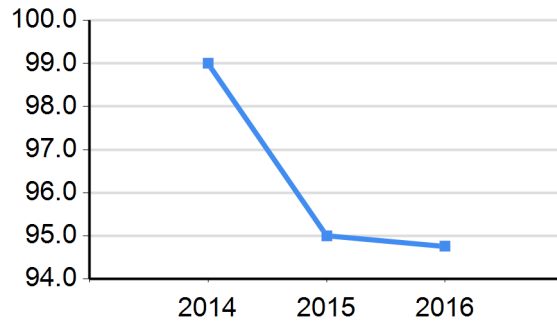
| Results | | |
|---------|----------|--|
| Year | Year End | Comments |
| 2013 | 97 | |
| 2014 | 98 | |
| 2015 | 99.4 | Percent of calls answered in 10 seconds or less. |
| 2016 | 99.1 | |



Measure: Percent of emergency call processed and dispatched within 60 seconds

| Description | Organizational Initiative | Unit of Measure | Target |
|---|---------------------------|-----------------|--------|
| Emergency call processing and dispatching in accordance with NFPA Standard 1221 | Safety & Security | % | 90 |

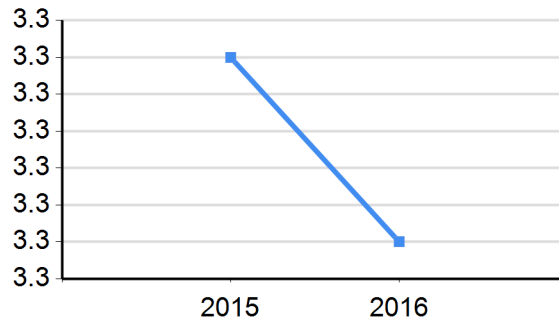
| Results | | |
|---------|----------|---------------------|
| Year | Year End | Comments |
| 2014 | 99 | New measure in 2014 |
| 2015 | 95 | |
| 2016 | 94.75 | |



Measure: Police response times from dispatch to arrival within 5 minutes

| Description | Organizational Initiative | Unit of Measure | Target |
|---|---------------------------|-----------------|-----------|
| Average police response time in minutes for Priority 1 and Priority 2 calls | Safety & Security | Number | 5 or less |

| Results | | |
|---------|----------|----------------------|
| Year | Year End | Comments |
| 2015 | 3.34 | New measure in 2015. |
| 2016 | 3.33 | |



RELIEVERS - ADMINISTRATION

The Reliever Airports Department is responsible for the operation, management, and maintenance of the MAC's six reliever airports. Staff is also responsible for the administration of over 800 tenant leases and contracts on the airport properties.

BUDGET SUMMARY

| | 2015 Actual | 2016 Budget | 2017 Budget | \$ Variance | % Variance |
|-----------------------------|----------------|----------------|----------------|-----------------|---------------|
| Personnel | 733,762 | 789,187 | 742,611 | (46,576) | -5.9% |
| Administrative Expenses | 17,012 | 22,810 | 23,575 | 765 | 3.4% |
| Professional Services | 12,101 | 44,000 | 45,000 | 1,000 | 2.3% |
| Utilities | 5,771 | 8,043 | 5,880 | (2,163) | -26.9% |
| Operating Services/Expenses | 5,763 | 1,500 | 1,500 | 0 | 0.0% |
| Maintenance | | | | 0 | 0.0% |
| Other | 2,621 | | | 0 | 0.0% |
| Total Budget | 777,031 | 865,540 | 818,566 | (46,974) | -5.4% |

Full-time Equivalent (FTE) Total

8 8 8

HIGHLIGHTS OF BUDGET

- Personnel The decrease in Personnel is attributable to wage structure adjustments and changes in step levels for employees that have moved between service centers.
- Utilities The decrease in Utilities expense reflects an alignment of budget cellular and wireless internet costs with historical trends.

2016 SERVICE CENTER OBJECTIVE RESULTS

Objective: Encourage the development of \$333,000 of on-airport tenant investment in new facilities by the end of 2016 in support of a 2015-2017 cumulative goal of \$1M

Results: Construction on one of the two anticipated new hangars was 75% complete by year end 2016. The value of that hangar exceeds the goal of \$333,000. The second anticipated hangar suffered some unanticipated setbacks and is on hold.

Objective: Construct the public viewing stands on the relevant airports that were identified in the 2015 planning process

Results: At the close of Q4, construction of the St. Paul Downtown Airport aircraft viewing area was 90% complete. The aircraft viewing area will be open to the public in July 2017. The Crystal Airport viewing area is 95% complete. The aircraft viewing area will be open to the public in the spring of 2017. The concrete pad and sidewalk leading to the viewing area at the Airlake Airport viewing area are complete; the viewing area shelter will be erected in Q2-Q3 2017. The Flying Cloud Airport viewing area location has been identified and the project is expected to be complete in 2017.

2017 SERVICE CENTER OBJECTIVES

Objective: Collaborate with internal and external stakeholders on a plan to manage general aviation aircraft arriving to and departing from MAC airports during Super Bowl LII

Organizational Strategic Goal: Customer Experience - Delight our passengers

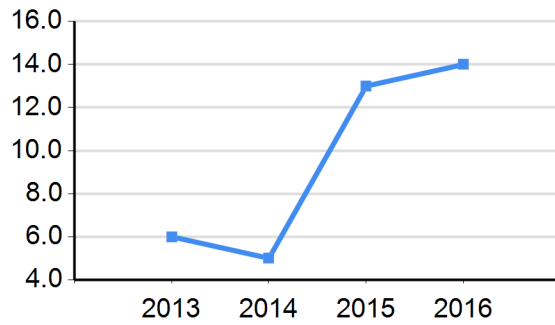
Organizational Strategic Objective: Advance the culture of customer experience at our airports

SERVICE CENTER PERFORMANCE

Measure: Total Reliever Runway Incursions

| Description | Organizational Initiative | Unit of Measure | Target |
|-------------------------------|---------------------------|-----------------|--------|
| Vehicle-Pedestrian Incursions | Safety & Security | Number | 0 |

| Results | | |
|---------|----------|----------------------------|
| Year | Year End | Comments |
| 2013 | 6 | 5 vehicle, 1 pedestrian |
| 2014 | 5 | 5 vehicle, 0 pedestrian |
| 2015 | 13 | 12 vehicle, 1 pedestrian |
| 2016 | 14 | 11 vehicles; 3 pedestrians |



RELIEVERS - ST. PAUL

The Reliever Airport staff is responsible for the operation, maintenance, and administration of the Reliever Airport. The department staff manages the properties, including the administration of leases. The staff also responds to tenant, airport user, and community issues and concerns.

BUDGET SUMMARY

| | 2015 Actual | 2016 Budget | 2017 Budget | \$ Variance | % Variance |
|-----------------------------|----------------|----------------|----------------|----------------|---------------|
| Personnel | 591,089 | 638,009 | 650,413 | 12,404 | 1.9% |
| Administrative Expenses | 3,351 | 4,050 | 4,050 | 0 | 0.0% |
| Professional Services | 12,320 | 15,000 | 15,000 | 0 | 0.0% |
| Utilities | 1,262 | 1,360 | 1,360 | 0 | 0.0% |
| Operating Services/Expenses | 4,048 | 8,200 | 8,200 | 0 | 0.0% |
| Maintenance | 178,881 | 155,700 | 159,430 | 3,730 | 2.4% |
| Other | 1,970 | 1,200 | 1,200 | 0 | 0.0% |
| Total Budget | 792,921 | 823,519 | 839,653 | 16,134 | 2.0% |

Full-time Equivalent (FTE) Total

7

7

7

HIGHLIGHTS OF BUDGET

- Personnel

The increase in Personnel is attributable to wage structure adjustments, step increases and overtime per Union contracts.

RELIEVERS - LAKE ELMO

The Reliever Airport staff is responsible for the operation, maintenance, and administration of the Reliever Airport. The department staff manages the properties, including the administration of leases. The staff also responds to tenant, airport user, and community issues and concerns.

BUDGET SUMMARY

| | 2015 Actual | 2016 Budget | 2017 Budget | \$ Variance | % Variance |
|-----------------------------|------------------------|------------------------|------------------------|------------------------|-----------------------|
| Personnel | 100,210 | 107,628 | 109,735 | 2,107 | 2.0% |
| Administrative Expenses | 164 | 290 | 290 | 0 | 0.0% |
| Professional Services | 11,016 | 12,000 | 12,000 | 0 | 0.0% |
| Utilities | 391 | 453 | 453 | 0 | 0.0% |
| Operating Services/Expenses | | | | 0 | 0.0% |
| Maintenance | 26,304 | 44,100 | 41,000 | (3,100) | -7.0% |
| Other | 115 | 500 | 500 | 0 | 0.0% |
| Total Budget | 138,200 | 164,971 | 163,978 | (993) | -0.6% |

Full-time Equivalent (FTE) Total

1 1 1

HIGHLIGHTS OF BUDGET

- Personnel The increase in Personnel is attributable to wage structure adjustments, step increases and overtime per Union contracts.

RELIEVERS - AIRLAKE

The Reliever Airport staff is responsible for the operation, maintenance, and administration of the Reliever Airport. The department staff manages the properties, including the administration of leases. The staff also responds to tenant, airport user, and community issues and concerns.

BUDGET SUMMARY

| | 2015 Actual | 2016 Budget | 2017 Budget | \$ Variance | % Variance |
|-----------------------------|------------------------|------------------------|------------------------|------------------------|-----------------------|
| Personnel | 97,326 | 95,041 | 102,529 | 7,488 | 7.9% |
| Administrative Expenses | 244 | 355 | 361 | 6 | 1.7% |
| Professional Services | 11,108 | 12,420 | 12,500 | 80 | 0.6% |
| Utilities | 389 | 453 | 617 | 164 | 36.2% |
| Operating Services/Expenses | | | | 0 | 0.0% |
| Maintenance | 29,763 | 24,945 | 24,945 | 0 | 0.0% |
| Other | 289 | 450 | 450 | 0 | 0.0% |
| Total Budget | 139,118 | 133,664 | 141,402 | 7,738 | 5.8% |

Full-time Equivalent (FTE) Total

1 1 1

HIGHLIGHTS OF BUDGET

- Personnel The increase in Personnel is attributable to wage structure adjustments, step increases and overtime per Union contracts.
- Professional Services This Professional Services expense increase is due to the negotiated amount for USDA wildlife services' contract.
- Utilities The Utilities expense increase reflects the cost for one phone with data plan and messaging for the airport maintenance worker.

RELIEVERS - FLYING CLOUD

The Reliever Airport staff is responsible for the operation, maintenance, and administration of the Reliever Airport. The department staff manages the properties, including the administration of leases. The staff also responds to tenant, airport user, and community issues and concerns.

BUDGET SUMMARY

| | 2015 Actual | 2016 Budget | 2017 Budget | \$ Variance | % Variance |
|-----------------------------|----------------|----------------|----------------|----------------|---------------|
| Personnel | 222,583 | 256,136 | 321,622 | 65,486 | 25.6% |
| Administrative Expenses | 1,617 | 1,010 | 1,270 | 260 | 25.7% |
| Professional Services | 11,138 | 13,500 | 12,500 | (1,000) | -7.4% |
| Utilities | 183 | 1,170 | 617 | (553) | -47.3% |
| Operating Services/Expenses | | | | 0 | 0.0% |
| Maintenance | 56,694 | 77,650 | 77,650 | 0 | 0.0% |
| Other | 215 | 500 | 500 | 0 | 0.0% |
| Total Budget | 292,430 | 349,966 | 414,159 | 64,193 | 18.3% |

Full-time Equivalent (FTE) Total

3 4 4

HIGHLIGHTS OF BUDGET

- Personnel The increase in Personnel is attributable to wage structure adjustments, step increases, and overtime per Union contracts.
- Administrative Expenses The Administrative Expenses increase reflects the alignment of budget costs for membership and dues with historical costs in these areas.
- Professional Services The Professional Service expense decrease reflects a decrease in the USDA contract from initial projections before the contract took effect.
- Utilities The Utilities decrease reflects the phone and data costs based on history.

RELIEVERS - CRYSTAL

The Reliever Airport staff is responsible for the operation, maintenance, and administration of the Reliever Airport. The department staff manages the properties, including the administration of leases. The staff also responds to tenant, airport user, and community issues and concerns.

BUDGET SUMMARY

| | 2015 Actual | 2016 Budget | 2017 Budget | \$ Variance | % Variance |
|-----------------------------|----------------|----------------|----------------|----------------|---------------|
| Personnel | 257,303 | 281,249 | 288,955 | 7,706 | 2.7% |
| Administrative Expenses | 609 | 2,125 | 2,125 | 0 | 0.0% |
| Professional Services | 11,614 | 12,000 | 12,000 | 0 | 0.0% |
| Utilities | 538 | 741 | 750 | 9 | 1.2% |
| Operating Services/Expenses | 424 | | | 0 | 0.0% |
| Maintenance | 44,056 | 61,900 | 61,900 | 0 | 0.0% |
| Other | 267 | 500 | 500 | 0 | 0.0% |
| Total Budget | 314,812 | 358,515 | 366,230 | 7,715 | 2.2% |

Full-time Equivalent (FTE) Total

3 3 3

HIGHLIGHTS OF BUDGET

- Personnel The increase in Personnel is attributable to wage structure adjustments, step increases and overtime per Union contracts.

RELIEVERS - ANOKA

The Reliever Airport staff is responsible for the operation, maintenance, and administration of the Reliever Airport. The department staff manages the properties, including the administration of leases. The staff also responds to tenant, airport user, and community issues and concerns.

BUDGET SUMMARY

| | 2015 Actual | 2016 Budget | 2017 Budget | \$ Variance | % Variance |
|-----------------------------|----------------|----------------|----------------|-----------------|---------------|
| Personnel | 255,869 | 336,760 | 283,497 | (53,263) | -15.8% |
| Administrative Expenses | 968 | 1,325 | 1,325 | 0 | 0.0% |
| Professional Services | 17,138 | 28,000 | 28,000 | 0 | 0.0% |
| Utilities | 384 | 1,300 | 1,300 | 0 | 0.0% |
| Operating Services/Expenses | 171,107 | 152,000 | 153,000 | 1,000 | 0.7% |
| Maintenance | 58,532 | 77,000 | 77,000 | 0 | 0.0% |
| Other | 722 | 700 | 700 | 0 | 0.0% |
| Total Budget | 504,721 | 597,085 | 544,822 | (52,263) | -8.8% |

Full-time Equivalent (FTE) Total

4

3

3

HIGHLIGHTS OF BUDGET

- Personnel

The decrease in Personnel is attributable to wage structure adjustments and changes in step levels for employees that have moved between service centers.

Statistics & Informative Facts

The Statistics and Informative Facts sections are:

1. Historical Operating Revenue/Operating Expense and Facility Comparisons
2. Activity/Operations Statistics
3. National Comparisons
4. Informative Facts about Minnesota

Historical Operating Revenue/Operating Expense and Facility Comparisons

The table below compares the years 2006 versus 2015 and emphasizes the changes that occurred when comparing the percentage in each category to the total. The average annual percentage increase in revenue from 2006 to 2015 (3.6%) is slightly more than the annual percentage increase in expenses from 2006 to 2015 (3.2%).

| HISTORICAL OPERATING REVENUE & OPERATING EXPENSE SUMMARY 2006 VS 2015 | | | | | | |
|---|-------------------|---------------|-------------------|---------------|---------------------------|-----------------------|
| (\$ = 000) | | | | | | |
| | 2006 | | 2015 | | 2006-2015 Change \$ | Annual % Change |
| | \$ | % of Total | \$ | % of Total | | |
| Operating Revenue | | | | | | |
| Airline Rates & Charges | \$ 69,382 | 31.0% | \$ 107,805 * | 35.1% | \$ 38,424 | 5.0% |
| Concessions | 108,381 | 48.4% | 146,893 | 47.8% | 38,512 | 3.4% |
| Rentals/Fees | 0 | 0.0% | 36,086 | 11.7% | 36,086 | |
| Utilities & Other Revenue | 0 | 0.0% | 16,637 | 5.4% | 16,637 | |
| Other | 46,364 | 20.7% | 0 | 0.0% | (46,364) | -100% |
| Total Operating Revenue | \$ 224,127 | 100.0% | \$ 307,422 | 100.0% | \$ 129,659 | 3.6% |
| Operating Expenses | | | | | | |
| Personnel | \$ 54,258 | 48.6% | \$ 75,998 | 48.0% | \$ 21,740 | 3.8% |
| Administrative Expenses | 1,240 | 1.1% | 1,521 | 1.0% | 281 | 2.3% |
| Professional Services | 4,091 | 3.7% | 5,574 | 3.5% | 1,483 | 3.5% |
| Utilities | 14,820 | 13.3% | 18,304 | 11.6% | 3,484 | 2.4% |
| Operating Services | 14,485 | 13.0% | 21,230 | 13.4% | 6,745 | 4.3% |
| Maintenance | 19,417 | 17.4% | 32,089 | 20.3% | 12,672 | 5.7% |
| Other | 3,323 | 3.0% | 3,454 | 2.2% | 131 | 0.4% |
| Total Operating Expenses (excludes depreciation and noise amortization) | \$ 111,633 | 100.0% | \$ 158,170 | 100.0% | 46,537 | 3.9% |
| Operating Income (Loss) (excludes non operating) | \$ 112,494 | | \$ 149,252 | | \$ 36,758 | 3.2% |

Operating Revenue

In 2008, a major upgrade in the financial software program provided an opportunity to improve revenue reporting. This affected the various individual lines of revenue being reclassified into new categories and the reclassifications are not reflected in the data for 2006 (although the total is accurate). The following explanations for the changes in revenue are general in the categories represented. Changes in revenue are as follows:

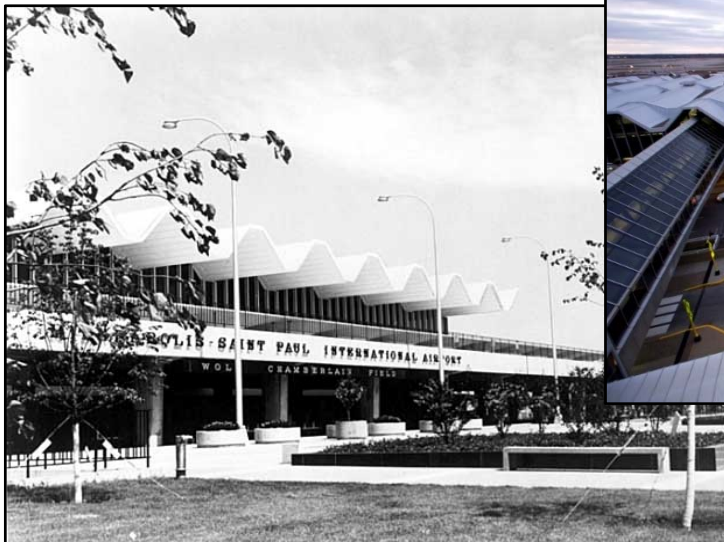
- The average annual percentage increase for Airline Rates and Charges is 5.0% between the years of 2006 and 2015. This is due in part to landing fees and expanded terminal facilities necessary to accommodate the growth in passenger activity between 2006 and 2015. Landing fees are calculated on a breakeven basis with revenue and expense being equal. The increase between 2006 and 2015 also results from changes in the 2007 Amendment to the Airline Use Agreement and new facilities that have become operational. This category generally maintains the largest growth.
- In addition, since 2008 Terminal 2 common use rates and other fees associated with non-signatory airline landing and ramp fees are included in Airline Rates and Charges. (See Operating Budget Revenue.)
- The Concessions category increased 3.4% as a result of increasing auto parking fees, facilities and changes/renewals to the Auto Rental contracts and separate concession/contract agreements with various firms to operate concessions in the terminal building.
- The annual average percentage increase of 1.5% is in the Other Revenue category (combines Rentals/Fees and Utilities & Other Revenue). In 2008 the Other category was separated into two new

components, Rentals/Fees and Utilities and Other Revenue. Due to the conversion of data in the new financial software system, the breakout of this revenue for the years prior to 2008 would be difficult to determine. Therefore, for purposes of this explanation, these numbers have been combined. The increase is attributable to building rentals including the Federal Express and UPS building/facilities, Terminal 2 common use rates and other fees associated with non-signatory airline landing and ramp fees that were included in this category in 2005 through 2007. However, 2008 reporting revenue is included in Airline Rates and Charges. (See Operating Budget Revenue.)

Operating Expenses

Expense changes are as follows:

- Personnel expenses increased from 2006 to 2015 by \$21.7 million. This equates to an average annual increase of 3.8%. Full Time Equivalents (FTEs) in 2006 were at 558.5 while FTE positions in 2015 were at 591. This is a direct result of the 2010 Expansion which included a new runway, expanded Terminal 1-Lindbergh as well as a number of other facilities.
- Administrative Expenses had an average annual increase of 2.3% as a result of the higher costs related to travel expenses and computer software for the growing technology needs of the airport.
- Professional Services increased 3.5% when comparing 2006 actual expenses to the total expenses for 2015. The majority of the increase was related to computer consulting.
- Utilities increased 2.4% between 2006 and 2015 and reflect the higher costs of natural gas and electricity along with an increase in facilities.
- Operating Services increased 4.3% between the years 2006 and 2015 due to additional contracts such as implementation of porter service in baggage claim and management of shuttle buses and queue lines as well as increases in service agreements.
- Maintenance increased 5.7% between 2006 and 2015 as a result of additional facilities including Runway 17/35. Contracted maintenance also increased for building mechanical areas, including automated people mover, elevator, escalator and moving walks.
- Other expenses increased 0.4% primarily as a result of increasing costs for minor assets such as computers annualized between the years 2006 and 2015.



**Minneapolis-St. Paul International
Airport Terminal 1- Lindbergh in 1963
and Present Day**

| Facility Expansion Terminal 1-Lindbergh and Terminal 2-Humphrey | | | | |
|--|-----------|-----------|----------|------------|
| | 2006 | 2016 | Increase | % Increase |
| Terminal 1-Lindbergh & Regional | | | | |
| Terminal Square Footage | 2,780,230 | 2,841,143 | 60,913 | 2.2% |
| Number of Gates (Aircraft Loading Positions) | 117 | 104 | -13 | -11.1% |
| Ramp Lineal Footage | 11,302 | 11,001 | -301 | -2.7% |
| Terminal 2-Humphrey | | | | |
| Terminal Square Footage | 398,134 | 595,699 | 197,565 | 49.6% |
| Number of Gates | 10 | 14 | 4 | 40.0% |
| Parking (All Facilities) | 19,677 | 23,639 | 3,962 | 20.1% |

The chart above compares the development and expansion of the major facilities at MSP International Airport between 2006 and 2016. The significance of this growth impacts both revenue and expenses. New facilities occupied by tenants will continue to generate additional income. Expenses include maintenance (both labor and materials), repairs, utilities, security and administrative costs. All sections of MAC are impacted by changes in facilities.

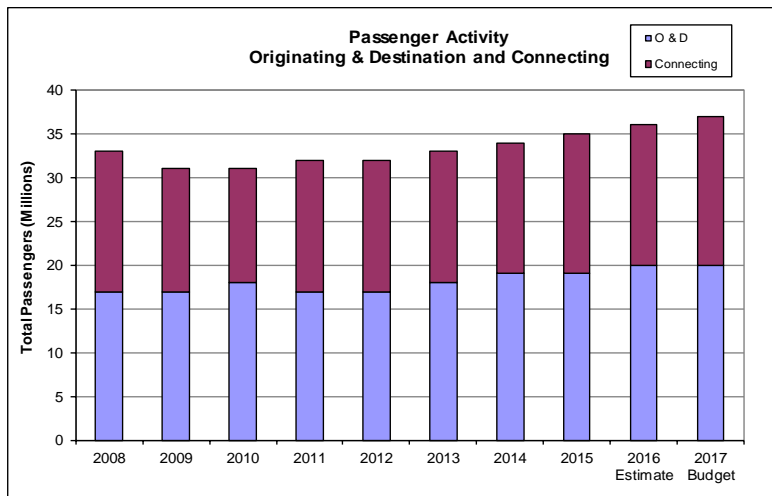
The following table identifies major new facilities that have been completed since 2007.

| Major New Facilities Completed 2007 through 2016 | | | |
|---|--------------|---|--------------|
| New Facilities | Closing Date | New Facilities | Closing Date |
| Taxiway CD Phase 3 | 2007 | Perimeter Fence Security Improvement | 2012 |
| In-line Baggage Screening System | 2007 | Terminal 1-Lindbergh Jet Bridge Replacements | 2012 |
| Runway 12R/30L Reconstruction Segment 2 | 2007 | Terminal 1-Lindbergh South Baggage Screening – Phase 2 | 2013 |
| St. Paul Airport Runway Improvements | 2008 | IT Data Center Facility – Phase 1 & 2 | 2013 |
| HHH Terminal Parking Expansion | 2008 | Terminal 2-Humphrey Apron Expansion | 2013 |
| St. Paul Airport Runway Safety Area | 2008 | I-494/34 th Ave. Interchange (Diverging Diamond) | 2013 |
| Perimeter Fence/Gate Barrier System | 2008 | Concourse G Roof Replacements | 2013 |
| St. Paul Airport-Dike Excavation | 2008 | North Side Storm Sewer (Ponds 3 & 4) | 2013 |
| Runway 12L/30R Reconstruction - Segment 2 | 2009 | Post Road Fuel Farm Fire Protection Improvement | 2013 |
| North/South Runway-Bloomington Land Acquisition | 2009 | Conveyance System Upgrades | 2013 |
| HHH Terminal Parking Facility Expansion | 2009 | 2014 Pavement Rehabilitation-Aprons | 2014 |
| St. Paul Airport - Flood Protection: Perimeter Dike | 2009 | Terminal 1-Lindbergh Checked Baggage Inspection system | 2014 |
| Lindbergh Sprinkle System - Phase 3 | 2009 | Terminal 1-Lindbergh Bag Claim Fire Protection System | 2014 |
| MUFIDS Phase 2 | 2010 | Terminal 2-humphrey Auto Rental Facility | 2014 |
| Lindbergh Terminal Carpet | 2010 | 2012iViSN Projects (CCTV) Phase 1&2, Camera Replacements | 2014 |
| HHH Skyway Expansion | 2010 | Solar Panels on Blue/Red Parking Ramp | 2015 |
| Flying Cloud Airport -Runway 10R/289L Extension | 2010 | Terminal 1-Lindbergh FIS Expansion Gate 8 Holding Room | 2015 |
| 2008/2009 Part 150 Noise Sound Insulation Program | 2010 | 2014 Airline Accomodations | 2015 |
| Concourse G Expansion Site Preparation | 2011 | 2014 iViSN-CCTV Improvements | 2015 |
| Taxiway C Extension to HHH Remote | 2011 | 2015 Terminal 1 Modular Cooling Tower Installment | 2015 |
| Lindbergh Sprinkle System - Phase 4 | 2011 | Terminal 2-Humphrey Checked Baggage Inspection System | 2016 |
| FAA Building Upgrades | 2011 | Terminal 2-Humphrey Gate Expansion | 2016 |
| 2008/2012 Part 150 Noise Sound Insulation Program | 2012 | Terminal 1-Lindbergh Checkpoint Consolidation | 2016 |
| Terminal 2-Humphrey Phase A Security Checkpoint | 2012 | Terminal 1-Lindbergh 2014/2015 Restrooms Upgrade | 2016 |
| Terminal 2-Humphrey Fuel Facility Relocation | 2012 | Solar Panels on Terminal 2-Humphrey Parking Ramp | 2016 |
| Terminal 1-Lindbergh Folded Plate Drain Roof Repair | 2012 | 2015 Pavement Rehabilitation-Aprons | 2016 |

Note: Lindbergh=Terminal 1 Lindbergh HHH=Terminal 2-Humphrey

Activity/Operations Statistics

This section contains the historical and forecasted levels of activity for the period 2008 through 2017 in the MAC’s system of airports.



The above chart illustrates passenger activity that occurred at MSP International Airport during the time period 2008 to 2017. The following highlights recent activity affecting passenger activity.

- 2008 - 1.1 million decline in passengers as Northwest, the major carrier, merged with Delta
- 2009 - Worst recession since the Great Depression yielded 1.6 million less passengers
- 2014 - Increase in passengers due to a stronger economy
- 2017 - Budget projects an increase in passenger activity of 2% over the 2016 estimate based upon airline projections and a stronger economy

| Passenger Type | 2013 Actual | 2014 Actual | 2015 Actual | 2016 Estimate | 2017 Budget |
|-------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Enplaned | 8,929,724 | 9,298,618 | 9,791,389 | 9,987,217 | 10,186,961 |
| Connecting | 14,880,428 | 15,818,190 | 15,878,034 | 16,195,595 | 16,519,507 |
| Deplaned | 8,957,947 | 8,972,640 | 9,825,002 | 10,021,502 | 10,221,932 |
| Total Passengers | 32,768,099 | 34,089,448 | 35,494,425 | 36,204,314 | 36,928,400 |

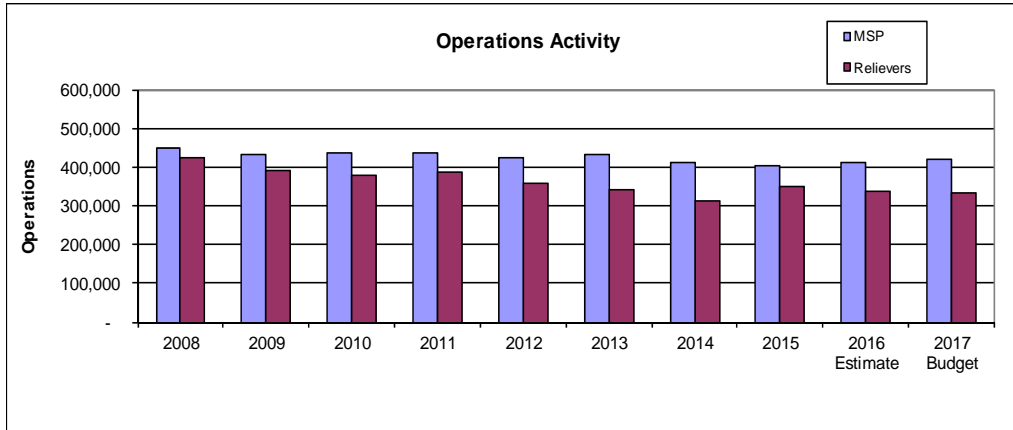
Estimates of passenger activity form an important element in forecasting revenue each year. The above chart represents actual passenger statistics for 2013, 2014 and 2015 with estimates for 2016 and budget 2017. The following categories are each used in a specific manner when calculating revenue:

- Enplaned (originating) passengers plus connecting passengers are used in forecasting most concession revenue.
- Deplaned (final destination) passengers are used in the process of estimating auto rental revenue.
- Enplaned (originating) passengers, excluding connecting, are used in estimating common use and carousel/conveyor, porter services and queue line management percentages for billing the airlines.

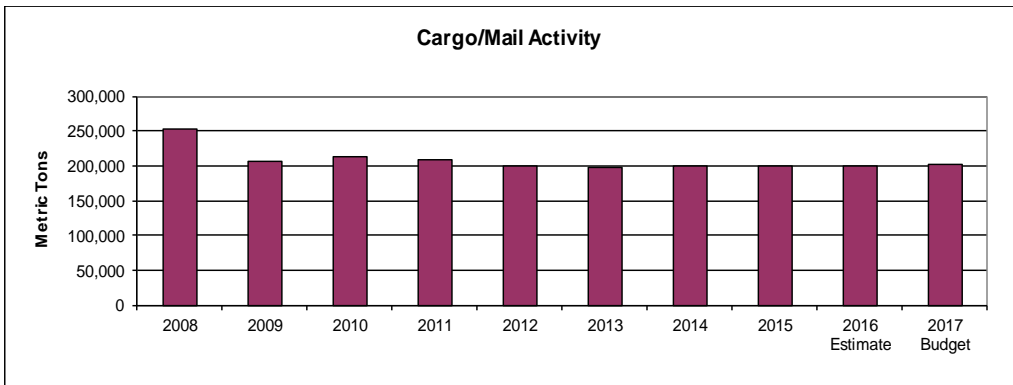


Delta Air Lines Operations at Terminal 1-Lindbergh

The following Operations Activity chart depicts the total operations activity for both the Reliever Airports and MSP International. An operation represents one takeoff or landing. MSP operations have steadily declined in past years as shown in the below chart due to airline bankruptcies, acquisitions, the recession and aircraft size. The 2017 budget is optimistic and is based upon prior year operations as airlines are flying larger aircraft with greater seating capacity.



The Cargo/Mail Activity Chart shows a decrease in activity from 2008 to 2012 as a result of shipments made via truck or rail due to costs and security, bankruptcy issues and the economy. Cargo and mail delivery has been consistent since 2012 and, as a result, the 2017 budget mirrors this activity.



Parking Rules Were Enforced at Wold-Chamberlain Field in 1951

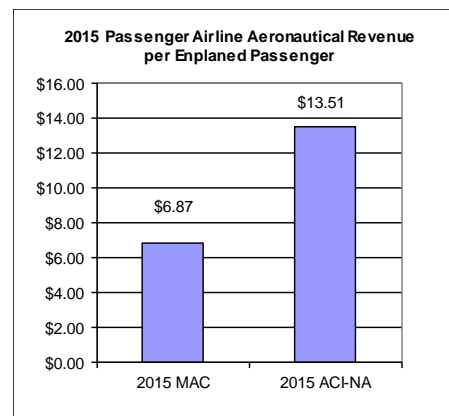
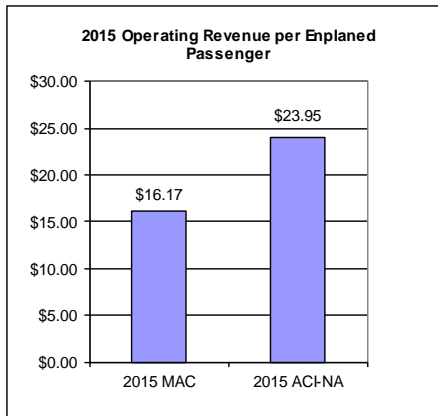
National Comparisons

The information presented in this section was obtained from the National Airport Survey prepared by Airports Council International-North America (ACI-NA) dated September 2016. This survey grouped hub airports into three categories: large, medium, and small. MSP is considered a large hub airport.

The following two subjects are addressed: Industry Revenue Comparisons
 Industry Comparisons – Other

Industry Revenue Comparisons

Revenue per Enplaned Passenger and Concessions Revenue are shown in this segment. The following charts compare MAC’s revenue with ACI-NA survey results for 2015:

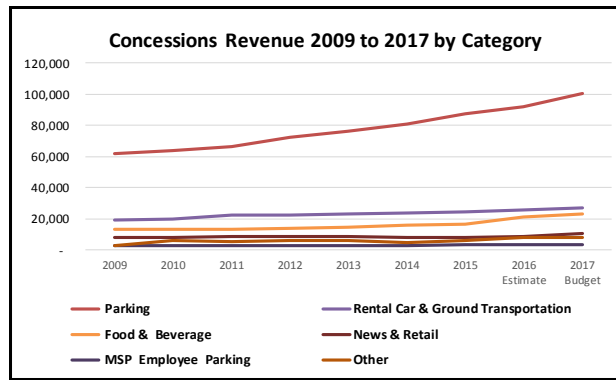


Operating Revenue per Enplaned Passenger compares MAC’s revenue of \$16.17 per enplaned passenger to other large hub airports of \$23.95. The difference is primarily attributable to MAC’s lower operating costs as these costs are used to calculate airline rates and charges.

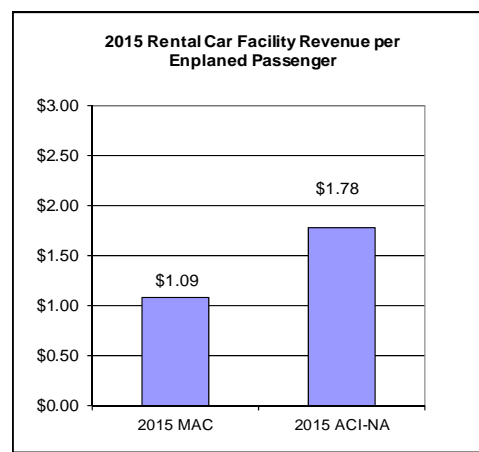
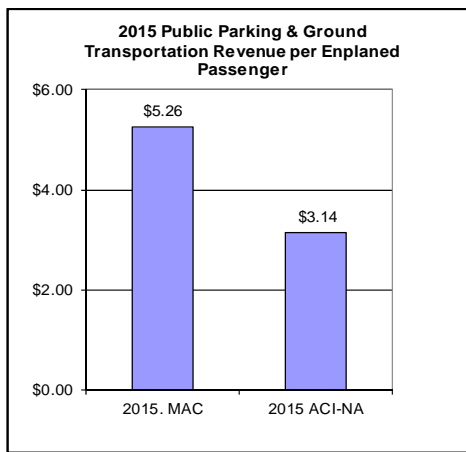
Passenger Airline Aeronautical Revenue per Enplaned Passenger in the above chart measures how much airlines pay the airport on a per enplaned passenger basis. Cargo revenue is not included. MAC’s ratio is below the median by \$6.64/enplanement. The primary reason for this difference is MAC’s lower operating costs. In addition, the Third Amendment for the airlines established a concessions credit which also lowers the airline cost. The amended Airline Use Agreement (due to airline bankruptcies) allows for a change in rate methodology, lease adjustments, etc. (See Operating Budget Revenue section for further details.)

The following table and chart presents historical concession revenues from 2009 to 2015, estimate for 2016 and the 2017 budget. The largest groups of concession revenue are Parking and Rental Car and Ground Transportation (See Operating Budget Revenue for additional details.)

| 2017 Budget Concession Revenues (\$ = 000) | | | | | | | |
|--|---------|------------------------------------|-----------------|---------------|----------------------|-------|---------|
| Year | Parking | Rental Car & Ground Transportation | Food & Beverage | News & Retail | MSP Employee Parking | Other | Total |
| 2009 | 61,546 | 19,429 | 13,052 | 8,082 | 2,586 | 2,685 | 107,380 |
| 2010 | 63,682 | 19,616 | 12,957 | 8,028 | 2,469 | 5,752 | 112,504 |
| 2011 | 66,612 | 22,246 | 13,398 | 8,373 | 2,578 | 5,585 | 118,792 |
| 2012 | 72,621 | 22,574 | 13,808 | 8,607 | 2,929 | 5,860 | 126,399 |
| 2013 | 76,569 | 23,133 | 14,743 | 8,489 | 2,414 | 5,973 | 131,321 |
| 2014 | 80,658 | 23,751 | 16,128 | 8,245 | 2,917 | 4,745 | 136,444 |
| 2015 | 87,578 | 24,694 | 16,836 | 8,191 | 3,328 | 6,266 | 146,893 |
| 2016 Estimate | 91,700 | 25,900 | 20,968 | 8,850 | 3,550 | 7,950 | 158,918 |
| 2017 Budget | 100,702 | 27,801 | 22,857 | 10,350 | 3,646 | 8,039 | 173,394 |

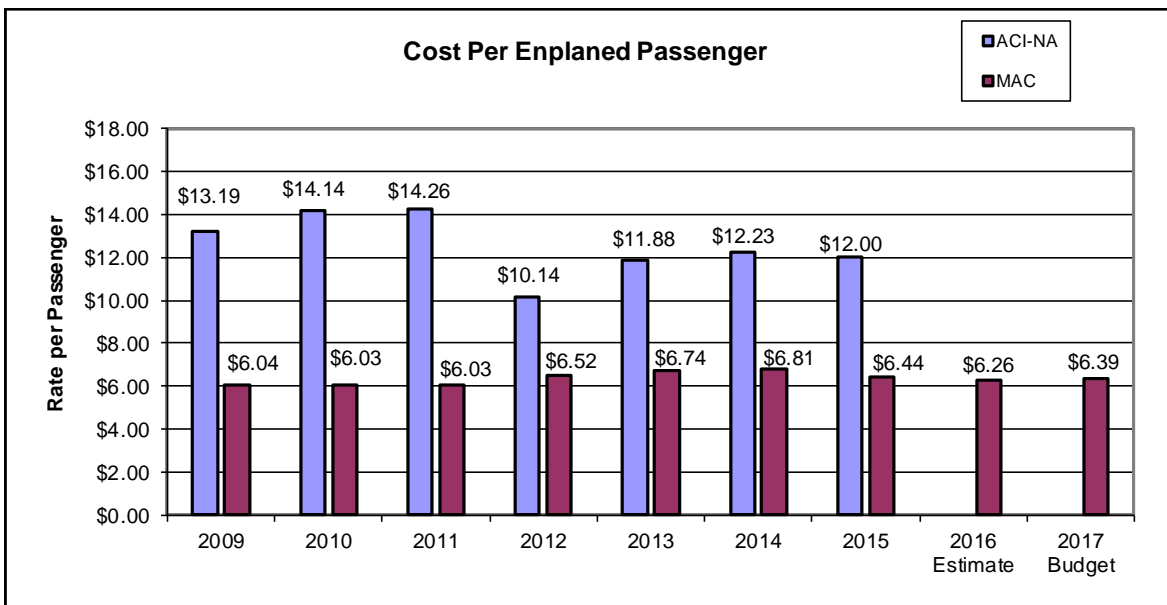


The following two charts represent MAC's comparison with other large hub airports for Parking and Ground Transportation and Rental Car Facility. MAC, in 2015, was higher than the national average for parking and ground transportation by \$2.12. However, MAC is lower in generating revenue from rental car facilities by \$0.69.



Industry Comparisons - Other

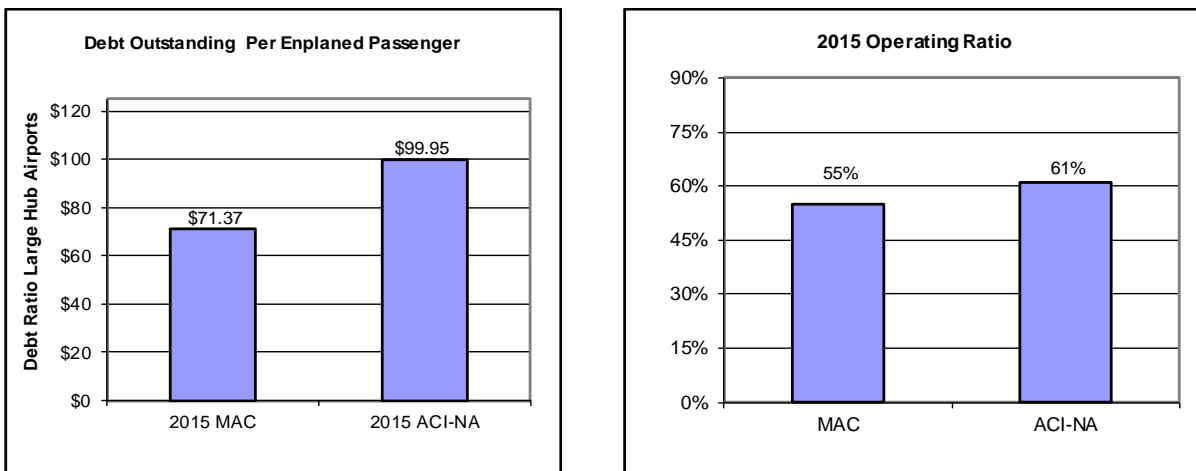
The following section compares MAC to industry performance ratios. These ratios are based on 2015 financial and operating data (the most recent available) and have been used for purposes of comparison. All MAC data is based upon actual 2015 information.



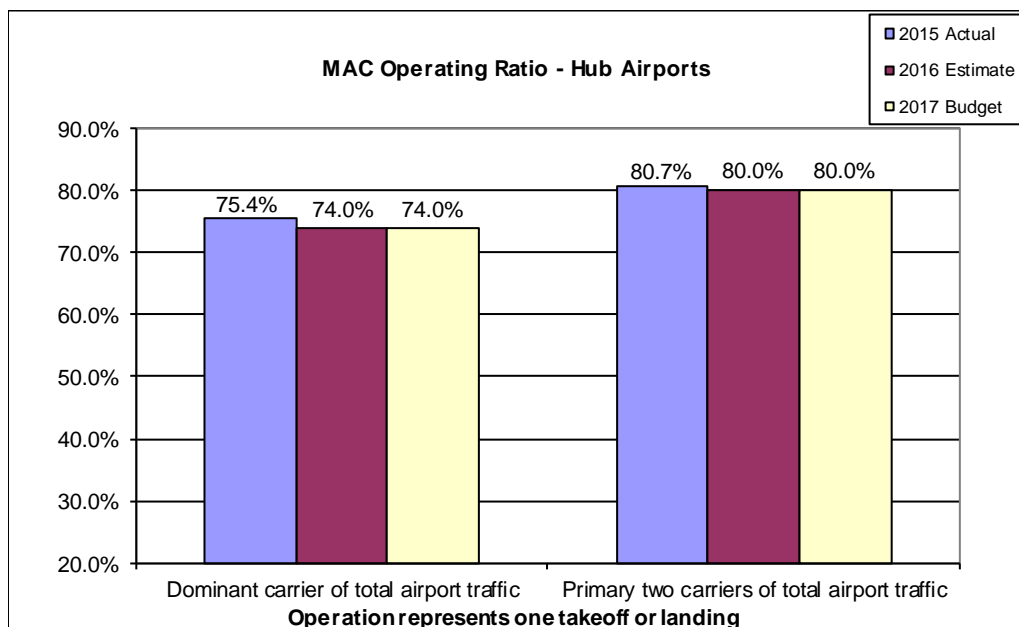
The above chart, Cost per Enplaned Passenger Comparison, historically compares MSP’s operating expenses for airlines in the airfield, ramp, terminal buildings and international facilities per enplaned passenger to the average cost per enplaned passenger as indicated in the ACI-NA report. In 2015, MAC’s expense of \$6.44 per passenger (which is in the lower third of large hub airports) is less than the 2015 national average of \$12.00 for large hub airports and is attributable to MAC’s lower operating costs.

Debt outstanding per enplaned passenger is calculated by dividing total outstanding General Airport Revenue Bond (GARB) debt by the number of enplaned passengers. The chart on the following page uses the average for Debt per Enplaned Passenger as published by the ACI-NA for large hub airports. MAC’s ratio of debt/enplaned passenger is below the industry average due to bond refundings.

The 2015 Operating Ratio is calculated by dividing total operating expenses, excluding depreciation, by total operating revenues. As shown on the following page, MAC’s operating ratio indicates that operating expenses are a slightly lower percentage of the total operating revenue than the national average as the Commission strives to keep costs low.



The dominant carrier at MSP is Delta Air Lines. As shown below, the 2017 budget is projecting no change in the Delta percentages from the 2016 estimate. The second largest carrier in 2016 was American Airlines with 5.9% of total airport traffic.



Informative Facts about Minnesota

Minnesota is a dynamic and flourishing state for a variety of reasons. A number of Fortune 500 companies are located within the state as Minnesota’s culture promotes financial prosperity. The Minnesota education rates exceed the national average which, in turn, reduces the state unemployment rate, increases per capita income and provides the opportunity to choose from many large employers for employment. In addition, the Minneapolis-St. Paul International Airport is ranked among the top airports in a number of areas. Minneapolis-St. Paul International Airport is the only large hub airport in the Metropolitan Statistical Area (MSA) serving scheduled air commerce.

To gain a better understanding of Minnesota, the following information is presented in this section.

- Population
- Employers
- Employment
- Income and Education
- Tourism and Attractions
- Interesting Facts about Minneapolis-St Paul International Airport

Population

Despite the sometimes frigid weather, Minnesota’s population continues to grow each year. The table below presents the population for the U.S., Minnesota, and the Metropolitan Statistical Area (MSA). The MSA is composed of 11 counties located in the east-central region of the state and 2 counties in the western portion of Wisconsin. According to the U.S. Census Bureau, Minnesota is the 22nd most populous state in the nation, with a 4.1% increase since 2010. The Minnesota Department of Natural Resources website states a population density of 66.6 persons per square mile. Much of the recent population growth is attributed to immigration, births, and new residents. According to the Minnesota State Demographic Center, the state population is made up of 81.0% White Non-Hispanic, 5.8% African American, 5.2% Hispanic, and 4.8% Asian Non-Hispanic people, with the remaining 3.2% of the population representing a variety of other races. Approximately 64% of Minnesota’s population lives in the MSA, as shown in the table below.

| POPULATION As of December 31 (In thousands) | | | | | |
|---|---------------|-----------|--------------------------|------------------|-----------------------|
| Calendar Year | United States | Minnesota | Minneapolis St. Paul MSA | MSA** as % of US | MSA as % of Minnesota |
| 2003 | 290,211 | 5,048 | 3,082 | 1.1% | 61.1% |
| 2004 | 293,046 | 5,079 | 3,112 | 1.1% | 61.3% |
| 2005 | 295,753 | 5,127 | 3,141 | 1.1% | 61.3% |
| 2006 | 298,593 | 5,167 | 3,172 | 1.1% | 61.4% |
| 2007 | 301,580 | 5,198 | 3,208 | 1.1% | 61.7% |
| 2008 | 304,375 | 5,231 | 3,238 | 1.1% | 61.9% |
| 2009 | 307,007 | 5,266 | 3,270 | 1.1% | 62.1% |
| 2010 | 309,326 | 5,303 | 3,349 | 1.1% | 63.2% |
| 2011 | 311,583 | 5,347 | 3,389 | 1.1% | 63.4% |
| 2012 | 313,874 | 5,380 | 3,422 | 1.1% | 63.6% |
| 2013 | 316,129 | 5,420 | 3,459 | 1.1% | 63.8% |
| 2014 | 318,857 | 5,457 | 3,428 | 1.1% | 62.8% |
| 2015 | 322,871 | 5,490 | 3,495 | 1.1% | 63.7% |
| 2016 | 324,304 | 5,520 | TBD | TBD | TBD |

Sources: US Department of Commerce, Bureau of the Census accessed 1/18/2017 & Proximity One accessed 1/18/17
 **MSA=Metropolitan Statistical Area

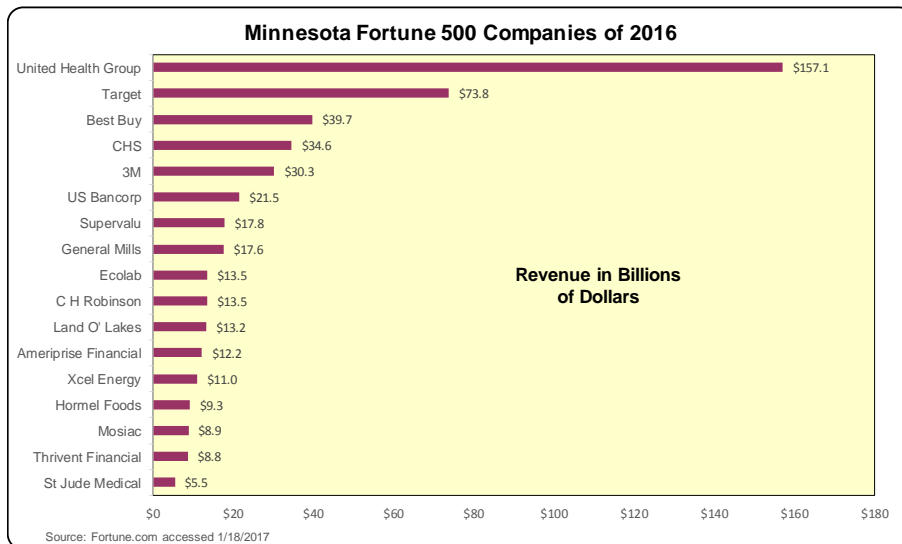
Employers

Many large, prominent companies are based in Minnesota and reap the benefits of the state’s talent, innovation, and trade. In 2016, Mayo Clinic was at the top of the Largest Minnesota Employer listing with almost 42,000 employees, when ranked by number of in-state employees. State and Federal Governments are close behind in the ranking with 38,538 and 33,370 employees, respectively. Target is still holding strong as one of the top employers, and Delta Air lines is a big player with 8,500 in-state employees.

| Employer | Number of Minnesota Employees | Industry |
|---|--------------------------------------|---------------------------|
| Mayo Clinic | 41,892 | Health Services |
| State of Minnesota | 38,538 | Governmental Services |
| US Federal Government | 33,370 | Governmental Services |
| Target Corporation | 26,694 | Retail |
| Allina Health | 26,000 | Health Services |
| University of Minnesota | 25,960 | Education |
| HealthPartners | 22,500 | Health Services |
| Fairview Health Services | 22,000 | Health Services |
| Wells Fargo Minnesota | 20,000 | Financial Services |
| Minnesota State Colleges & Universities | 16,494 | Education |
| UnitedHealth Group | 15,750 | Health Services |
| 3M Company | 15,000 | Manufacturing |
| US Bancorp | 12,010 | Financial Services |
| United States Postal Service | 11,471 | Postal Services |
| Essentia Health | 11,448 | Health Services |
| CentraCare Health | 9,296 | Health Services |
| Medtronic | 9,000 | Medical Technology |
| Supervalu Inc | 9,000 | Retail |
| Hormel Foods Corp. | 8,563 | Food Manufacturing |
| Delta Air Lines | 8,500 | Passenger Services |

Source: Minneapolis/St. Paul Business Journal Book of Lists 2016-2017

The companies on the Fortune 500 list total \$12 trillion in revenues and 27.9 million worldwide employees. Minnesota is home to 17 Fortune 500 companies, representing a wide variety of industries including health services, financial services, retail sales, manufacturing, and food processing. These companies brought in \$488.3 billion in revenue in 2016. The following chart recognizes the Minnesota Fortune 500 Companies of 2016 ranked by revenue. United Health Group tops the chart with \$157.1 billion in revenue, followed by Target Corporation with \$73.8 billion. Best Buy and CHS are next in line with \$39.7 and \$34.6 billion, respectively. Minnesota is also home to more than 500,000 small businesses and 109,000 farms.



Employment

The civilian unemployment table reveals that Minnesota and the Minneapolis-St. Paul Metropolitan Statistical Area have historically low unemployment rates. The Minnesota rate has been below the national rate for all years shown except for 2007 and 2008. During those years, a recession from poor housing, credit, and financial markets led to the highest unemployment rate in Minnesota in 22 years. However, the unemployment rate for the MSA was lower than the national unemployment rate in every year shown. According to the Bureau of Labor Statistics, Minnesota's current 3.8% unemployment rate was the 10th lowest in the nation in November of 2016. In 2010, the unemployment rate began to decline in Minnesota and the MSA, but it did not decline for the United States until the following year. Unemployment continues to remain low for the United States, Minnesota, and the MSA.

| Calendar Year | United States | Minnesota | Minneapolis-St Paul MSA** |
|---------------|---------------|-----------|---------------------------|
| 2002 | 5.8% | 4.5% | 4.4% |
| 2003 | 6.0% | 4.9% | 4.7% |
| 2004 | 5.5% | 4.4% | 4.4% |
| 2005 | 5.1% | 4.2% | 3.9% |
| 2006 | 4.6% | 4.4% | 3.8% |
| *2007 | 4.6% | 4.8% | 4.0% |
| *2008 | 5.8% | 6.5% | 5.1% |
| 2009 | 9.3% | 7.7% | 7.9% |
| 2010 | 9.6% | 7.0% | 7.3% |
| 2011 | 8.9% | 5.8% | 6.3% |
| 2012 | 8.1% | 5.4% | 5.5% |
| 2013 | 7.4% | 4.7% | 4.8% |
| 2014 | 6.2% | 3.6% | 3.0% |
| 2015 | 5.0% | 3.5% | 2.7% |
| 2016 | 4.7% | 3.8% | 3.0% |

*Indicates national recession during all or part of the year
**The MSA consists of 13 surrounding counties.
Sources: US Department of Labor, Bureau of Labor Statistics accessed 1/18/17, Minnesota Department of Employment and Economic Development accessed 1/18/17

According to the Department of Employment and Economic Development (DEED), Minnesota is projected to add about 20,500 jobs annually and will reach 3.1 million jobs by 2022. With the Fortune 500 companies, the large number of employers in the state, and new jobs added annually, Minnesota remains economically strong and vibrant.

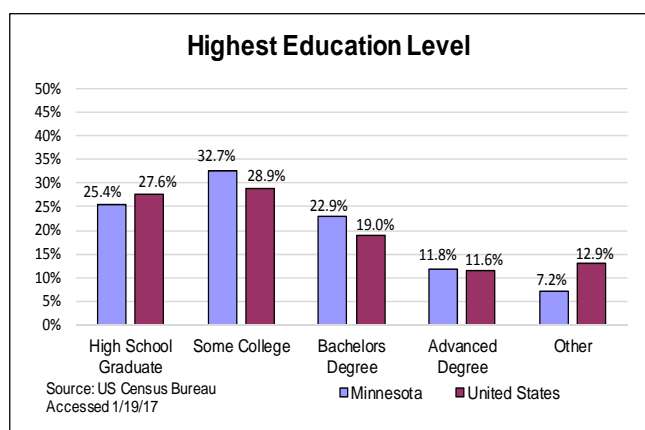
Income and Education

In 2014, Minnesota ranked 14th in the U.S. for per capita personal income. The Minnesota rate increased 3.1 percent from 2014 to 2015, compared to the national average of 4.5 percent. Minnesota's \$50,541 per capita personal income was 105% of the national average of \$48,112 per the Bureau of Economic Analysis. For every year listed in the following personal income chart, the MSA's per capita personal income has been higher than the per capita personal income amount for the nation and the state. This higher per capita personal income leads to an average higher discretionary disposable income than others throughout Minnesota and the nation. This relates positively to the demand for air travel.

The following two charts depict comparisons of per capita personal income and the highest attained education levels.

| Year | United States | Minnesota | MSA |
|------|---------------|-----------|--------|
| 2006 | 37,728 | 40,015 | 45,002 |
| 2007 | 39,430 | 41,764 | 46,853 |
| 2008 | 40,208 | 43,037 | 48,207 |
| 2009 | 38,846 | 41,223 | 44,977 |
| 2010 | 39,945 | 42,847 | 46,498 |
| 2011 | 41,560 | 44,560 | 48,657 |
| 2012 | 43,735 | 46,925 | 50,260 |
| 2013 | 44,765 | 47,500 | 51,183 |
| 2014 | 46,049 | 48,998 | 53,166 |
| 2015 | 48,112 | 50,541 | 53,166 |

Source: Bureau of Economic Analysis, US Department of Commerce accessed 1/19/17



Education is important to Minnesotans. As depicted in the education chart above, the state has a well-educated workforce. For adults 25 years of age and over, the percentage of Minnesotans with bachelor and advanced degrees is 4.1% greater than the percentage of the United States population as a whole. Including high school graduates and people with some college education, Minnesota exceeds the nation by 5.7%. Post-secondary education opportunities in the MSA include a variety of institutions: public universities, private colleges and universities, community colleges, technical colleges, and post-graduate schools. In addition, several proprietary schools offer trade and technical training in the MSA. These educational opportunities help situate Minnesota in a competitive economic position.

Tourism and Attractions

The Minneapolis-St Paul area has numerous tourist attractions and local activities:

- Home to the nation’s largest shopping center and entertainment complex, the Mall of America (MOA) receives over 40 million visitors per year, 40% of whom are tourists. The MOA generates \$2 billion of annual economic activity.
- Nationally renowned cultural organizations include the Guthrie Theater, Children’s Theater Company, Minnesota Orchestra, St. Paul Chamber Orchestra, Minnesota Opera, Walker Art Center, Minneapolis Institute of Arts, and Minnesota Museum of Art.
- Broadway shows and other cultural events are hosted by the State Theater, Orpheum Theatre and Ordway Theatre.
- Six major teams play professional sports in the Twin Cities: the Minnesota Twins (baseball), Minnesota Vikings (football), Minnesota Timberwolves (men’s basketball), Minnesota Lynx (women’s basketball), Minnesota United (men’s soccer) and Minnesota Wild hockey team. In 2016, the brand new U.S. Bank Stadium in downtown Minneapolis hosted its first Minnesota Vikings game. The Saint Paul Saints (American Association of Independent Professional Baseball) opened CHS Field in downtown Saint Paul in 2015.
- University of Minnesota Gophers participate in the Big Ten Conference in a number of sports including basketball, hockey, football and soccer.
- Minnesota, with its more than 10,000 lakes and 136,000 acres of parks, trails and wildlife management areas, is known for its wide variety of outdoor activities such as sailing, fishing, skiing and hunting.
- Popular local activities in Minnesota include the following annual events: Minnesota State Fair, Minneapolis Aquatennial, and St. Paul Winter Carnival.



U.S. Bank Stadium, Downtown Minneapolis
 Source: Architectural Digest Online

Interesting Facts about the Metropolitan Airports Commission

Historical Facts



Arial View of Snelling Speedway

The Snelling Speedway auto racing venue was an unsuccessful venture. In 1914, the Minneapolis Aero Club acquired the property, which is now home to the Minneapolis-St. Paul International Airport.

The first hangar was built on the speedway property in 1920. The wooden structure was constructed to accommodate airmail service. The 160-acre property became known as Speedway Field.

In 1926, Northwest Airways won the government's airmail contract and acquired the hangar.



First U.S. Air Mail Building on Speedway Field

In 1923, Speedway Field was re-named Wold-Chamberlain Field in honor of two local pilots, Ernest Wold and Cyrus Chamberlain, who lost their lives in combat during World War I.



Dedication of Wold-Chamberlain Field on July 10, 1923



St. Paul Downtown Airport Terminal Building – Year 1939

The St. Paul Downtown Airport remains one of the six reliever airports in the Metropolitan Airports Commission's system. Formerly known as Holman field, the airport is now the metro area's primary facility for private business aviation. To protect the facility against river flooding, a floodwall was installed in 2008.



Source: www.imdb.com & Getty Images © 2012

In 1970, the movie “Airport” was filmed partially at MSP airport. Burt Lancaster, Dean Martin, Jean Seberg and Jacqueline Bisset starred in the movie.

Current MSP Information

- The MSP Airport Surveillance radar sweeps the sky once every 4.8 seconds.
- Runway 17/35 and its taxiways contain enough concrete to build a sidewalk from Minneapolis to New Orleans.
- Runway 12R-30L is 10,000 feet long by 200 feet wide, which equates to two million square feet of concrete. The MAC runway snow removal team can clear the runway of snow in less than ten minutes.
- MSP operates one of the nation’s most extensive airport noise mitigation programs. Since 1992, the Commission has spent approximately \$480 million on noise mitigation programs, including insulating 17,969 single-family homes and multi-family units and 19 schools.
- The 53,000 kilometers of fiber cable installed on the property of the Commission could circle the world just over two times.
- MSP encompasses approximately 3,300 acres. Turf areas, accounting for more than one-third of the campus, require extensive maintenance by the Field Maintenance crew.

MSP Airport Activity

The passenger traffic at MSP is affected by the region’s economic profile. For example, the amount and type of commerce in the region may affect the level of business travel to and from MSP or the average regional personal income may affect the level of discretionary travel from MSP.

| 2015 Ranking of US Airports (For the 12 Months ended December 31, 2015) | | | | | |
|--|--------------------------|---------------|---|--------------------------|------------|
| Total Passengers ¹ (in thousands) | | | Total Cargo ² (Freight and mail, in thousands of metric tons) | | |
| Rank | Airport | Passengers | Rank | Airport | Cargo |
| 1 | Atlanta (ATL) | 101,491 | 1 | Memphis (MEM) | 4,291 |
| 2 | Chicago (ORD) | 76,950 | 2 | Anchorage (ANC) | 2,631 |
| 3 | Los Angeles (LAX) | 74,937 | 3 | Louisville (SDF) | 2,351 |
| 4 | Dallas/Fort Worth (DFW) | 64,075 | 4 | Miami (MIA) | 2,005 |
| 5 | New York (JFK) | 56,827 | 5 | Los Angeles (LAX) | 1,939 |
| 6 | Denver (DEN) | 54,015 | 6 | Chicago (ORD) | 1,593 |
| 15 | Orlando (MCO) | 38,728 | 25 | Denver (DEN) | 248 |
| 16 | Newark (EWR) | 37,495 | 26 | Portland (PDX) | 216 |
| 17 | Minneapolis (MSP) | 36,583 | 27 | Minneapolis (MSP) | 199 |
| 18 | Boston (BOS) | 33,516 | 28 | Detroit (DTW) | 193 |
| 19 | Detroit (DTW) | 33,440 | 29 | Orlando (MCO) | 188 |
| 20 | Philadelphia (PHL) | 31,444 | 30 | Salt Lake City (SLC) | 171 |

¹ arriving and departing passengers and direct transit passengers counted once
² loaded and unloaded freight and mail in metric ton
 Source: ACI 2015 North American Traffic Report

MSP is one of the highest-activity airports in the United States. Approximately 45% of the passengers are connecting while the other 55% are origin-destination. In 2002, MSP held 9th place for U.S. airport passenger activity. Several airline bankruptcies and mergers subsequently occurred, as well as a general decline in air travel. This resulted in a drop in rank to 17th place, where MSP has held steady for several years.

When ranked by total cargo, MSP placed 27th in the U.S. for 2015. This was an improvement from the 2014 ranking of 28th place and resulted from a small increase in cargo metric tons at MSP and a small decrease at DTW. Cargo revenues help to support the viability of scheduled passenger flight operations at MSP, as a portion is carried in the belly compartments of passenger flights. The 2017 cargo volume is expected to grow over 2016 levels.

The following table indicates which air carriers provide service at the MSP airport. As of January 1, 2017, the airport was served by 33 air carriers, including 20 U.S. Flag carriers providing scheduled service, nine all-cargo service carriers, and four foreign-flag carriers.

| Minneapolis St Paul International Airport Air Carriers Serving the Airport ¹ As of January 1, 2017 | | |
|---|--------------|--------------------|
| U.S. Flag Carriers | | |
| Air Wisconsin* | Envoy* | Republic Airlines* |
| Alaska* | ExpressJet* | Shuttle America* |
| American* | Frontier* | Sky West* |
| Boutique Air* | Go Jet* | Southwest* |
| Compass* | Mesa | Spirit* |
| Delta* | PSA | United* |
| Endeavor* | Sun Country* | |
| Foreign Flag Carriers | | |
| Air Canada | Condor | Icelandair |
| Air France | | |
| All Cargo Service | | |
| ABX Air | CSA Air | Mountain Air Cargo |
| Atlas Air Cargo | FedEx | Suburban |
| Bemidji | IFL | UPS |

* Denotes those air carriers that are signatory airlines to the Airline Lease Agreement.
¹ Excludes carriers reporting fewer than 1,000 enplaned passengers per annum.
 Source: Metropolitan Airports Commission

In addition to the preceding air carriers, the Air Force Reserve 934th Tactical Airlift Group, the Marine Air Reserve Training Detachment, and the Naval Air Reserve-Twin Cities Center are three branches of the U.S. Armed Forces represented at the Airport. Also, the Minnesota Air National Guard 133rd Tactical Airlift Group is located at the Minneapolis-St Paul International Airport.

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Glossary

21D – Lake Elmo Airport – An easy drive to the St. Paul business district or to scenic destinations along the St. Croix River, such as Stillwater, Minnesota and Hudson, Wisconsin. It is one of six reliever airports operated by the MAC.

4DX – Four Disciplines of Execution. A practical management process which helps the team to define their most important goals that help to achieve the organization’s strategic plans.

AA – Affirmative Action

AAAE – American Association of Airport Executives – Founded in 1928, AAAE is the world's largest professional organization for airport executives, representing thousands of airport management personnel at public-use commercial and general aviation airports. AAAE's members represent some 850 airports and hundreds of companies and organizations that support airports. AAAE serves its membership through results-oriented representation in Washington, D.C. and delivers a wide range of industry services and professional development opportunities including training, meetings and conferences, and a highly respected accreditation program. http://www.aaae.org/about_aaa/

Accrual Basis – This basis of accounting attempts to record financial transactions during the period in which they occur, rather than recording them during the period in which they are paid.

ACI-NA – Airports Council International-North America – The Airports Council International – North America (ACI-NA) represents local, regional and state governing bodies that own and operate commercial airports in the United States and Canada. <http://www.aci-na.org/content/who-we-are>

ACRP 74 – Airport Cooperative Research Program Report 74 – A publication of the Transportation Research Board of the National Academies, entitled “Application of Enterprise Risk Management at Airports.” http://onlinepubs.trb.org/onlinepubs/acrp/acrp_rpt_074.pdf

Administrative Expenses – One of the main expense categories which includes the following: office supplies, computer supplies, postage, printing, memberships, and travel.

ADA – The Americans with Disabilities Act – The Americans with Disabilities Act prohibits discrimination against people with disabilities in employment, transportation, public accommodation, communications, and governmental activities. The ADA also establishes requirements for telecommunications relay services. <https://www.dol.gov/general/topic/disability/ada>

AFD – Airport Fire Department

Agreement (The) – The Airline Agreement which expires on 12/31/18 for most airlines (Delta, Compass, Endeavor Air, KLM, and Air Canada expires 12/31/20.) This Agreement is the basis for airline rates and charges primarily the landing fee, ramp fee, carousels and conveyors, terminal building rates and the noise surcharge.

Agreement (The) Third Amendment – This was an amendment to the Airline Agreement approved in 2007 by all carriers. Major components of this amendment include converting the rate methodology from Depreciation and Interest to Debt Service and also incorporating a portion of the concessions (25% of Food & Beverage, Retail, News and On Airport Auto Rental revenues to MAC up to a maximum of \$32.3 million escalated annually) as a rebate to Lindbergh and Humphrey Terminal tenants.

AGTA – Airport Ground Transportation Association – A trade association for ground transportation operators, airport authorities, and industry suppliers dedicated to the continuous improvement of airport ground transportation services for the traveling public. <https://www.agtaweb.org/>

AHU – Air Handling Unit

AIP Entitlements – Funding available under the FAA’s Airport Improvement Program (AIP). Entitlement grants are based on the number of enplaning passengers and landed cargo weight.

AIP Grants – Noise – Funding available under the FAA’s Airport Improvement Program (AIP). Environmental Mitigation Projects are discretionary grants that are approved on a project by project basis.

Airline Rates and Charges – One of the three main revenue categories. Includes all charges set by the Airline Agreement (landing fees, ramp fees, terminal rents, carrousel and conveyors) plus other airline terminal rents.

Airline R & R (ALR&R) – Airline Repair and Replacement Surcharges – Part of the airline rates and charges

Amortization – The systematic allocation of a balance sheet item to expense (or revenue) on the income statement.

AMSS – Airport Message Sending System

ANE – Anoka County-Blaine Airport – Situated in the north metro near the National Sports Center, Anoka County-Blaine Airport is also known as Jane’s Field. It is one of six reliever airports operated by the MAC.

ANOMS – Airport Noise and Operations Monitoring System

AOA – Airport Operations Area – Any area of an airport used or intended to be used for landing, takeoff, or surface maneuvering of aircraft. An air operations area includes such paved areas or unpaved areas that are used or intended to be used for the unobstructed movement of aircraft in addition to its associated runway, taxiways, or apron. <http://aviationglossary.com/air-operations-area-aoa/>

AOEE – Assessment of Environmental Effects

APC – Automated Passport Control – APC is a U.S. Customs and Border Protection (CBP) program that expedites the entry process for U.S., Canadian and eligible Visa Waiver Program international travelers by providing an automated process through CBP’s Primary Inspection area. Travelers use self-service kiosks to submit their Customs declaration form and biographic information.

APD – Airport Police Department

APM – Automated People Mover – MAC has three Automated People Movers, also known as trams, to transport the traveling public. The C Concourse Tram runs the length of the C Concourse, which has 28 gates. The two parallel hub trams connect Terminal 1 with various ground transportation options, rental cars, parking ramps, and the light rail to Terminal 2.

Apron – The extensive paved area immediately adjacent to the Terminal Building area and hangar area. Also referred to as the ramp.

ARFF – Aircraft Rescue Fire Fighting – Operators of Part 139 airports must provide aircraft rescue and firefighting services during air carrier operations that require a Part 139 certificate. http://www.faa.gov/airports/airport_safety/aircraft_rescue_fire_fighting/

ASQ – Airport Service Quality Program – Airports Council International’s ASQ is the world-renowned and globally established global benchmarking program measuring passengers’ satisfaction while they are travelling through an airport. <http://www.aci.aero/Airport-Service-Quality/ASQ-Home>

AST – Above Ground Storage Tank is a tank that stores liquid substances (i.e. jet fuel, glycol, diesel fuel) above ground.

ATCT – Air Traffic Control Tower

AVI – Automated Vehicle Identification – A system which uses radio frequency identification to identify a vehicle by reading a small tag mounted on a vehicle windshield.

Balanced Budget – Refers to a budget approach in which budgeted operating revenue is equal to budgeted operating expense plus depreciation.

BIDS – Baggage Information Display System

Bonds – A formal promise to pay a specified principal at a certain date in the future along with periodic interest on that principal at a specified rate per period.

Budget – An itemized summary of expected income and expenditure of the Metropolitan Airports Commission over a specified period.

CAFR – Comprehensive Audited Financial Report

Capital Equipment – Represents equipment with a cost of at least \$10,000, which will be capitalized and depreciated.

Capital Expenditure – Refers to a project or piece of equipment with a cost of at least \$10,000. It will be capitalized and depreciated over its useful life.

Capital Improvement Program (CIP) – This program covers projects which will be started during the next two years. Also, a Capital Improvement Plan is used to project an additional five years' worth of projects. These serve as a basis for determining funding requirements and other operational planning decisions.

Capitalized Interest – Interest costs incurred from date of capital project commencement through date of beneficial occupancy (substantial completion).

CBP – U.S. Customs and Border Protection

CCTV – Closed Circuit Television

CFC – Customer Facility Charge is an on-airport rental car assessment to recover the rental car portion of capital costs associated with construction of the auto rental/public parking garage located adjacent to Terminal 1 as well as to recover certain maintenance costs relating to the auto rental facilities.

CIP – Capital Improvement Plan – A 7-year plan relating to construction projects in the Commission's airport system. The current budget year includes projects that have been reasonably defined for implementation during that year. The next budget year includes projects that have been identified in that year of the program which have a need or potential need, but require further study in order to properly determine the scope, feasibility, and cost of the project. The final five years consists of projects that appear to be needed during that period. This portion assists in financial planning and meets the requirements of the Metropolitan Council's Investment Framework.

CMAA – Commercial Management and Airline Affairs – The Commercial Management and Airline Affairs Department oversees revenue generation from airline and airport concession agreements, MSP leases, and system-wide non-aeronautical leases. The department manages MAC property and real estate. It also works to maintain and enhance air service at MSP International Airport, including development and management of incentive programs and efforts to spur additional domestic and international route development.

CMMS – Computerized Maintenance Management System – A software system used to manage assets and to track asset maintenance. A database of information relative to an organization's maintenance operations including work orders, repair history and life-cycle costs.

CMS – Content Management System is a computer program which allows publishing, editing and modifying content as well as maintenance from a central interface. The core function of content management systems is to present information on web sites.

CNN – Cable News Network

COLA – Cost-of-Living Adjustment

Commission – Metropolitan Airports Commission

Commercial Paper – Short-term debt obligation sold with maturity dates of 270 days or less.

Concessions – One of the three main revenue categories. This category includes: food and beverage, news & gifts, parking, auto rental, vending, ground transportation, telephones, and numerous other small leases.

Concourse – The long hallway-like structure where loading and unloading of passengers takes place.

Connecting Passengers – Passengers who fly to MSP and transfer to another flight in order to reach their final destination.

Construction Fund – A special account whose monies are used for capital project expenditures, including consulting fees, at all Commission facilities. (See Construction Budget.)

CSAC – Customer Service Action Council was created in 1999 in response to the State of Minnesota “Quality” initiative. MAC charged CSAC with leadership of its strategic effort to provide world-class, customer oriented air transportation services at MSP.

CSOs – Community Service Officers

CSPI – Customer Service Partnership Initiative is an inter-organizational approach to managing customer service throughout Minneapolis–St. Paul International Airport.

CUPPS – Common Use Passenger Processing System – CUPPS describes the range of services and specifications enacted to enable multiple airlines/handling agents, service providers, or other users to share physical areas on or off airport, whether simultaneously or consecutively. CUPPS is based on an open standards-based environment and has been specifically designed to easily incorporate new technologies as they become available. www.iata.org

CUSE – Common Use System Equipment – Ticketing and gate equipment used by multiple airlines or other entities.

CUTE – Common Use Terminal Equipment – Ticketing and gate equipment used by multiple airlines or other entities.

CUSS – Common Use Self-Service – CUSS describes the specifications and standards for multiple airlines sharing one physical self-service kiosk. <http://www.iata.org/whatwedo/workgroups/Pages/cuwg.aspx>

CWN – Comprehensive Well Network is a network of wells (on the down-gradient perimeter of MSP) where groundwater quality and elevation data are collected.

DAS – Distributed Antenna System – A DAS is a network of antenna nodes that are connected to a common source to provide wireless communication service in a specific locality or building. <https://www.techopedia.com/definition/6878/distributed-antenna-system-das>

DBE – Disadvantaged Business Enterprise

Debt Service – Represents issuer’s obligation to repay the principal and interest.

Debt Service Account – An account which MAC is required by law to maintain. The balance on hand on October 10th of each year must equal all principal and interest due on all Airport Improvement Bonds and General Obligation Revenue Bonds payable through the end of the second following year.

Debt Redemption Fund (Sinking Fund) – A special account whose monies are set aside to retire debt. (See Debt Service Budget.)

Defeased – Refers to bond refundings where the old debt is replaced by a new debt schedule. In most cases, this is done at a lower interest rate.

Deficit – Represents the negative difference between operating revenues less operating expenses (including depreciation).

Department – Usually a combination of service centers but is sometimes used interchangeably with the term service center.

Depreciation – The accounting process of allocating against periodic revenue the cost expiration of tangible plant, property and equipment over their useful lives.

Derivative Financing Products – A transaction or contract whose value depends on or derives from the value of underlying assets such as stock, bonds, or mortgages. One party with exposure to unwanted risk can pass some or all of the risk to a second party. The first party can assume a different risk from a second party, pay the second party to assume the risk, or create a combination of these options. Derivatives are normally used to control exposure or risk.

DHS – Department of Homeland Security

DMR – Discharge Monitoring Report – DMRs are a set of self-monitoring report forms unique to the facility location and operation and based on currently effective permit requirements. Completing DMRs allows the facility to maintain compliance with the permit, verify that compliance, and identify pollutants from multiple sources that are entering a water body. www.pca.state.mn.us

DOT – Department of Transportation

DTC – Drivers Training Center

E1 – Enterprise One is a software product used by the MAC to handle administrative and financial functions ranging from accounting general ledger to personnel to purchasing to lease management.

EA – Environmental Assessment

EAW – Environmental Assessment Worksheet – EAWs are part of the Minnesota Pollution Control Agency's environmental review process. This review process is a standardized public process designed to disclose information about the potential negative environmental effects of a proposed development and ways to avoid or minimize them before the project is permitted and built. www.pca.state.mn.us

ECC – Emergency Communications Center

ECP – Environmental Compliance Program

EMC – Energy Management Center

EMS – Emergency Medical Services

Encumbered – Refers to the fact that funds have been committed for payment for goods or services.

Enplaned Passengers – The number of passengers boarding an aircraft, including originating and stopover or on-line transfer passengers.

Enterprise Fund – The cost (expenses including depreciation) of providing goods or services to the general public on a continuing basis is to be financed or recovered primarily through user charges. That is, operating and capital expenses are paid from revenues generated by users.

EPA – Environmental Protection Agency – The EPA was established December 2, 1970 to consolidate into one agency a variety of federal research, monitoring, standard-setting and enforcement activities to ensure environmental protection. Since its inception, EPA has been working for a cleaner, healthier environment for the American people. <https://www.epa.gov/aboutepa/epa-history>

EVIDS – Electrical Visual Information Display System includes various kinds of electronic displays operated by the Commission. Displays include MUFIDS displays, digital directories, LED signs over the ticket counters and the variable message displays which are programmed to show a message.

Exclusive Use – Space rented to a specific airline.

Exclusive Use-Janitored – With this space the Commission furnishes janitorial cleaning.

FAA – Federal Aviation Administration – The FAA dates to the Federal Aviation Act, which was signed by President Dwight D. Eisenhower. The FAA's mission is to provide the safest, most efficient aerospace system in the world. This translates into a variety of roles, including regulating civil aviation, developing and operating a system of air traffic control and navigation, and developing and carrying out programs to control environmental effects of civil aviation. www.faa.gov

FAA Regulation Part 36 – This regulation deals with noise standards, aircraft type, worthiness, and certification.

FAA Regulation Part 150 – This regulation: a) establishes a uniform nationwide system of describing aircraft noise and noise exposure on different communities; b) describes land-use compatibility for the guidance of local communities; and c) provides technical assistance to airport operators and other governmental agencies to prepare and execute noise compatibility planning.

F&A Committee – Finance and Administration Committee – The F&A Committee is composed of Commissioners meeting on a monthly basis. This Committee is one of the three standing Committees of the Metropolitan Airports Commission. All financial information is reported to and acted upon at the F&A Committee.

F&A – Finance & Administration

FCM – Flying Cloud Airport – FCM is situated in the southwestern corner of the Twin Cities in Eden Prairie. It is home base for many corporate business jets and turbo-props. It is one of six reliever airports operated by the MAC.

FCMS – FlexiPark Central Management System

FIDS – Flight Information Display System

FIS – Federal Inspection Services

FOD – Foreign Objects/Debris

FTE – Full Time Equivalent – term referring to employee headcount

Fuel Storage Facility – Operated by Airline Consortium and used to provide fuel to the airlines.

Funds – Refers to the Commission's three funds segregated for accounting purposes – Operating, Debt, and Construction.

Fund Balance – A fund balance is equal to the assets less liabilities in a fund at a given point in time. A positive fund balance indicates that assets exceed liabilities; a negative fund balance indicates that liabilities exceed assets. Fund balance may also be designated as unreserved or reserved. Unreserved fund balances are free to be authorized for future expenditures; reserved balances may not be designated for future expenditures. Additionally, the fund balance is a residual amount and is not necessarily a cash amount.

Fund Equity – Fund equity is a generic term referring to what is left after all the liabilities have been taken care of or paid with all the assets. In government, the term fund balance is more often used. Fund equity, while conceptually the same as fund balance, is usually reserved for funds in government that are operated on a business or accrual basis.

GAAP (Generally Accepted Accounting Principles) – Conventions, rules, and procedures necessary to describe accepted accounting practices at a particular time.

GASB 34 – Basis of Accounting – Effective January 1, 2002, the Commission adopted GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments; Statement No. 37, Basic Financial Statements – Management's Discussion and Analysis for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statement Note Disclosures (GASB Statement No. 34). These statements establish comprehensive, new financial reporting requirements for governmental units. Under GASB Statement No. 34, the Commission is considered to be a special purpose government unit engaged primarily in Business Type Activities (BTA). As a BTA, the Commission prepares its financial statements using the accrual basis of accounting and the economic resources measurement focus.

General Airport Revenue Bonds (GARBs) – These bonds are secured by the pledge of all operating revenues of the Commission subject to the prior pledges of such revenues for payment of General Obligation Revenue Bonds.

General Insurance – Part of the Other Expense category. This includes insurance covering property, casualty, liability, crime, auto, and equipment.

General Obligation Bonds (GORBs) – General obligations of the Commission. Payments of these bonds are secured by the pledge of all operating revenues of the Commission. The Commission has the power to levy property taxes upon all taxable property in the seven-county Metropolitan Area in order to pay debt service on outstanding General Obligation Revenue Bonds.

GHG – Green House Gas – Gases that trap heat in the atmosphere. www.epa.gov

GIS – Geographic Information System

HQ – Headquarters

HRD – Human Resource Development

HRIS – Human Resources Information Systems

HVAC – Heating, Ventilating, and Cooling System

IAF – International Arrivals Facility

IATA – International Air Transport Association – The IATA is the trade association for the world's airlines, representing some 265 airlines or 83% of total air traffic. It supports many areas of aviation activity and helps formulate industry policy on critical aviation issues. <http://www.iata.org/about/Pages/index.aspx>

IMACS – Intelligent Monitoring and Control Systems

Imputed Interest – This rate is essentially a weighted average of all outstanding bond issue interest rates. It is used in the determination of various other rates.

Issuance Costs – Represents costs associated with issuing debt. These include, but are not limited to, underwriter fees, consultant fees, and bond insurance.

IT – Information Technology

iVISON – integrated Video Systems Network – Enhanced situational awareness for the airport community. In general, this is a major upgrade of all CCTV (closed circuit television) network, cameras, and systems across MSP.

Landed Weight – Actual gross weight of a particular plane. The weights for all aircraft are published by the FAA.

Landing Fees – This fee is charged to all airplanes that land at MSP. The fees are calculated by dividing total field and runway costs by total landed weight. (See Revenue Assumptions section.)

Line Items – Refers to specific accounts (line items) within the Commission's accounting system.

Lobby Fees – These fees are a per passenger fee charged to airlines when they use Terminal 2.

LTCP – Long Term Comprehensive Plan – As the 20-year roadmap, the LTCP for each airport assesses facility improvements needed to accommodate projected demand from the traveling public in a safe, efficient, orderly, and cost-effective manner. Ultimately, our goal is to continue to provide a high level of service for all of our airport users through foresight and careful planning. Specifically, this process identifies when improvements will be needed, but does not authorize construction or serve as the basis for completing the environmental review process or determining noise mitigation program eligibility.

LVN – Airlake Airport – LVN is located south of the Twin Cities, near Lakeville and Farmington, Minnesota. It is one of six reliever airports operated by the MAC.

M&O Committee – Management and Operations Committee – The M&O Committee is composed of Commissioners meeting on a monthly basis. This Committee is one of the three standing Committees of the Metropolitan Airports Commission.

MAC – Metropolitan Airports Commission

MAC Funds – Amounts generated from operations that the Commission intends to apply toward the cost of the Capital Plan after payment of all operating expenses, debt service, and other payment obligations.

MACANOMS – Metropolitan Airports Commission Airport Noise and Operations Monitoring System

MACNet – MAC's Network which is the system of transmission of information across the MAC community.

MACpas – Metropolitan Airports Commission public address system

MACpoint – The Metropolitan Airports Commission's intranet, which is the information, collaboration, and resource hub for its employees.

Maintenance Expense – One of the main expense categories and includes five subdivisions: Trades, building, field, equipment, and cleaning.

Major Carriers – Those airlines which participate in the Airline Agreement.

MAVIS – MAC Automatic Vehicle Information System – This system controls access in and out of MSP Airport parking facilities, taxi and commercial vehicle lanes through the issuance of a valid AVI tag. The tag also records entrance and exit times for fee calculation.

MERF – Minneapolis Employees Retirement Fund

Metropolitan Airports Commission (MAC) – Created in 1943 by Minnesota state law, the MAC is a public corporation providing coordinated aviation services throughout the Twin Cities metropolitan area. The MAC operates one of the largest airport systems in the nation, which includes MSP and six general aviation airports. A 15-member Board of Commissioners appointed by Minnesota's Governor and the Mayors of Minneapolis and Saint Paul establishes the Commission's policies. Those policies are implemented by the Commission's senior leadership and staff. <https://metroairports.org/Airport-Authority.aspx>

Metropolitan Council – Also known as the Met Council, it is the metropolitan regional planning agency

MIC – Crystal Airport – Located in Crystal, MIC is also adjacent to Brooklyn Park and Brooklyn Center. It is one of six reliever airports operated by the MAC.

Minor Equipment – Includes items whose cost is less than \$5,000. Included in minor equipment are computers, computer accessories, and office furniture.

MnDOT – Minnesota Department of Transportation – MnDOT is a state department whose mission is to plan, build, operate, and maintain a safe, accessible, efficient, and reliable multimodal transportation system that connects people to destinations and markets throughout the state, regionally, and around the world. <http://www.dot.state.mn.us/vision/>

MNIT – Minnesota IT Services – MNIT is the Information Technology agency for Minnesota's executive branch, providing enterprise and local IT services to over 70 agencies, boards, and commissions. <http://mn.gov/mnit/>

MPC – Mobile Passport Control – MPC is the first authorized app to expedite a traveler's entry process into the United States. The app streamlines the traveler inspection process and enables U.S. Customs and Border Protection officers to focus more on the inspection and less on administrative functions.

MSA – Metropolitan Statistical Area – A core area, delineated by the United States Office of Management and Budget, containing a substantial population nucleus, together with adjacent communities having a high degree of economic and social integration with that core. <http://www.census.gov/population/metro/about/>

MSP – Minneapolis/St. Paul International Airport – Refers to the total airport facility.

MUFIDS – Multiple Users Flight Information Display

NOC – Noise Oversight Committee – The MAC established the NOC in August 2002 as an advisory board to bring industry and community representatives together to address aircraft noise issues at MSP and to bring policy recommendations to the Metropolitan Airports Commission. <https://www.macnoise.com/our-neighbors/msp-noise-oversight-committee-noc>

NOTAMS – Notice to Airmen System – A notice containing information (not known sufficiently in advance to publicize by other means) concerning the establishment, condition, or change in any component (facility, service, or procedure of, or hazard in the National Airspace System) the timely knowledge of which is essential to personnel concerned with flight operations.

NPDES – National Pollutant Discharge Elimination System – The NPDES permit program, created in 1972 by the Clean Water Act, helps address water pollution by regulating point sources that discharge pollutants to waters of the United States. <https://www.epa.gov/npdes/about-npdes>

NTSB – National Transportation Safety Board – The NTSB is an independent Federal agency charged by Congress with investigating every civil aviation accident in the United States and significant accidents in other modes of transportation, including railroad, highway, marine, and pipeline accidents. <http://www.nts.gov/about/pages/default.aspx>

NWA – Northwest Airlines. Northwest Airlines merged into Delta in 2008.

O&D Passengers – Originating and final destination passengers – originating passengers initiate their travel from MSP. Destination passengers arrive at MSP and do not transfer to another flight.

O&M – Operating & Maintenance

OABA – Open Architecture Building Automation

Operating Fund – A special fund used to pay all operating expenses such as personnel, maintenance, utilities, supplies, insurance, miscellaneous, and equipment purchases. (See discussion on Operating Budget.)

Operating Services – One of the main expense categories. Operating Services includes the parking management and contract, shuttle bus, advertising costs, copy agreement, bank charges, pollution control, service contracts, loading dock fees, computer service contracts, storm water monitoring, and other charges.

Operation – The aircraft operation which represents a takeoff or landing.

OSHA – Occupational Safety and Health Administration – OSHA was created by Congress in 1970 to assure safe and healthful working conditions for working men and women by setting and enforcing standards and by providing training, outreach, education and assistance. <https://www.osha.gov/about.html>

OTG – On the Go concession

Other Expenses – One of the main expense categories. Other Expenses includes general insurance, minor equipment, safety materials, and miscellaneous items.

Other Revenue – One of the three revenue categories. Other Revenue includes other building rents, ground rents, utilities, and miscellaneous items.

PAM – Public Affairs and Marketing – PAM builds public support for the MAC and its airports through media relations, public information, outreach programs, marketing, and advertising. The department enhances the airport experience by providing information to travelers and increases MAC revenues through marketing of MAC facilities, parking, and food, retail, and service concessions. In addition, the department provides paging services at MSP International Airport and responds to public inquiries about the MAC and its airports.

Passenger Facility Charge (PFC) – An authorization by Congress which allows proprietors of commercial service airports, such as MAC, to impose a passenger facility charge upon revenue passengers enplaning at those airports. The charge can be set at \$1.00, \$2.00, or \$3.00, \$4.00, or \$4.50. There are exemptions for passengers flying on Essential Air Service flights. The basis for the PFC is to provide needed supplemental revenues to expedite the improvement of airport facilities used by passengers to mitigate noise impacts and to expand airport system capacity. MAC's initial application was approved with charges starting June 1, 1992.

PC Air – Pre-Conditioned Air

PD&E Committee – Planning, Development and Environment Committee – The PD&E Committee is composed of Commissioners meeting on a monthly basis. This Committee is one of the three standing Committees of the Metropolitan Airports Commission.

PERA – Public Employees Retirement Association of Minnesota – PERA serves over 250,000 current and former public employees from over 2,000 local units of government throughout the State of Minnesota. PERA also provides monthly benefits to over 100,000 retirees and other benefit recipients. Established in 1931, PERA administers three statewide retirement plans to employees of local governments and school districts. All these programs are qualified retirement plans under Section 401(a) of the Internal Revenue Code.

www.mnpera.org

Personnel – One of the main expense categories. Personnel includes all wages, salaries and benefits.

PIDS – Public Information Display Screens

Professional Services – This expense category refers to various types of professionals, such as architects, engineers, auditors, lawyers and other specialists hired during the year to perform studies or required work and make recommendations based upon their findings.

PSA – Passenger Service Assistant

PSA – Professional Services Authorization

Ramp Fees – A fee charged to a particular airline for exclusive use of a specific area of ramp, calculated by dividing the total estimated costs in the appropriate cost center by the number of lineal feet of ramp space. Also referred to as Apron Area.

RCS – Revenue Control System – A system which controls access in and out of MSP Airport public parking facilities. This system also records entrance and exit times, calculates the fee due based on the applicable rate, and processes and records payment information.

Reimbursed Expense – Costs paid by the Commission initially and then billed back to tenants or paid to MAC from other outside sources. Reimbursement receipts are recorded in "Other Revenue".

Reliever Airports – Refers to St. Paul Downtown, Flying Cloud, Crystal, Anoka, Lake Elmo, and Airlake Airports. These airports provide facilities for general aviation activity and reduce traffic and congestion at MSP International.

RMT – Remote Monitoring Towers – Modern for the Noise Program.

Revenue Bonds – Represent bonds which are paid with an entity's operating revenue generated from rents, fees and charges. (See GARBs.)

RFP – Request for Proposals

RFQ – Request for Qualifications

RMS – Resource Management System

RMT – Remote Noise Monitoring Tower – RMT measures noise as part of the MAC Noise and Operations Monitoring System (MACNOMS). <https://www.macnoise.com/tools-reports/macnoms>

RNAV – Runway Area Navigation – RNAV is a method of navigation that permits aircraft operation on any desired course within the coverage of station-referenced navigation signals or within the limits of a self-contained system capability, or a combination of these. <http://www.allstar.fiu.edu/aero/rnav.htm>

ROI – Return on Investment

SAAC – Secured Area Access Control System

Scope – Non-traditional or derivative financial products other than traditional long-term fixed rate debt obligations and traditional short-term variable rate products. Short-term variable rate products include variable rate demand obligations, commercial paper, and auction rate notes. Such non-traditional financial products include, but are not limited to, swaps, swaptions, municipal warrants, and interest rate caps.

Self-Liquidating Rents – Fees received for the rental of facilities constructed for a specific airline or tenant; leases or lease amendments are negotiated for each facility to assure that the payment of all associated costs of constructing, financing, and maintaining it are reimbursed to the Commission.

Service Center – The Commission's terminology for a specific department in order to keep track of costs.

Seven County Metropolitan Area – The counties surrounding MSP and including the cities of Minneapolis and St. Paul: Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington Counties.

SIDA – Security Identification Display Area is the portion of the airport, specified in the airport security program, in which security measures specified in 49 CFR Part 1542 are carried out. At MSP this includes the Secured Area and the Air Operations Area.

Signatory Carriers/Airlines – Refers to those carriers/airlines who have signed the Airline Agreement. This includes carriers/airlines from the major, commuter, charter, and cargo/freight carrier categories.

Sinking Fund – A special account whose monies are set aside to retire debt.

SMP – Soil Management Plan

SMP – Sustainability Management Plan

Snow Removal – An expense account under the Maintenance Expense category. All costs associated with removal of snow, with the exception of labor, flow into this account. These costs include materials such as salt, urea, sand, and equipment rental used for both hauling and plowing snow.

STP – St. Paul Downtown Airport – STP is the metro area's primary facility for private business aviation. Also known as Holman Field, it is one of six reliever airports operated by the MAC.

Subledger – Commission terminology for grouping expenses from various service centers to determine rates and charges for tenants and users of the MAC facilities.

Subordinated Debt – Debt that is paid after Senior Debt obligations have been met.

Surplus – Represents the positive difference between operating revenues less operating expenses (including depreciation).

Taxiway – Paved areas on the airfield to be primarily used for ground movements of aircraft to, from and between runways, ramp/apron space, and storage areas.

TBD – To be determined

Terminal 1-Lindbergh (T1) – The main terminal where most of the scheduled flights arrive and depart. Originally named after Charles Lindbergh, the building has been designated Terminal 1 to provide further direction and information. It is also referred to as Terminal 1.

Terminal 2-Humphrey (T2) – The Commission's Common Use Terminal scheduled and chartered flight activity. The Hubert H. Humphrey Terminal Building has been designated Terminal 2-Humphrey to provide further direction and information. It is also referred to as Terminal 2.

TGB – Targeted Group Business

TSA – Transportation Security Administration

Unencumbered – Funds not yet committed for purchase of goods or services.

UPS – Uninterruptible Power Supply

UST/AST – Underground Storage Tank/Above Ground Storage Tank

Utilities Expense – One of the major expense categories. Utilities Expense includes electricity, telephone, water, sewer, and fuel. Fuel includes both natural gas and fuel oil.

VMAT – Vehicle Movement Area Transponder

WIGs – Wildly Important Goals. As part of 4DX, each team member is clear about and committed to the few absolute top priorities that define success. The Wildly Important Goal is the one that must be achieved.

Wold-Chamberlain Field (WCF) – The MSP airfield, excluding the terminal buildings. The airfield is named after two local pilots, Ernest Wold and Cyrus Chamberlain, who lost their lives in combat during World War I.

Working Capital – Changes in current assets minus changes in current liabilities.

**Minneapolis/St. Paul
METROPOLITAN AIRPORTS COMMISSION
6040 - 28th Avenue South
Minneapolis, MN 55450
www.metroairports.org**