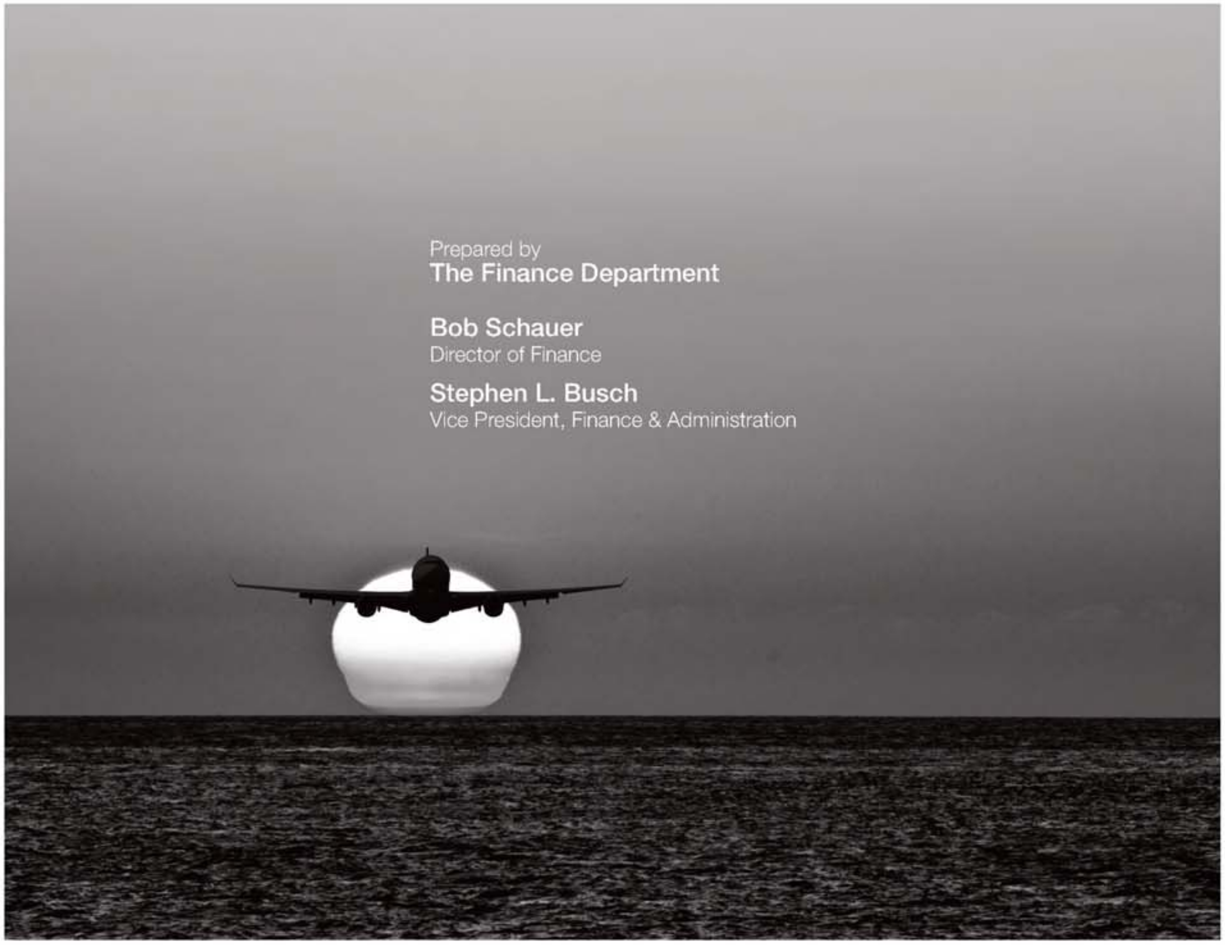

Minneapolis/St.Paul, Minnesota
Metropolitan Airports Commission

Comprehensive Annual Financial Report

Years Ended December 31, 2016 and 2015

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OUR VISION
Providing your best airport experience
OUR MISSION
Connecting you to your world

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MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

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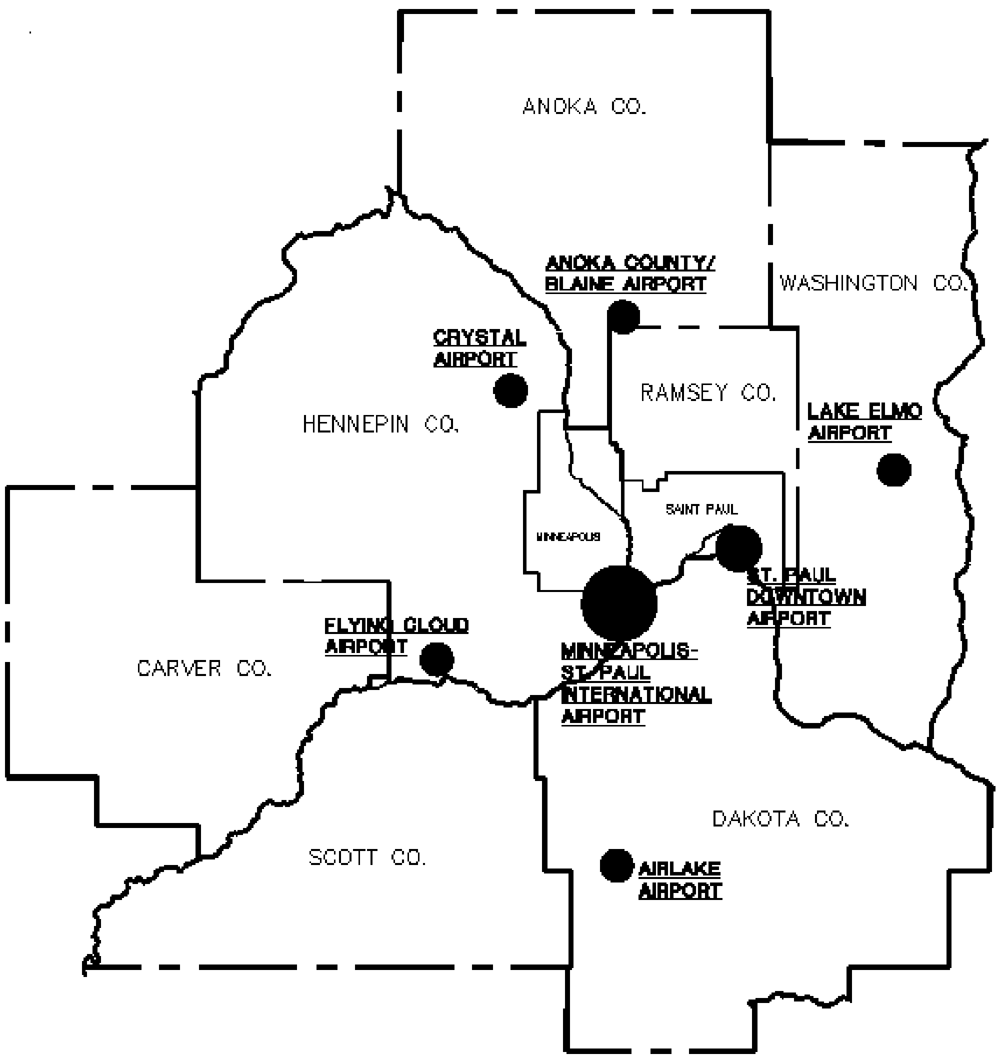


Commission Jurisdiction 35 Mile Radius

METROPOLITAN AIRPORTS COMMISSION - 2016

Chair: Daniel Boivin

Commissioners:

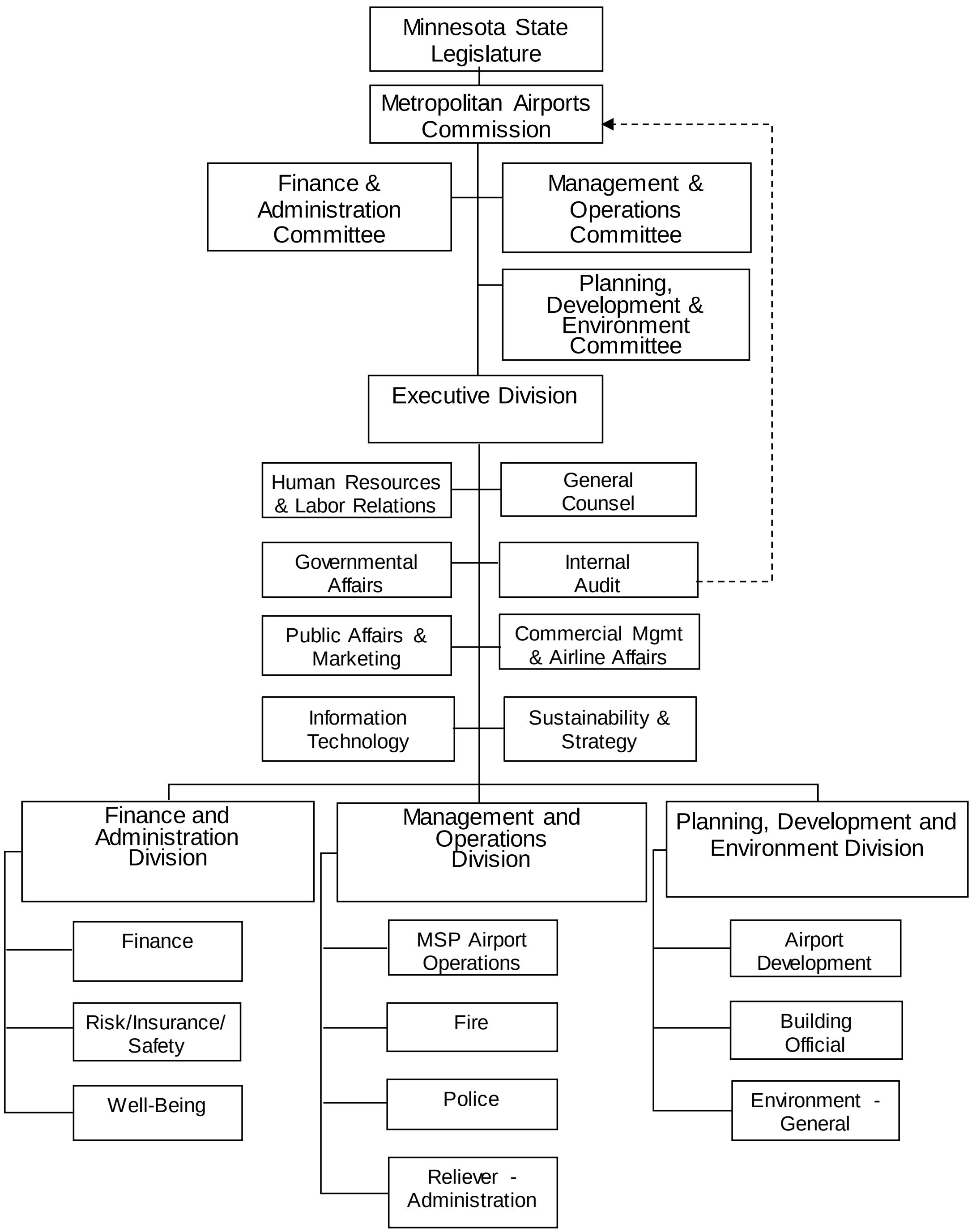
District A	Carl Crimmins
District B	Rick King
District C	Katie Clark Sieben
District D	Steve Cramer
District E	James Deal
District F	Michael Madigan
District G	Richards Ginsberg
District H	Ibrahim Mohamed
City of Minneapolis	Erica Prosser
City of Saint Paul	Pat Harris
Representing Greater Minnesota Area	Randy Schubring Patti Gartland Donald Monaco Dixie Hoard

The Chair and Commissioners collectively are an appointed body which governs the Metropolitan Airports Commission. The Commissioners are, in effect, the board of directors for this public corporation.

Executive Director/CEO: Brian Ryks

The Executive Director/CEO is appointed by and responsible to the Commissioners. He is responsible for transforming the Commissioners' policy guidance into practical results that benefit airport users, specifically, and the citizens of Minnesota, generally.

ORGANIZATION CHART



METROPOLITAN AIRPORTS COMMISSION

Minneapolis–Saint Paul International Airport

6040 - 28th Avenue South • Minneapolis, MN 55450-2799
Phone (612) 726-8100 • Fax (612) 725-6353

OFFICE OF EXECUTIVE DIRECTOR

May 15, 2017

To The Commissioners
of the Metropolitan Airports Commission
and to its Stakeholders:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Metropolitan Airports Commission, Minneapolis-St. Paul, Minnesota, for the fiscal years ended December 31, 2016 and 2015.

Management's Responsibility:

We, the management of the Metropolitan Airports Commission (Commission or MAC), are responsible for the accuracy of the reported data, for its completeness, and for the fairness of its presentation. To the best of our knowledge and belief, the data in the enclosed report are accurate in all material respects. We believe the report presents fairly the financial position, results of operations, and changes in net position and cash flows of the Commission in accordance with accounting principles generally accepted in the United States of America (GAAP). All disclosures necessary to help the reader understand the Commission's financial activities are included in the report.

To provide a reasonable basis to make the representations (above), we have established a comprehensive system of internal controls to ensure:

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with all applicable laws, regulations, contracts and grants

Because the cost of internal controls should not exceed their benefits, internal controls can provide only reasonable—not absolute—assurance that the MAC is achieving its objectives.

Independent Audit:

In accordance with Minnesota State Law, the Minnesota Office of the Legislative Auditor may conduct a financial audit of the MAC or allow this service to be contracted. In addition, the Legislative Auditor periodically conducts a separate audit to examine the Commission's compliance with applicable laws, policies and procedures.

For the years ended December 31, 2016 and 2015, the annual financial statements of the MAC have been audited by BKD, LLP, a firm of independent Certified Public Accountants. BKD's opinion on the financial statements is presented in this report.

Also, as part of the annual audit, BKD performs procedures in accordance with the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Finally, the auditors perform procedures in accordance with the *Passenger Facility Charge Audit Guide for Public Agencies* to audit the MAC's compliance with the FAA regulations in relation to passenger facility charge (PFC) revenues and expenses. The resulting reports are intended for the use of the MAC and the FAA and have not been included in this report.

LETTER OF TRANSMITTAL

Introductory Section

THE COMMISSION:

Purpose:
The Minnesota State Legislature created the MAC in 1943 as an independent public corporation. Its legislative Statute (Minnesota Laws, 1943, Chapter 500) charges the Commission to:

- Promote the public welfare and national security;
- Serve the public interest, convenience and necessity;
- Promote air navigation and transportation, (international, national and local);
- Increase air commerce and promote the efficient, safe and economical handling of such commerce; and,
- Develop the full potentialities of the metropolitan area as an aviation center.

With the growth of air commerce since 1943, the MAC has also assumed responsibilities to:

- Minimize the environmental impact from air navigation and transportation;
- Promote the overall goals of the state's environmental policies; and
- Minimize the public's exposure to noise and safety hazards around airports.

Powers:
As a *corporation,* the MAC has all the normal business rights and powers necessary to fulfill its mission to acquire, build and operate a system of airports. For example, the Commission can:

- Acquire and hold title to real estate;
- Enter into contracts and hire employees;
- Sue and be sued.

As a *public* corporation, the MAC has powers beyond those of a normal business. For example, the Commission can:

- Issue tax-exempt debt;
- Adopt ordinances, enforce them through its police powers, and acquire property through eminent domain;
- Levy taxes on real property in the Metropolitan Area for general obligation debt service or to meet operations and maintenance costs of airport facilities.

Notably, the Commission has <u>not</u> levied a local tax since 1969. Currently, the MAC has no need or intention to levy taxes. Rather, the Commission operates as an entirely self-funded organization similar to a private business.

Governance:
The MAC's governing board (Commission) consists of fifteen Commissioners who are appointed for fixed terms of office. The mayors of St. Paul and Minneapolis have permanent seats on the Commission but can appoint delegates to fill the positions. The Governor appoints the Chairperson and twelve Commissioners: eight from designated districts within the Metropolitan Area and four Commissioners to represent the Greater Minnesota Area (i.e., outside the Metropolitan Area). As the "board of directors" of the public corporation, the Commissioners represent the interests of the "owners" of the Commission, which is to say the Commissioners represent "the public's interest".

The Chairperson may be from anywhere in the State. Only the Chairperson can be removed before his or her term expires. Governor Mark Dayton appointed Mr. Daniel Boivin chair of the Commission in February 2011 and reappointed him in 2015. Prior to this, Boivin served as the mayor of Minneapolis' appointee to the board beginning in May 2002. As a MAC commissioner, Boivin chaired the Human Resources and Affirmative Action Committee.

In addition to serving as Chair of the Commission, he is an executive with Energy Management Collaborative, a national turnkey lighting solutions provider specializing in energy audits, lighting retrofits and maintenance services. Mr. Boivin served from 2008 to 2015 as the Executive Vice-President, Chief Legal Officer and General Counsel for SeeChange Health, a value-based health insurance and technology company. Previously, he served as attorney and partner with the Meshbesher & Spence law firm. Mr. Boivin served as the chair of the Minnesota Bar Association Civil Litigation Section, and has provided pro bono legal representation and acted as a volunteer judge for the Minnesota State High School Mock Trial Tournament. He is a graduate of the University of Wisconsin-Madison and Hamline Law School.

The board appoints the Executive Director/CEO who serves at the pleasure of the Commission and is the “chief executive” of the MAC. The Executive Director/CEO is accountable for meeting all the Commission’s expectations for organizational performance.

Brian D. Ryks was appointed Executive Director/Chief Executive Officer of the Commission in May 2016. Prior to this appointment, he was the Executive Director/CEO of the Gerald R. Ford International Airport in Grand Rapids, Michigan. Between 2002 and 2012, Mr. Ryks was the Executive Director at the Duluth Airport Authority overseeing the Duluth International Airport and Sky Harbor Airport, a general aviation airport, both located in Duluth, Minnesota. During his ten years in Duluth, he oversaw the completion of $135 million in airport improvements, culminating with a $77 million new terminal project. Prior to arriving in Duluth, Mr. Ryks was employed for five years as the Airport Manager at St. Cloud Regional Airport (1997-2002) and two years as the Airport Manager in Aberdeen, South Dakota (1996-1997). Mr. Ryks spent six years in Denver as the Manager of Noise Abatement at Stapleton and Denver International Airports (1990-1996). He also was the Project Manager for the development and installation of an Airport Noise and Operations Monitoring System at the Denver International Airport. He began his career as a Noise Technician at the Commission in 1986. Mr. Ryks holds a Bachelor of Arts degree from St. Cloud State University, is a licensed pilot with an instrument rating and is also an Accredited Airport Executive with the American Association of Airport Executives (“AAAE”). He currently serves on the Board of Directors for Airports Council International (“ACI”). He also holds a professional affiliation with the Great Lakes Chapter of AAAE (“GL-AAAE”) and is Past President of GL-AAAE.

Jurisdiction and Facilities:
The Commission’s geographic jurisdiction extends throughout the Minneapolis-St. Paul Metropolitan Area radiating 35 miles from Minneapolis’ and St. Paul’s city halls. It encompasses Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington Counties.

The Commission owns and operates seven airports in the Metropolitan Area. Minneapolis-St. Paul International Airport (MSP) serves as the primary air carrier facility. MSP is one of the highest activity airports in the United States: it is the 16th largest among U.S. airports based on the number of operations (takeoffs or landings) and 17th largest based on passenger volume. The following reliever airports complement MSP to serve general aviation needs:

St. Paul Downtown Airport	Airlake Airport	Anoka County/Blaine Airport
Crystal Airport	Flying Cloud Airport	Lake Elmo Airport

- Airlake, Anoka County/Blaine, Crystal, Flying Cloud, and Lake Elmo are classified as minor use airports.
- Control towers are operational at St. Paul, Crystal, Anoka County/Blaine and Flying Cloud Airports.
- The St. Paul Downtown Airport serves as the primary corporate reliever and is classified as an intermediate airport.

The Commission provides a variety of services at each of its airports. At MSP, the Commission is responsible for providing buildings and facilities for air carrier activity as well as police, fire protection, maintenance, administrative and planning services, and other related services and facilities that are deemed to be necessary.

SIGNIFICANT ACCOUNTING AND BUDGETING CONVENTIONS:

The Commission is a stand-alone unit of government and operates as a self-supporting business. Therefore, the net position reported in the Commission's financial statements measure "total economic resources" (as opposed to the "current financial resources" focus employed by general-purpose governments). Consistent with its measurement focus, the MAC accounts for transactions on the full accrual basis in which revenues and expenses are recognized when they are incurred regardless of the timing of related cash receipts or disbursements. All of the Commission's financial activities are organized and accounted for within one "enterprise fund", which includes "accounts" for operations, debt service and capital investment.

As is the case at most governments and businesses, the budget is a critically important management tool for the MAC. The process of identifying and funding priorities begins in April of each year and concludes in December with formal adoption of the budget by the Commissioners. Managers review their budgets continuously and adjust for changing business conditions. The board of Commissioners reviews budget variance reports monthly throughout the year.

Because it is a public entity and has the authority to levy taxes (even though it does not exercise this authority), the MAC is required by State Statute (Ch. 275) to publicly adopt its budget. However, the MAC's budget is not legally appropriated. Because the budget is not legally appropriated, budgetary data are not included in the MAC's basic financial statements.

ACTIVITY HIGHLIGHTS

MSP is classified by the FAA to be one of the large hub airports in the United States. According to Airports Council International (ACI) statistics, in calendar year 2015, MSP was the 17th busiest airport in the United States in terms of passenger volume, 16th in terms of takeoffs and landings and 27th in cargo traffic.

In 2016, approximately 37,500,000 passengers passed through MSP; a 2.5% increase in total passengers over 2015 levels. The top five carriers serving MSP in 2016 by enplaned passengers are shown in the accompanying table. Enplaned revenue passengers (including those connecting) at MSP in 2016 totaled 18,160,752. (Totals may differ from the passenger statistics reported by the air carriers to the Department of Transportation).

	Carrier	Total Enplaned Revenue Passengers	% of Total Enplaned Revenue Passengers
1	Delta	9,321,182	51.3%
2	Skywest	1,653,123	9.1%
3	Endeavor Air	1,243,837	6.9%
4	Sun County	1,111,020	6.1%
5	American	1,063,249	5.9%
		14,392,411	79.3%

Skywest and Endeavor Air are all codeshares with Delta.

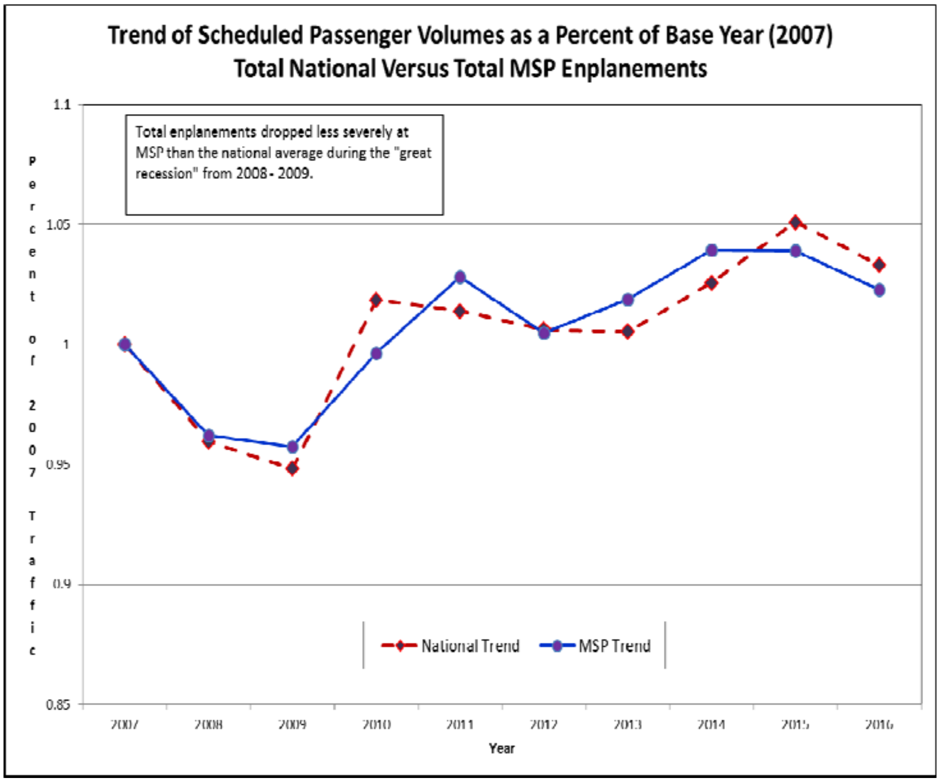
FACTORS AFFECTING THE MAC's FINANCIAL CONDITION:

Demand for Air Transportation

The Aircraft Aerodynamics and Design Group at Stanford University note that the role of air transport "… is central to the globalization taking place in many other industries." Air transport is riding the long-term trend of globalization because it facilitates economic growth, world trade, investment and tourism.

However, the air transportation industry and, specifically, the air travel segment of the industry, are highly sensitive to the general level of economic output. Demand for air travel is highly elastic primarily due to its vulnerability to substitutes like bus, train, or automobile travel—or, the choice not to travel at all.

External events can significantly affect the supply and demand for airline services; events such as the 9/11 terror attacks and the large increase in petroleum (and, therefore, jet fuel) prices between 2005 and mid-2008 and the "great recession" that began in 2008. The accompanying chart of Bureau of Transportation Statistics (BTS) data on airline passengers paints a picture of the industry's volatility.



Demand for Origination and Destination Traffic (O&D) at MSP**:**

A number of regional economic factors create strong demand for travel air traffic to and from the Twin Cities metropolitan area.

- Size: Minnesota is the 22^st^ most populous State in the U.S. The Twin Cities metropolitan area is the 16^th^ most populous metropolitan area in the nation.

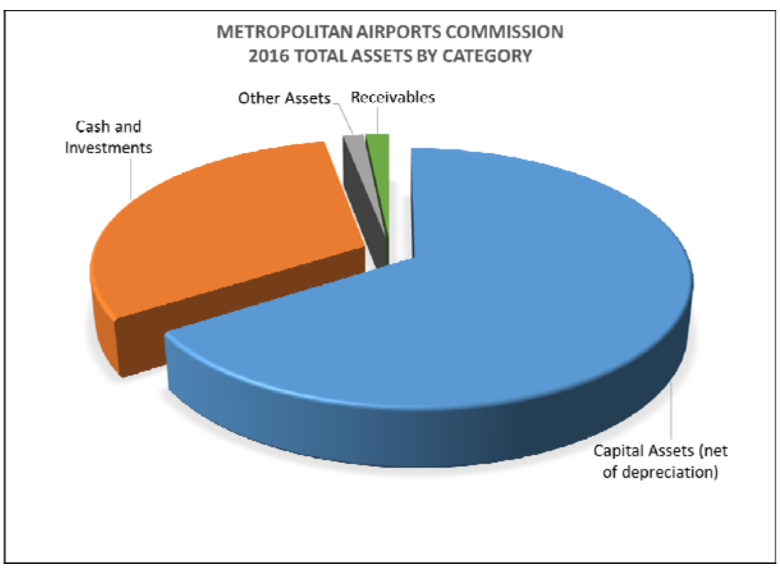
- Economic Strength and Diversity:
  - ✓ Minnesota is headquarters to 17 Fortune 500 companies, which places it third among the 50 States in terms of numbers of Fortune 500 firms headquartered within the State on a per-capita basis.
  - ✓ Minnesota is headquarters to 8 of the 223 largest private companies including the largest privately held company in the United States: the Cargill Corporation.
  - ✓ Minneapolis Metropolitan Statistical Area has the seventh largest concentration of Fortune 500 company headquarters among cities in the United States, and is first among the 30 largest metropolitan areas on a per-capita basis.

- High per capita income:
  - ✓ The Bureau of Economic Analysis reports that the Twin Cities average per capita income is approximately 5% higher than the national average.

- Stronger than National Average Growth in Population and Employment:
  - ✓ The Metropolitan Council, a regional planning organization for the eleven-county area including the Twin Cities, projects average annual population growth of 1.0% through 2040 versus the Census Bureau's projected national population growth rate of 0.7%.
  - ✓ The Metropolitan Council foresees a 1.1% annual average growth rate for Twin Cities area employment growth through 2040 versus the Bureau of Labor Statistics' projected growth in national employment of 1.0%.

Demand for Connecting Traffic:

Traffic at MSP is split 58/42 between O&D and connecting traffic. The strong demand for O&D traffic from MSP can be leveraged by tenant airlines to fill their planes by scheduling connecting flights through the airport. Historically, MSP was the "home-town" hub for the former Northwest Airlines, which had its headquarters in Eagan, Minnesota. After the merger of Northwest and Delta, the headquarters of the combined company was located in Atlanta. Although no longer the home-town company, Delta has made significant commitments to MSP. For example, Delta elected to extend its airline lease agreement with the MAC through December 31, 2020. In addition, Delta made a significant commitment to MSP in signing a "hub covenant". In its hub covenant, Delta agreed to maintain an annual average of 400 daily departing flights from MSP, at least 250 of which must be aircraft with greater than 70 seats and that a minimum of 30% of enplaned passengers must be connecting.



Supplying the Demand:

Airports are "landlords"—they build, own, maintain, and rent facilities and related services. Because an airport's main job is to provide runways, terminals, etc., it is a capital-intensive business. The MAC's statement of net position is dominated by capital assets which, at approximately $2,500,000,000 (net of depreciation), represent more than two-thirds of the Commission's total assets. Constructing, maintaining, and improving our capital assets is critical to meeting the demand of our customers.

During 2016, the Commission expended $206,000,000 on its on-going Capital Improvement Program (CIP). Approximately $4,000,000 was associated with various airfield and runway projects. Approximately $79,000,000 was related to Terminal 1-Lindbergh projects. Projects at Terminal 1-Lindbergh include the start of vertical circulation improvements, restroom rehabilitations, and a passenger boarding bridges. Approximately $104,000,000 was spent on various Terminal 2-Humphrey projects, landside/parking and miscellaneous building projects with the largest projects being the site preparation, roadway work and buildings for a new parking ramp at Terminal 1-Lindbergh and three additional gates added at Terminal 2-Humphrey. Approximately $7,000,000 was spent on the Commission's reliever airport system. The remaining $12,000,000 was spent primarily for the installation of solar panels on top of the parking ramp at Terminal 2-Humphrey. Average monthly capital spending in 2016 was approximately $17,200,000.

The 2017 -18 CIP includes approximately $654,000,000 of planned projects, as set forth in the accompanying table. CIPs are revised from time to time and additional projects could be added to the 2017 -18 CIP including, but not limited to, one or more of the Demand Driven CIP Projects.

Projects 2017 - 2018	2017 planned construction	2018 planned construction
Terminal-1 Rehabilitation & Repair	$57,940,000	$51,400,000
Terminal-1 Tenant Projects	5,900,000	15,700,000
Terminal-1 Expansion/Remodeling	60,400,000	81,900,000
Hangers and Other Buildings	3,400,000	15,500,000
Energy Management Center	500,000	2,500,000
Environmental	1,350,000	800,000
Parking Facilities	296,500,000	2,500,000
Airfield and Runway Rehabilitation Program	5,450,000	8,900,000
Terminal-2 Expansion/Remodeling	2,400,000	-
Noise Mitigation Program	3,200,000	6,000,000
Police & Fire	8,900,000	7,200,000
Reliever Airports Program	8,350,000	5,350,000
Other	850,000	650,000
Total	$455,140,000	$198,400,000

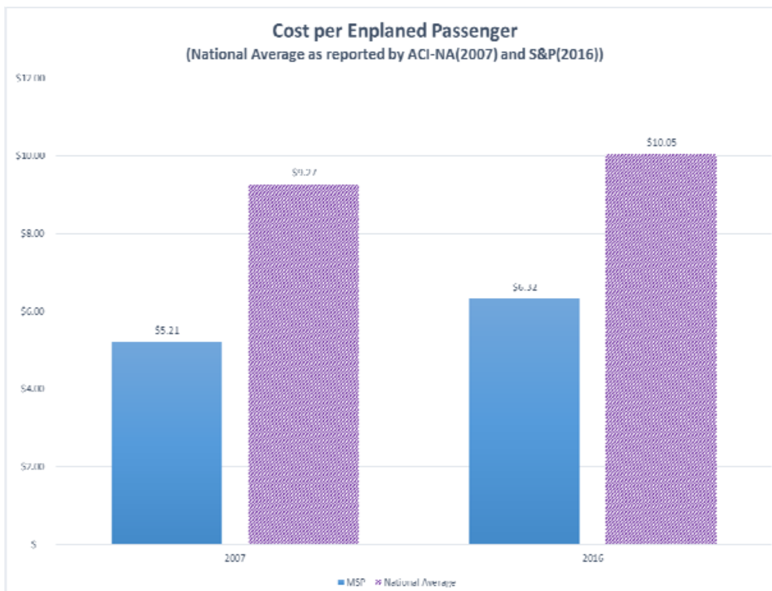
Financing the Supply

Capital grants, PFC's and long-term debt are the principal sources of funding of the Capital Improvement Program. Like a home mortgage, long-term debt bridges the difference between the time when cash is needed (up front) to pay for large capital outlays and the time the Commission collects its revenues. The MAC repays its debts over time through annual revenues. The Commission's principal revenues include use charges to the airlines, concession fees from vendors in the terminal buildings, facility rentals, and the sale of utilities.

Under its Master Indenture, the MAC has promised to maintain a debt service coverage ratio of 1.25 times the following year's scheduled payments. In July 2008, the Board of Commissioners directed that the MAC increase its debt service coverage above the contractual obligation to 1.4 times annual debt service for its Senior General Obligation Revenue Bonds (GORBs) and Senior General Airport Revenue Bonds (GARBs)—(see Note F to the financial statements). The MAC exceeded the July requirement. As of December 31, 2016, projected debt coverage on Senior Debt obligations is approximately 3.7 times scheduled payments.

At year-end 2016, the MAC had long-term debt (including the currently payable portion) of approximately $1,700,000,000 supporting approximately $2,500,000,000 of capital assets as discussed above (also see notes E and F to the financial statements). Despite its significant debt, the MAC is highly liquid. Also at year-end 2016, the MAC had cash and investments totaling more than $1,200,000,000 and has continued to maintain strong debt service coverage ratios (currently at 3.7). The MAC's conservative financial practices have been rewarded with AA- debt rating on its senior debt (the second highest rating given to any airport debt) by both the Standard and Poor's and Fitch rating agencies. High bond ratings reduce borrowing costs to the MAC and, therefore, help moderate the cost per enplaned passenger incurred by the airlines operating at MSP. In addition, high bond ratings ensure access to capital markets. Access to capital ensures that customers can depend on finding the high quality runways, terminals and other capital assets at the MAC's airports in good repair.

Because of the Commission's conservative financial practices, the cost to airlines of enplaning passengers at MSP is significantly lower than the national average. Because of inconsistencies in methods of calculating the cost per enplanement, it is difficult to have fully comparable statistics. However, recently reported comparative data from a S&P Global Ratings report shows the cost to airlines of enplaning passengers at MSP to be significantly cheaper than the national average of large hub airports. This makes MSP a profitable venue for client airlines.



The MAC board, management and employees are guided by our Strategic Plan to provide the highest quality facilities at the lowest life-cycle cost for the benefit of our customers. The MAC and its airports are well positioned to meet the demands of airlines and air-travelers for safe, efficient and reliable facilities for years to come.

MANAGEMENT'S DISCUSSION AND ANALYSIS:

Management is required by GAAP to provide a narrative introductory overview and analysis in the form of a "Management's Discussion and Analysis" (MD&A) to accompany the financial statements. The MD&A follows the independent auditor's report. The MD&A has greater scope, more detail, and is a more substantive discussion of issues mentioned in this transmittal. Users of the financial statements should read the MD&A in conjunction with this letter.

AWARDS:

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the MAC for its Comprehensive Annual Financial Report for the year ended December 31, 2015. The Commission has received this prestigious GFOA award for 31 consecutive years.

In order to be awarded a Certificate, which is valid for one year, a governmental unit must publish an easily readable and efficiently organized report, the contents of which conform to the program's standards. Such report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Commission also received for the 31st consecutive year the GFOA Award for Distinguished Budget Presentation for its Annual Operating Budget for 2016. In order to qualify for the Distinguished Budget Presentation, the Commission's budget document was judged to be proficient in several categories, including policy documentation, financial planning and organization.

ACKNOWLEDGEMENTS:

We wish to convey our sincere appreciation to the many MAC employees from all of its departments who participate in the Commission's fiscal management on a daily basis and have contributed to the financial results reported in the following financial statements.

In addition, we would like to express our appreciation for the leadership and support of the Board of Commissioners and for their sincere interest in operating the MAC in a sound financial manner.

Respectfully,

Brian D. Ryks
Executive Director/CEO

Stephen L. Busch
Vice President, Finance
& Administration

Robert C. Schauer
Director of Finance

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Minneapolis-St. Paul Metropolitan Airports Commission, Minnesota

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

December 31, 2015

Executive Director/CEO

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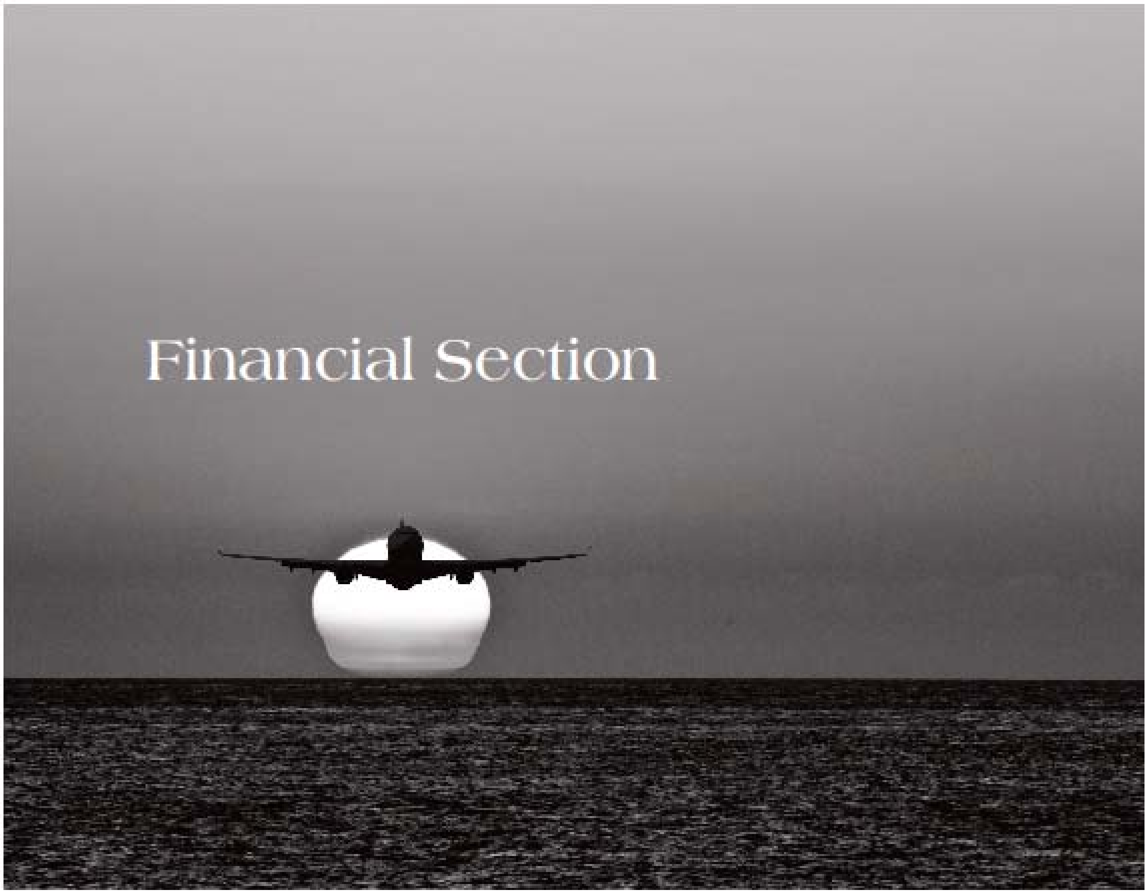

Minneapolis/St.Paul, Minnesota
Metropolitan Airports Commission

Comprehensive Annual Financial Report
Years Ended December 31, 2016 and 2015

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BKD LLP
CPAs & Advisors

201 N. Illinois Street, Suite 700 // P.O. Box 44998 // Indianapolis, IN 46244-0998
317.383.4000 // fax 317.383.4200 // bkd.com

Independent Auditor's Report

To the Members of the Board
Minneapolis/St. Paul Metropolitan Airports Commission
Minneapolis, Minnesota

We have audited the accompanying financial statements of the Minneapolis/St. Paul Metropolitan Airports Commission (Commission), as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Minneapolis/St. Paul Metropolitan Airports Commission as of December 31, 2016 and 2015, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The Introductory and Statistical Sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

BKD, LLP

Indianapolis, Indiana
May 15, 2017

Financial Section

The following management's discussion and analysis of the financial performance and activity of the Minneapolis/St. Paul Metropolitan Airports Commission (Commission or MAC) is to provide an introduction and understanding of the basic financial statements of the Commission for the year ended December 31, 2016 with selected comparative information for the years ended December 31, 2015 and 2014. This discussion has been prepared by management and should be read in conjunction with the audited financial statements and the notes thereto, which follow this section.

USING THE FINANCIAL STATEMENTS

The MAC's financial report includes three financial statements: the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position and the Statements of Cash Flows. The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standards Board (GASB).

FINANCIAL HIGHLIGHTS

General
The Commission has entered into, and receives payment under, agreements with various air carriers and other parties, including the airline lease agreements relating to landing fees and the leasing of space in terminal buildings, other building leases regarding the leasing of cargo and miscellaneous hangar facilities, concession agreements relating to sale of goods and services at the airport and specific project leases relating to the construction of buildings and facilities for specific tenants. Below is a brief description of each agreement along with the revenue generated in 2016.

Airline Lease Agreements
The airline lease agreements relate to the use of the airport for air carrier operations, the leasing of space within the terminal buildings of the airport, ramp fees for parking aircraft at the Lindbergh Terminal and the establishment of landing fees. Except for rental amounts based primarily upon the square feet rented, the terms, conditions and provisions of each airline lease agreement are substantially the same.

In the airline lease agreements, the Commission has leased to each particular air carrier a certain specified square footage portion of the terminal area in the airport. Annual rents are computed on the basis of various charges per square foot for various types of space within the existing terminal area and, in certain cases, the costs of certain improvements of the existing terminal area. The airline lease agreements also provide that each air carrier is required to pay a basic landing fee. The landing fee is calculated by dividing the cost of operations, maintenance and debt service at the airfield by total landed weight of aircraft utilizing the airport. The airline lease agreements also require each air carrier leasing gate space at Lindbergh Terminal (Terminal 1) to pay an aircraft parking ramp fee that is computed on a lineal foot basis. The ramp fee includes the cost of operations, maintenance and debt service to the ramp area surrounding the terminal building gates.

The airline lease agreement also provides that food and beverage, merchandise and auto-rental annual gross concession revenues to the Commission ("Selected Concession Revenues") will be shared with the Passenger Signatory Airlines (allocated among the Passenger Signatory Airlines based upon their proportionate share of enplanements at the Airport for the applicable fiscal year) under the following schedule (the "Shared Concession Revenues"):

Selected Concession Revenues	Percent Shared with Passenger Signatory Airlines
Greater than $44,042,802	25% up to $56,903,300 and 50% for amounts above $56,903,301
$40,667,567 to $44,042,802	20%
$39,117,967 to $40,667,566	15%
$37,568,366 to $39,117,966	10%
$36,018,765 to $37,568,365	5%

The Passenger Signatory Airlines are also entitled to Supplemental Revenue Sharing equal to an additional 25% of Selected Concession Revenues above $33,600,000 but below $56,903,301 if enplaned passengers exceed 17,369,100. Selected Concession Revenues were $48,831,314 and enplaned passengers exceeded 17,369,100 for fiscal year 2016, resulting in total Shared Concession Revenue of $15,827,376, of which $3,713,688 was Supplemental Revenue Sharing. The Selected Concession Revenues thresholds are subject to change annually.

The total amount of Shared Concession Revenues will be structured as a credit against the rates and charges in the current year, payable to the Passenger Signatory Airlines in the subsequent fiscal year. Notwithstanding the above schedule, the amount of Shared Selected Concession Revenues will be reduced to the extent necessary so that Net Revenues, after subtracting the Shared Concession Revenues, will not be less than 1.25 times the total annual debt service on Senior Bonds, Subordinate Obligations, and other debt obligations of the Commission. In the event that the Shared Concession Revenues are reduced in any year, such reduction will be deferred until the next fiscal year and will be credited against the rates and charges payable by the Passenger Signatory Airlines in the next fiscal year to the extent that Net Revenues, after subtracting the applicable Shared Concession Revenues, are not less than 1.25 times the total annual debt service on Senior Bonds, Subordinate Obligations, and other debt obligations of the Commission.

For the years ended December 31, 2016 and 2015, the aggregate rentals earned by the Commission pursuant to the airline lease agreements were approximately $100,340,000 and $95,987,000, respectively. The annual rentals due under each lease may be adjusted each year to reflect actual costs of the airport.

Other Building and Miscellaneous Leases
The other building and miscellaneous leases relate to rentals and other fees associated with the Hubert H. Humphrey Terminal (Terminal 2), miscellaneous hangar facilities, and office rentals for non-airline tenants in Terminal 1. For the years ended December 31, 2016 and 2015, the aggregate annual rentals under these leases were approximately $30,038,000 and $28,134,000, respectively.

Specific Project Leases
The Commission has constructed various buildings and facilities for specific tenants. If bonds were issued by the Commission to finance the construction of a facility, the lessee is required to pay annual lease payments equal to the debt service requirements on the bonds issued to construct the facility, due in the following year. The lease remains in effect until the total debt service on the bonds has been paid. If, on the other hand, the construction of a facility is financed from funds the Commission has on hand, the lessee is required to make lease payments equal to the debt service requirements, which would have been required, if bond funds were used.

For the years ended December 31, 2016 and 2015, the aggregate lease rentals paid to the Commission under specific project leases was approximately $8,488,000 and $10,227,000, respectively.

Concession Agreements
The Commission has entered into concession agreements with various firms to operate concessions inside the terminal building at the airport including, among others, food and beverage services, newsstands, advertising, vending, insurance, and personal service shops. For the years ended December 31, 2016 and 2015, the aggregate fees earned by the Commission under the existing concession agreements were approximately $36,298,000 and $29,705,000, respectively. Such fees are computed on the basis of different percentages of gross sales for the various types of concessions, with the larger concessions guaranteeing a minimum payment each year.

Concession agreements for rental car agencies require such concessionaires to pay fees based on a percentage of their gross revenues and special charges such as parking fees, customer facility charge, and a per-square-foot land rental. The Commission also has a management contract with a firm for the operation of the airport parking lot and garage facilities. For the years ended December 31, 2016 and 2015, the aggregate fees earned by the Commission under the existing rental car agreements and parking lot and garage facilities were approximately $134,213,000 and $118,977,000, respectively. Of this amount, parking revenue was approximately $91,235,000 for 2016 and $87,578,000 for 2015. Auto rental revenue for both on and off airport auto rentals for December 31, 2016 and 2015 was approximately $42,978,000 and $31,399,000, respectively.

Reliever Airports
The Commission has entered into various other leases and agreements with tenants at its reliever airport system. These reliever airport tenant leases include fuel flowage fees, hangar rentals, storage lots, commercial fees and other miscellaneous amounts. For the years ended December 31, 2016 and 2015, revenues from these agreements were approximately $7,759,000 and $6,939,000, respectively.

Miscellaneous Off-Airport Concession Leases and Ground Transportation Fees
The Commission has entered into certain leases with off-airport concessionaires that provide off-airport advertising and auto services. Additionally, the Commission charges fees for employee parking, permits and licenses to operate shuttles, vans, buses and taxis at the airport. Such fees are set by Commission ordinances. In 2016, the Commission allowed Transportation Network Companies (TNC) to operate at the airport. For the year ended December 31, 2016 and 2015, the Commission earned $12,105,000 and $10,124,000, respectively.

Utilities
The Commission has entered into certain leases with tenants the provide utilities to the leased spaces throughout the terminal. For the years ended December 31, 2016 and 2015, the revenues from these utility charges were approximately $4,334,000 and $4,665,000, respectively.

Miscellaneous Revenues
In addition to the above agreements, the Commission enters into various other leases and agreements. These include ground space rentals, office rentals for commuter airlines and concessionaires, commuter and general aviation fees, and other miscellaneous amounts. For the years ended December 31, 2016 and 2015, the revenues from these agreements were approximately $13,847,000 and $12,891,000, respectively.

Operating Revenues
Operating revenues for the MAC are derived entirely from user fees that are established for various services and facilities that are provided at Commission airports. While the Commission has the power to levy taxes to support its operations, it has adopted policies to provide adequate revenues for the system to operate since 1969 without general tax support. Revenue sources have been grouped into the following categories in the Statements of Revenues, Expenses and Changes in Net Position:

Airline Rates & Charges	-	Revenue from landing and ramp fees and terminal building rates
Concessions	-	Revenue from food and beverage sales, merchandise sales, auto parking, etc.
Other Revenues:		
Rentals/fees	-	Fees for building rentals
Utilities and other revenues	-	Charges for tenants use of ground power, water and sewer, and other services provided by the MAC

For the fiscal years ended December 31, 2016 and 2015, the top ten operating revenue sources for the MAC were as follows:

Top Ten Operating Revenue Sources:

	Source	2016 Revenue	
1.	Parking	$ 91,234,678	
2.	Landing fees	60,391,447	
3.	General Building	46,176,169	
4.	Other Building Rent	23,595,543	
5.	Auto rental (off- and on-airport)	21,053,414	*
6.	Food & Beverage	21,043,955	
7.	Ground Rent	9,699,338	
8.	News and Retail Stores	8,701,273	
9.	Ramp Fees	7,407,993	
10.	Ground transportation fees	6,730,336	

*Excludes customer facility charges.

	Source	2015 Revenue	
1.	Parking	$ 87,577,975	
2.	Landing fees	57,903,940	
3.	General Building	40,515,468	
4.	Other Building Rent	22,936,457	
5.	Auto rental (off- and on-airport)	19,486,004	*
6.	Food & Beverage	16,836,419	
7.	Ground Rent	8,728,095	
8.	News and Retail Stores	8,191,087	
9.	Ramp Fees	7,131,715	
10.	Ground transportation fees	5,207,766	

*Excludes customer facility charges.

The top ten revenue providers for 2016 for the MAC were as follows:

Top Ten Operating Revenue Providers

1. Delta Airlines
2. Enterprise
3. HMS Host
4. Hertz
5. Avis
6. Sun Country
7. American Airlines
8. Southwest Airlines
9. United Airlines
10. OTG

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

During 2016, the MAC's total revenues and capital contributions increased by 7.0% to $430,785,000 from $402,478,000 in 2015. Changes in major categories follow (dollars in thousands):

	2016	% of Total	2015	% of Total	Dollar Change	Percent Change
Operating revenues						
Airline rates and charges	$ 112,653	26.2%	$ 107,805	26.8%	$ 4,848	4.5%
Concessions	160,691	37.2%	146,893	36.6%	13,798	9.4%
Rentals/fees	48,473	11.3%	36,086	9.0%	12,387	34.3%
Utilities and other revenues	17,115	4.0%	16,637	4.1%	478	2.9%
Total operating revenues	338,932		307,421		31,511	
Nonoperating revenues						
Investment income	12,634	2.9%	9,241	2.3%	3,393	36.7%
Solar panel financing rebate	914	0.2%	599	0.1%	315	100.0%
Gain on sale of assets/other	2,029	0.5%	60	0.0%	1,969	3281.7%
Passenger facility charges (PFC)	72,273	16.8%	70,471	17.5%	1,802	2.6%
Total nonoperating revenues	87,850		80,371		7,479	
Capital contributions and grants	4,003	0.9%	14,686	3.6%	(10,683)	-72.7%
Total revenues and capital contributions	$ 430,785	100.0%	$ 402,478	100.0%	$ 28,307	7.0%

Airline rates and charges increased $4,848,000 or 4.5% from 2015 levels. A majority of the revenue derived from the airline rates and charges category is based on the amount of expenses incurred in certain cost centers. The increase related primarily to higher debt service costs and the additional costs related to MAC regaining responsibility for the G Concourse in 2016, partially offset by an increase in the amount of concessions shared with the airlines.

Concessions increased by 9.4% or $13,798,000. The majority of the increase is in the public parking categories. Food and Beverage increases (approximately $4.2 million) can be attributed to the addition of the G Concourse concession program, passenger growth, and increase spending on a per passenger basis. Higher volume and longer lengths of stay in parking accounted for approximately $3.7 million of the increase in the concessions category. The remaining increase was in the Ground Transportation and Auto Rental categories. Ground Transportation primarily increased approximately $1.9 million due to the addition of Transportation Network Companies (TNC) activity, which started in 2016. The Auto Rental revenue increase (approximately $1.2 million) was primarily related to passenger growth.

Rental fees increased by $12,387,000 or 34.3%. This is primarily a result of higher auto rental customer facility charge (CFC) revenue due to an increase in the CFC rate in 2016 and ground rental rates for non-airline tenants.

Investment income increased $3,393,000 or 36.7% due to higher interest rates.

The Commission received a $914,000 in financing credit related to the installation of solar panels on top of the public parking ramps at Terminal 1 in 2015 and Terminal 2 in 2016.

The gain on sale of assets increased by $1,969,000 due to the sale of a parcel of land at the Anoka County/Blaine Airport.

Capital contributions and grants represent grants received from both federal and state governments for various construction projects at both MSP and the reliever airports. The decrease in 2016 comes primarily from a decrease in federal grants for baggage screening projects.

Financial Section

During 2015, the MAC's total revenues and capital contributions increased by 6.4% to $402,478,000 from $378,298,000 in 2014. Changes in major categories follow (dollars in thousands):

	2015	% of Total	2014	% of Total	Dollar Change	Percent Change
Operating revenues						
Airline rates and charges	$ 107,805	26.8%	$ 111,005	29.3%	$ (3,200)	-2.9%
Concessions	146,893	36.6%	136,445	36.2%	10,448	7.7%
Rentals/fees	36,086	9.0%	34,117	9.0%	1,969	5.8%
Utilities and other revenues	16,637	4.1%	16,768	4.4%	(131)	-0.8%
Total operating revenues	307,421		298,335		9,086	
Nonoperating revenues						
Investment income	9,241	2.3%	8,746	2.3%	495	5.7%
Solar panel financing rebate	599	0.1%	-	0.0%	599	
Gain (loss) on sale of assets/other	60	0.0%	(16,387)	-4.3%	16,447	-100.4%
Passenger facility charges (PFC)	70,471	17.5%	67,106	17.7%	3,365	5.0%
Total operating revenues	80,371		59,465		20,906	
Capital contributions and grants	14,686	3.6%	20,498	5.4%	(5,812)	-28.4%
Total revenues and capital contributions	$ 402,478	100%	$ 378,298	100%	$ 24,180	6.4%

Airline rates and charges decreased $3,200,000 or 2.9% from 2014 levels. A majority of the revenue derived from the airline rates and charges category is based on the amount of expenses incurred in certain cost centers. During 2015 and 2014, the MAC experienced a below average amount of snow and, as a result, snow removal expenses were lower. In addition, there was an increase in the amount of concessions shared with the airlines.

Concessions increased by 7.7% or $10,448,000. The majority of the increase is in the public parking category. An increase in parking rates as of January 1, 2015, along with a longer length of stay accounted for approximately $6.9 million of the increase in the concessions category. The remaining increase was in the Food & Beverage, Auto Rental, and Outdoor Advertising categories. Food and Beverage increases (approximately $720,000) can be attributed to passenger growth and increase spending on a per passenger basis. Auto Rental revenue increases (approximately $770,000) was primarily related to passenger growth. Outdoor advertising increased $980,000 due to a full years' revenue on the outdoor advertising contract.

Rental fees increased by $1,969,000 or 5.8%. This is primarily a result of higher auto rental customer facility charge (CFC) revenue due to increased activity in 2015 and higher terminal building rental rates for non-airline tenants.

Investment income increased $495,000 or 5.7% due to higher interest rates.

The Commission received a $599,000 financing credit related to the installation of solar panels on top of the public parking ramps at Terminal 1.

The gain on sale of assets decreased by $16,447,000 due to the sale of a parcel of land that the Commission acquired during the construction of runway 17-35 in 2014.

Capital contributions and grants represent grants received from both federal and state governments for various construction projects at both MSP and the reliever airports. The decrease in 2015 comes primarily from a decrease in federal grants for baggage screening projects.

Expenses

In 2016, the MAC's total expenses increased by 8.7% to $386,764,000 from $355,933,000 in 2015. Changes in major categories are summarized below (dollars in thousands):

	2016	% of Total	2015	% of Total	Dollar Change	Percent Change
Operating expenses						
Personnel	$ 94,425	24.4%	$ 81,728	23.0%	$ 12,697	15.5%
Administrative	1,723	0.4%	1,521	0.4%	202	13.3%
Professional services	6,217	1.6%	5,574	1.6%	643	11.5%
Utilities	18,816	4.9%	18,304	5.1%	512	2.8%
Operating services	23,389	6.1%	21,230	5.9%	2,159	10.2%
Maintenance	36,319	9.4%	32,089	9.0%	4,230	13.2%
Depreciation and amortization	139,226	36.0%	134,419	37.8%	4,807	3.6%
Other	4,411	1.1%	3,454	1.0%	957	27.7%
Operating expenses	324,526		298,319		26,207	
Nonoperating expenses						
Interest expense	62,238	16.1%	57,614	16.2%	4,624	8.0%
Total nonoperating expenses	62,238		57,614		4,624	
Total expenses	$ 386,764	100.0%	$ 355,933	100.0%	$ 30,831	8.7%

Personnel increased by 15.5% or $12,697,000. The majority of the increase is related to the implementation of GASB 68 in 2015, which resulted in a significant increase in pension expense adjustment in 2016. The remaining increase is due to annual wage adjustments, new employees and additional medical claims, partially offset by a decrease in post-retirement medical benefit.

Professional services increased by 11.5% or $643,000 primarily due to an increase in information technology projects and legal fees.

Utilities increased $512,000 or 2.8% due to the addition of the G Concourse utilities in 2016.

Operating services increased $2,159,000 or 10.2% due primarily to the Commission entering into a funding agreement with the Airport Foundation to replace the lost income from their two stores, airline incentive program for carriers that met the criteria, providing a full year of queue line management services and a shuttle service from the Quick Ride ramp to Terminal 1 compared to a partial year in 2015.

Maintenance increased $4,230,000 or 13.2%. The majority of the increase is attributable to the Commission regaining responsibility for the G Concourse and the related cleaning and maintenance costs in January 2016. The remaining increase was due to higher snow removal materials in 2016.

Depreciation increased $4,807,000 or 3.6%. The increase is attributable to new projects placed into service during 2015-2016.

Other expenses increased $957,000 or 27.7% due to an increase in computer and radio equipment purchases.

In 2015, the MAC's total expenses increased by 0.9% to $355,933,000 from $352,899,000 in 2014. Changes in major categories are summarized below (dollars in thousands):

	2015	% of Total	2014	% of Total	Dollar Change	Percent Change
Operating expenses						
Personnel	$ 81,728	23.0%	$ 72,358	20.5%	$ 9,370	12.9%
Administrative	1,521	0.4%	1,610	0.5%	(89)	-5.5%
Professional services	5,574	1.6%	4,972	1.4%	602	12.1%
Utilities	18,304	5.1%	20,873	5.9%	(2,569)	-12.3%
Operating services	21,230	5.9%	19,583	5.6%	1,647	8.4%
Maintenance	32,089	9.0%	31,377	8.9%	712	2.3%
Depreciation and amortization	134,419	37.8%	131,069	37.1%	3,350	2.6%
Other	3,454	1.0%	3,323	0.9%	131	3.9%
Operating expenses	298,319		285,165		13,154	
Nonoperating expenses						
Interest expense	57,614	16.2%	67,734	19.2%	(10,120)	-14.9%
Total nonoperating expenses	57,614		67,734		(10,120)	
Total expenses	$ 355,933	100.0%	$ 352,899	100.0%	$ 3,034	0.9%

Personnel increased by 12.9% or $9,370,000. The majority of the increase is related to the implementation of GASB 68, which resulted in a significant pension expense adjustment in 2015. The remaining increase is due to annual wage adjustments and new employees, partially offset by a decrease in overtime due to a lighter snow season.

Professional services increased by 12.1% or $602,000 primarily due to an increase in information technology projects and project costs that were expensed due to the project becoming inactive or will not be completed.

Utilities decreased $2,569,000 or 12.3% due to less natural gas and heating fuel consumption from a milder winter than the previous year. During 2015, the lighting fixtures in the parking ramps at Terminal 1 were changed to more energy efficient lights and the Commission received a credit rate adjustment from the utility company.

Operating services increased $1,647,000 or 8.4% due to the addition of an existing parking ramp being converted to public parking for which the Commission provides shuttle service from the ramp to Terminal 1.

Maintenance increased $712,000 or 2.3%. The increase is attributable to increased focus on cleanliness throughout the Terminal buildings resulting in higher cleaning costs along with the Commission now maintaining the baggage handling system. This was offset by lower snow removal expenses due to a below average winter snowfall in 2015.

Depreciation increased $3,350,000 or 2.6%. The increase is attributable to new projects placed into service during 2014-2015.

Other expenses increased $131,000 or 3.9% due to an increase in general insurance claims and premiums.

Net Revenues

In order to promote and encourage the efficient use of facilities at all of the MAC's airports, as well as minimize the environmental impact of MSP on the surrounding community, the MAC has implemented a policy of subsidizing its reliever airports to encourage the use of these facilities rather than MSP. In order to maintain this subsidy, the MAC sets its rates and charges to assure that total system revenues will be sufficient to pay total system expenses.

Financial Section

Net revenues generated by the Commission are designated for construction and debt service payments. These net revenues provide the Commission with a portion of the money to meet the funding requirements of its capital improvement program. This reduces the need to issue bonds and, therefore, allows the Commission to avoid the interest expense of additional debt.

Following is a summary of the Statements of Revenues, Expenses and Changes in Net Position for the years ended December 31, 2016, 2015 and 2014 (dollars in thousands):

	Fiscal Years Ended December 31,		
	2016	2015	2014
Operating revenues	$ 338,932	$ 307,421	$ 298,335
Operating expenses	(324,526)	(298,319)	(285,165)
Operating income	14,406	9,102	13,170
Nonoperating revenues	87,850	80,371	59,465
Nonoperating expenses	(62,238)	(57,614)	(67,734)
Nonoperating income (loss)	25,612	22,757	(8,269)
Increase in net position before capital contributions and grants	40,018	31,859	4,901
Capital contributions and grants	4,003	14,686	20,498
Increase in net position	44,021	46,545	25,399
Net position, beginning of year, as previously reported	1,716,774	1,719,348	1,693,949
Change in accounting principle	-	49,119	-
Net position, beginning of year, as previously reported	1,716,774	1,670,229	1,693,949
Net position, end of year	$ 1,760,795	$ 1,716,774	$ 1,719,348

The Commission shows a decrease in the total change in its net position in 2016 versus 2015. This is primarily a result of an increase in operating income and an increase in interest income due to higher interest rates. This was partially offset by an increase in interest expense and a decrease in capital contributions and grants.

The Commission shows an increase in the total change in its net position in 2015 from 2014. This is primarily a result of the decrease in interest expense due to previous bond refundings and a prior year loss on the sale of a parcel of land. This was partially offset by a decrease in capital contributions and grants.

Occasionally, the Commission may show an operating loss as a result of its methodology of assessing airline rates and charges and the reporting requirements for passenger facility charges (PFCs). For its airline rates and charges model, the Commission uses debt service instead of depreciation as a basis of recovering capital costs. Therefore, projects constructed with internally generated funds are not recoverable under the airline agreement. Further contributing to operating losses is the accounting treatment for PFCs and federal and state grants. The Commission cannot charge the users of the airport for any of its capital costs that were funded by PFCs and/or capital contributions. Therefore, under operating expenses the full cost of the capital project is depreciated over its useful life; however, the corresponding revenue (PFCs and federal and state grants) from that particular project is reflected as nonoperating revenue.

We believe we are well positioned to increase the long-term financial stability and air service competitiveness of MSP. In addition, our 10-year history of airline rates and charges is very competitive and, as one of the few airports with an AA- rating from both Fitch Investor Services and Standard & Poor's, we feel we are positioned well for growth in the future.

STATEMENTS OF NET POSITION

The Statements of Net Position present the net position of the MAC at the end of the fiscal year. Net position is equal to total assets plus deferred outflows of resources less total liabilities less deferred inflows of resources and is an indicator of the current financial health of the MAC. Summarized statements of net position information at December 31, 2016, 2015 and 2014 follows (dollars in thousands):

	December 31, 2016	December 31, 2015	December 31, 2014
Assets			
Current assets - unrestricted	$ 366,942	$ 425,019	$ 398,216
Restricted assets - current	72,665	89,599	78,210
Noncurrent assets:			
Other noncurrent assets	828,965	438,751	422,287
Capital assets - net	2,521,344	2,432,036	2,415,726
Total assets	3,789,916	3,385,405	3,314,439
Deferred Outflows of Resources	94,989	53,092	29,550
Total assets and deferred outflows of resources	$ 3,884,905	$ 3,438,497	$ 3,343,989
Liabilities			
Current liabilities - unrestricted	$ 140,238	$ 77,125	$ 54,334
Payable from restricted current assets	75,760	97,157	81,194
Noncurrent liabilities:			
Bonds payable	1,644,486	1,305,023	1,369,628
Other noncurrent liabilities	241,042	219,783	109,594
Total liabilities	2,101,526	1,699,088	1,614,750
Deferred Inflows of Resources	22,584	22,635	9,891
Total liabilities and deferred inflows of resources	2,124,110	1,721,723	1,624,641
Net Position			
Net investment in capital assets	1,265,771	1,163,545	1,152,189
Restricted	341,266	299,192	281,204
Unrestricted	153,758	254,037	285,955
Total net position	1,760,795	1,716,774	1,719,348
Total liabilities, deferred inflows of resources and net position	$ 3,884,905	$ 3,438,497	$ 3,343,989

The increase in total assets and deferred outflows of resources is primarily due to the increase in deferred outflows of resources related to the Commission's pension plans. Overall, the majority of the increase in net position from 2015 to 2016 is due to an increase in operating income and in interest income.

In December 2016, the Commission issued three new series of General Airport Revenue Bonds, which resulted in an increase in other noncurrent assets from the proceeds of the bonds, and an increase in bonds payable at December 31, 2016. A portion of the bond proceeds will be used as a payment towards the Commission's outstanding revolving line of credit balance in January 2017.

CASH AND INVESTMENT MANAGEMENT

The following summary shows the major sources and uses of cash during the years ended December 31, 2016, 2015 and 2014 (dollars in thousands):

	Fiscal Years Ended December 31, 2016	2015	2014
Cash provided by operating activities	$ 338,029	$ 305,770	$ 300,270
Cash used in operating activities	(150,248)	(142,740)	(153,501)
Net cash provided by operating activities	187,781	163,030	146,769
Net cash provided by (used in) capital and related financing activities	136,530	(112,603)	(125,347)
Net cash used in investing activities	(325,593)	(53,425)	(24,757)
Net decrease in cash and cash equivalents	(1,282)	(2,998)	(3,335)
Cash and cash equivalents, beginning of year	6,158	9,156	12,491
Cash and cash equivalents, end of year	$ 4,876	$ 6,158	$ 9,156

Cash temporarily idle during the year is invested according to legal requirements established by the Legislature of the State of Minnesota. In accordance with state law, investments are generally restricted to various United States government securities, mutual funds, state and local obligations, commercial paper and repurchase agreements. With the exclusion of postemployment medical investments which must mature within ten years from the date of purchase, all other securities must mature within four years from the date of purchase. During 2016, the MAC's average portfolio balance was $994,138,000 and total investment earnings were $8,721,000 for an average yield on investments during the year of 0.88%. This compares to an average portfolio balance of $812,490,000; investment earnings of $5,074,000 and average yield of 0.63% in fiscal year 2015.

The Commission currently has a policy of keeping a six-month working capital reserve in its operating fund. At the end of 2016, the Commission has in its operating fund approximately $72 million over and above its 2016 six-month working capital requirement. The Commission is currently considering how to apply or use some or all of these excess-operating funds.

CAPITAL CONSTRUCTION

During 2016, the Commission expended $206,000,000 on its on-going capital improvement program. Approximately $9,000,000 was associated with various airfield and runway projects. Approximately $59,000,000 was related to Terminal 1-Lindbergh projects. Projects at Terminal 1-Lindbergh include the start of vertical circulation improvements, restroom rehabilitations, and a passenger boarding bridge. Approximately $104,000,000 was spent on various Terminal 2-Humphrey projects, landside/parking and miscellaneous building projects with the largest projects being the site preparation, roadway work and buildings for a new parking ramp at Terminal 1-Lindbergh and three additional gates added at Terminal 2-Humphrey. Approximately $7,000,000 was spent on the Commission's reliever airport system. The remaining $12,000,000 was spent primarily for the installation of solar panels on top of the parking ramp at Terminal 2 -Humphrey. Average monthly capital spending in 2016 was approximately $17,200,000.

During 2015, the Commission expended $136,000,000 on its on-going capital improvement program. Approximately $9,000,000 was associated with various airfield and runway projects. Approximately $59,000,000 was related to Terminal 1-Lindbergh projects. Projects at Terminal 1-Lindbergh include checkpoint consolidation, restroom rehabilitations as well as modular cooling tower project. Approximately $49,000,000 was spent on various Terminal 2-Humphrey projects, landside/parking and miscellaneous building projects with the largest projects being the installation of solar panels on top of the parking ramps at Terminal 1-Lindbergh, site preparation for a new parking ramp at Terminal 1-Lindbergh, a checked baggage inspection system and the start of three additional gates at Terminal 2-Humphrey. Approximately $3,000,000 was spent on the Commission's reliever airport system. The remaining $16,000,000 was spent for equipment purchases and various technology and miscellaneous improvements. Average monthly capital spending in 2015 was approximately $11,300,000

Further information can be found in Note F.

CAPITAL FINANCING AND DEBT MANAGEMENT

The MAC has issued three forms of indebtedness: notes payable, general airport revenue bonds and general obligation revenue bonds. General obligation revenue bonds are backed by Commission revenues and the authority to levy any required taxes on the assessed valuation of the seven county Metropolitan Area. General airport revenue bonds are not backed by the MAC's taxing authority but rather are payable from certain pledged revenues.

Statutory authority for issuing general obligation revenue bonds is obtained from the Minnesota State Legislature. Authorization as of December 31, 2016, which permits the issuance by the MAC of up to $55,000,000 of general obligation revenue bonds. Currently, the MAC has no general obligation revenue bonds outstanding.

On October 4, 2016, the Commission issued two new series of general airport revenue bonds. The series labeled 2016A and 2016B General Airport Revenue Bonds were issued for $330,690,000 and $152,190,000, respectively. The proceeds are being used to current refund and defease $647,811,000 of the remaining principal outstanding of the Series 2007A and Series 2007B General Airport Revenue Bonds, which were called on January 1, 2017.

On December 20, 2016, the Commission issued three new series of General Airport Revenue Bonds. Two of the series, labeled Series 2016C and Series 2016E General Airport Revenue Bonds were issued for $207,250,000 and $171,690,000, respectively, and the proceeds will be used to construct a new parking garage, which includes public parking and an auto rental facility. The series labeled Series 2016D General Airport Revenue Bonds were issued for $23,410,000 and the proceeds will be used to repay a portion of the outstanding revolving line of credit.

The MAC is financing its construction program through a combination of the MAC's revenues, entitlement and discretionary grants received from the FAA, state grants, PFCs and revenue bonds. Long-term debt is the principal source of funding of the capital improvement program. The MAC, through its Master Indenture, has covenanted to maintain a debt service coverage ratio of 1.25. Debt service coverage is calculated based on a formula included in the Master Indenture and the airport use agreement.

The Commission has irrevocably committed a portion of PFCs it receives to the payment and funding of debt service on Senior Bonds and/or Subordinate Obligations issued to finance projects authorized to be financed with PFCs (collectively, the "PFC Eligible Bonds") through December 31, 2030.

Pursuant to the PFC Resolution, the Commission has irrevocably committed the following amounts of PFCs in the following Fiscal Years:

Irrevocably Committed PFCs

Fiscal Year	Irrevocably Committed PFCs	Fiscal Year	Irrevocably Committed PFCs
2017	9,337,150	2024	9,333,400
2018	9,338,400	2025	9,337,650
2019	9,337,650	2026	9,334,900
2020	9,339,400	2027	9,334,650
2021	9,337,900	2028	9,465,900
2022	9,332,650	2029	9,467,625
2023	9,333,150	2030	9,462,475

If the Commission does not use the full amount of the irrevocably committed PFCs to pay debt service on PFC Eligible Bonds in a Fiscal Year (i.e., there is more irrevocably committed PFCs than there is debt service due on PFC Eligible Bonds in such Fiscal Year), any unused portion of the irrevocable commitment for such Fiscal Year is not required to be carried over for use in future Fiscal Years.

In addition to the PFCs irrevocably committed pursuant to the PFC Resolution, the Commission can, at its sole discretion, use excess PFCs to pay additional debt service on PFC Eligible Bonds. The Commission currently expects to utilize all of the irrevocably committed PFCs and a portion of the remaining PFCs to pay the debt service on the PFC Eligible Bonds.

For further information on capital financing activity see Notes G and H.

CONTACTING THE MAC'S FINANCIAL MANAGEMENT

This financial report is designed to provide the MAC's Commissioners, management, investors, creditors and customers with a general view of the MAC's finances and to demonstrate the MAC's accountability for the funds it receives and expends. For further information about this report, or if you need additional financial information, please contact Director of Finance, 6040 28th Avenue South, Minneapolis, MN 55450 or access the Commission's website – https://metroairports.org/Airport-Authority/Metropolitan-Airports-Commission/Administration/Financials.aspx.

STATEMENTS OF NET POSITION

(Dollars in Thousands)

	December 31, 2016	December 31, 2015
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets:		
Cash and cash equivalents	$ 4,876	$ 6,158
Investments	333,737	376,879
Accounts receivable, net of allowances for uncollectibles of $88	13,041	12,138
Receivable - government grants in aid of construction	9,707	23,813
Leases receivable	2,358	2,361
Other	3,223	3,670
Restricted assets:		
Investments	61,762	78,844
Leases receivable	2,296	2,215
Passenger facility charge receivable	8,607	8,540
Total current assets	439,607	514,618
Noncurrent Assets:		
Investments, restricted	786,551	388,100
Leases receivable, unrestricted	17,991	20,349
Leases receivable, restricted	16,231	18,527
Derivative instruments - forward delivery agreements	8,192	9,849
Other	-	1,926
Capital assets:		
Land	367,973	363,824
Airport improvements and buildings	4,097,955	3,863,710
Moveable equipment	166,641	156,112
Construction in progress	118,681	140,092
Less accumulated depreciation	(2,229,906)	(2,091,702)
Total capital assets (net of accumulated depreciation)	2,521,344	2,432,036
Total noncurrent assets	3,350,309	2,870,787
Total assets	3,789,916	3,385,405
Deferred Outflows of Resources	94,989	53,092
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$ 3,884,905**	**$ 3,438,497**

STATEMENTS OF NET POSITION

(Dollars in Thousands)

	December 31, 2016	December 31, 2015
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current Liabilities:		
Accounts payable and accrued liabilities	$ 66,645	$ 48,382
Accounts payable due to airlines	20,302	17,601
Current portion of notes payable	44,663	3,426
Employee compensation, payroll taxes and other	8,628	7,716
Payable from restricted current assets:		
Current portion of bond payable	41,470	57,010
Construction and other	11,038	7,297
Unearned revenue	1,605	1,362
Interest payable	21,647	31,488
Total current liabilities	215,998	174,282
Noncurrent Liabilities:		
Employee compensation, payroll taxes and other	2,446	2,274
Unearned revenue, restricted	898	1,027
Notes payable	43,791	87,431
Postemployment medical	62,154	60,623
Bonds payable	1,644,486	1,305,023
Net pension liability	131,753	68,428
Total noncurrent liabilities	1,885,528	1,524,806
Total liabilities	2,101,526	1,699,088
Deferred Inflows of Resources	22,584	22,635
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	**2,124,110**	**1,721,723**
NET POSITION		
Net investment in capital assets	1,265,771	1,163,545
Restricted		
Debt service	111,696	115,352
Construction	228,591	182,751
Police/911 emergency communications	979	1,089
Unrestricted	153,758	254,037
TOTAL NET POSITION	**1,760,795**	**1,716,774**
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	**$ 3,884,905**	**$ 3,438,497**

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

(Dollars in Thousands)

	Fiscal Year Ended December 31, 2016	2015
OPERATING REVENUES		
Airline rates and charges	$ 112,653	$ 107,805
Concessions	160,691	146,893
Rentals/fees	48,473	36,086
Utilities and other revenues	17,115	16,637
TOTAL OPERATING REVENUES	**338,932**	**307,421**
OPERATING EXPENSES		
Personnel	94,425	81,728
Administrative	1,723	1,521
Professional services	6,217	5,574
Utilities	18,816	18,304
Operating services	23,389	21,230
Maintenance	36,319	32,089
Depreciation and amortization	139,226	134,419
Other	4,411	3,454
TOTAL OPERATING EXPENSES	**324,526**	**298,319**
OPERATING INCOME	**14,406**	**9,102**
NONOPERATING REVENUES (EXPENSES)		
Investment income	12,634	9,241
Federal interest rate subsidies	914	599
Passenger facility charges	72,273	70,471
Gain on disposal of assets	2,029	60
Interest expense	(62,238)	(57,614)
TOTAL NONOPERATING REVENUES (EXPENSES)	**25,612**	**22,757**
INCOME BEFORE CAPITAL CONTRIBUTIONS AND GRANTS	**40,018**	**31,859**
CAPITAL CONTRIBUTIONS AND GRANTS	4,003	14,686
CHANGE IN NET POSITION	**44,021**	**46,545**
NET POSITION, BEGINNING OF YEAR	1,716,774	1,670,229
NET POSITION, END OF YEAR	**$ 1,760,795**	**$ 1,716,774**

STATEMENTS OF CASH FLOWS

(Dollars in Thousands)

	Fiscal Year Ended December 31, 2016	2015
Cash received from customers and users	$ 338,029	$ 305,770
Cash paid to employees and benefit providers	(75,545)	(72,653)
Cash paid to suppliers	(74,703)	(70,087)
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	187,781	163,030
Payments for airport improvements and facilities	(223,098)	(139,057)
Proceeds from sale of capital assets	5,573	41
Proceeds from bond/note issuance	429,081	43,148
Receipt of lease payments	4,690	5,827
Receipt of solar panel financing rebate	914	599
Receipt of passenger facility charges	72,206	70,054
Principal paid on bonds/notes	(94,055)	(49,330)
Interest paid on bonds/notes	(76,890)	(59,477)
Receipt of government grants	18,109	15,592
NET CASH FLOWS PROVIDED BY (USED BY) CAPITAL AND RELATED FINANCING ACTIVITIES	136,530	(112,603)
Purchase of investment securities	(1,865,079)	(777,805)
Proceeds from maturities of investment securities	1,523,197	708,906
Investment income	16,289	15,474
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(325,593)	(53,425)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,282)	(2,998)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	6,158	9,156
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 4,876	$ 6,158
Reconciliation of Operating Income to Net Cash Flows Provided by Operating Activities:		
Operating income	$ 14,406	$ 9,102
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	139,226	134,419
Pension expense in excess of contributions made	16,265	5,616
Changes in assets and liabilities:		
Accounts receivable	(903)	(1,651)
Other assets	447	400
Accounts payable and accrued expenses	15,725	11,685
Postretirement medical	1,531	2,627
Employee compensation and payroll taxes	1,084	832
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	$ 187,781	$ 163,030
Noncash investing, capital and related financing activities:		
Changes in fair value of investments	$ (3,655)	$ (6,233)
Additions to capital assets included in construction and accounts payable and accrued liabilities	39,095	30,115
Bond payments funded from escrow account	601,312	-
Refunding bond proceeds deposited to escrow account	(601,312)	-

Fiscal years ended December 31, 2016 and 2015

NOTE A: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Minneapolis/St. Paul Metropolitan Airports Commission (the Commission) was created by an act of the Minnesota State Legislature in 1943 as a public corporation. Its purpose is to promote air navigation and transportation (international, national and local) in and through the State of Minnesota; promote the efficient, safe, and economical handling of air commerce; assure the inclusion of the state in national and international programs of air transportation; and, to those ends, develop the full potential of the metropolitan area as an aviation center. It has the responsibility to assure residents of the metropolitan area the minimum environmental impact from air navigation and transportation, promote the overall goals of the state's environmental policies, and minimize the public's exposure to noise and safety hazards around airports.

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. The Commission controls and operates seven airports within the metropolitan area, including the Minneapolis/St. Paul International Airport, which services scheduled air carriers and six reliever airports serving general aviation.

The Commission is governed independently by a 15-member Board of Commissioners. The governor of the State of Minnesota appoints 13 commissioners. The mayors of Minneapolis and St. Paul also have seats on the Commission with the option to appoint a surrogate to serve on their behalf. Certain large capital improvement projects having metropolitan significance must be reviewed by the Metropolitan Council, which is a public agency established by law with powers of regulation over the development of the metropolitan area.

In applying current Governmental Accounting Standards Board (GASB) guidance, the State of Minnesota and the Commission have agreed that the Commission is not financially accountable to any other organization and is considered a stand-alone governmental unit.

Basis of Accounting

Under GASB Statement No. 34, *Basic Financial Statements–and Management's Discussion and Analysis–for State and Local Governments*, the Commission is considered to be a special-purpose government 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. Under the accrual basis of accounting, revenues are recognized when they are earned or when services are provided, and expenses are recognized when they are incurred.

Fiscal years ended December 31, 2016 and 2015

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outlfows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue and Expense Recognition

The Commission considers revenues and expenses carried out in the operation and the maintenance of the Commission's system of airports to be operating in nature. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions and grants.

When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first, and then unrestricted resources as they are needed.

Budgeting Process

As required by Minnesota Statutes, the Commission adopts an annual operating and capital expenditures budget for purposes of determining required taxes, if any, to be levied by counties in its jurisdiction. Budgets are established on a departmental basis using the accrual method of accounting.

The process to amend the budget is set forth in the Commission bylaws, Article III, 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/CEO 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 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/CEO 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/CEO'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.

Fiscal years ended December 31, 2016 and 2015

At any time during the fiscal year, the Executive Director/CEO 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/CEO may recommend to the full Commission the appropriation of additional funds above and beyond those approved at the time of budget adoption."

The Commission is not required to demonstrate statutory compliance with its annual operating budget. Accordingly, budgetary data are not included in the basic financial statements. All budgets are prepared in accordance with airport lease and use agreements. Unexpended appropriations lapse at year-end.

Cash and Cash Equivalents

In accordance with Minnesota Statutes, the Commission maintains deposits at those depository banks which are members of the Federal Reserve System, as authorized by the Commission.

For purposes of the statement of cash flows, the Commission considers cash on hand plus overnight investments to be cash and cash equivalents.

Investments

The Commission's investments are reported at fair value as determined by quoted market prices in the statement of net position and changes in the fair value of investments are reported as investment income in the statement of revenues, expenses and changes in net position.

Inventory

Inventories, primarily fuel, are valued at cost on a first-in, first-out basis (FIFO). The cost of the Commission's inventories included in other assets is recorded as an expense when consumed rather than purchased.

Leases

Substantially all airport improvements and buildings are leased or charged to users under various agreements. Certain facilities are leased under self-liquidating lease agreements, which require the lessee to pay annual payments equal to the debt service requirements of the debt issued to construct the facilities or the debt service requirements that would have been required if debt had been issued. Other facilities at Minneapolis/St. Paul International Airport are charged to user airlines under lease agreements, which provide for compensatory rental rates designed to recover agreed-upon portions of costs incurred, including debt service, in the terminal building, ramp, and runway areas. Other facilities, to the extent they are leased, are leased under conventional agreements, primarily percentage leases.

Federal and State Grants

Outlays for airport capital improvements and certain airport operating expenses, primarily those relating to airport security, are subject to reimbursement from federal grant programs. Funds are also received for airport development from the State of Minnesota. The Commission records government grants in aid of construction as capital contributions.

Funding provided from government grants is considered earned as the related approved capital outlays or expenses are incurred. Costs claimed for reimbursement are subject to audit and acceptance by the granting agency.

Fiscal years ended December 31, 2016 and 2015

Passenger Facility Charges

In June 1992, the Commission began collecting passenger facility charges (PFCs). PFCs are fees imposed on enplaned passengers by airport authorities for the purpose of generating revenue for airport projects that increase capacity, increase safety, or mitigate noise impacts. The Commission has received permission from the Federal Aviation Administration (FAA) to impose and use a $4.50 PFC, the current maximum rate allowed.

The following table sets forth a summary of the Commission's approved PFC applications (dollars in thousands):

PFC Application	Approval Date	Approved Amount (as Amended)
1	June, 1992	$ 92,714
2	August, 1994	140,717
3	June, 1998	36,377
4	April, 1999	47,801
5	August, 1999	112,533
6	April, 2003	759,735
7	April, 2003	14,479
8	August, 2005	147,986
9	February, 2006	8,659
10	May, 2008	101,472
11	March, 2014	52,827
12	September, 2015	40,796
		$ 1,556,096

PFC applications one through five are fully funded and have been closed out.

PFC's, which are recognized as earned, are included in nonoperating revenues and amounted to approximately $72,273,000 and $70,471,000 for 2016 and 2015, respectively.

Intangible Assets

The Commission has incurred, and continues to incur, substantial costs in relation to its ongoing Part 150 Sound Insulation Program. The Sound Insulation Program pays for a home within the airport's impacted noise area to be sound insulated with respect to doors, window treatments, etc., with no further cash outlay required by the Commission. Because the Commission receives an avigation release from each affected homeowner in return for providing sound insulation improvements, the associated costs are being recorded as an intangible asset and amortized to expense over a ten-year period, which approximates the estimated useful lives of such improvements. Amortization expense for capitalized Part 150 Sound Insulation expenses was $11,964,000 and $12,996,000 for the years ended December 31, 2016 and 2015, respectively. This amortization expense is included as a component of depreciation expense on the statements of revenues, expenses and changes in net position. The unamortized costs included in airport improvements and buildings at December 31, 2016 and 2015 was approximately $58,706,000 and $70,670,000, respectively.

Fiscal years ended December 31, 2016 and 2015

Airports and Facilities

As required under Chapter 500, Laws of Minnesota 1943—the law under which the Commission was created—certain capital assets, classified as land and airport improvements and buildings, were contributed by the cities of Minneapolis and St. Paul. Fee title to the land and improvements remain with the two cities.

Additions to capital assets are recorded at cost, unless contributed, in which case such additions are recorded at acquisition value as of the date of acquisition.

It is the Commission's policy to amortize the carrying amount of its capital assets, including those acquired using government grants in aid of construction and passenger facility charges, over their estimated useful lives on a straight-line basis by annual depreciation charges to income. Estimated useful lives on depreciable capital 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.

Capitalized Interest

Interest capitalized on projects funded by internally generated funds is based on the weighted-average borrowing rate of the Commission and actual project expenditures during the period of construction. Interest capitalized on projects funded from bond proceeds is based on the interest cost of the specific borrowing, less interest earned on undisbursed invested funds during the construction period. Interest is not capitalized on project costs that are reimbursed by government grants in aid of construction or PFCs.

Total interest expense was approximately $62,238,000 and $57,614,000 for the years ended December 31, 2016 and 2015, respectively, while interest capitalized as part of the cost of constructed assets was approximately $2,051,000 and $1,571,000, respectively.

Compensated Absences

In accordance with the vesting method provided under GASB Statement No. 16, *Accounting for Compensated Absences*, accumulated vacation and personal time is accrued based on assumptions concerning the probability that certain employees will become eligible to receive these benefits in the future.

Substantially all employees receive compensation for vacations, holidays, illness and certain other qualifying absences. Liabilities relating to these absences are recognized as incurred and included in employee compensation, payroll taxes and other on the statements of net position.

Fiscal years ended December 31, 2016 and 2015

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the General Employees Retirement Fund and the Public Employees Police and Fire Fund (cost-sharing, multiple-employer defined benefit plans administered by the Public Employees Retirement Association of Minnesota in which the Commission participates) and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Unearned Revenue

Unearned revenue represents advance interest payments on direct financing leases received from certain airlines, which will be recognized as investment income over the term of the lease agreement, as well as the unearned portion of annual taxi permits.

Deferred Outflows of Resources

As of December 31, 2016 and 2015, deferred outflows of resources consisted of the following components (dollars in thousands):

	2016	2015
Net difference between projected and actual earnings on pension plan investments - pensions	$ 13,440	$ -
Differences between expected and actual experience - pensions	253	516
Changes of assumptions - pensions	47,124	6,106
Changes in proportion and differences in contributions - pensions	10,205	15,218
Commission's contributions made subsequent to the measurement date - pensions	3,795	4,287
Deferred loss on refundings of debt	20,172	26,965
Total deferred outflows of resources	$ 94,989	$ 53,092

Fiscal years ended December 31, 2016 and 2015

Deferred Inflows of Resources

As of December 31, 2016 and 2015, deferred inflows of resources consisted of the following components (dollars in thousands):

	2016	2015
Net difference between projected and actual earnings on pension plan investments - pensions	$ -	$ 7,370
Differences between expected and actual experience - pensions	12,373	5,064
Changes of assumptions - pensions	-	-
Changes in proportion and differences in contributions - pensions	1,691	-
Accumulated increase in fair value of forward delivery agreements	8,192	9,849
Deferred gains on refundings of debt	328	352
Total deferred inflows of resources	$ 22,584	$ 22,635

Original Issue Discounts/Premiums

Original issue discounts/premiums on bonds are generally being amortized using the effective interest method over the lives of the bonds to which they relate.

Net Position

GASB Statement No. 34 establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following three net position categories:

- Net investment in capital assets: reflects the Commission's investment in capital assets, net of accumulated depreciation and outstanding balances of debt attributable to the acquisition, construction or improvements of those assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

- Restricted: represent resources for which the Commission is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

- Unrestricted: represent resources that are not subject to externally imposed stipulations that may be used to meet the Commission's ongoing obligations to the public and creditors. Unrestricted resources may be designated for specific purposes by action of the management or the governing board of the Commission.

Fiscal years ended December 31, 2016 and 2015

Rental Income

Rental income is generally recognized as it becomes receivable over the respective lease terms. The Commission may, from time to time, have leases which provide for waived rent during the initial period of the lease term and/or rental escalations throughout the lease term. In accordance with GASB Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, the related rental income for leases in which the rental income stream is not systematic, if significant, is reported using the straight-line method rather than using the terms of the lease agreements.

Customer Facility Charges

With respect to on-airport rental car companies, the Commission is assessing a customer facility charge (CFC) per transaction day to recover the rental car portion of capital costs associated with the construction of the auto rental/public parking garage located adjacent to Terminal 1 (formerly the Lindbergh Terminal), as well as to recover certain maintenance costs relating to the auto rental facilities. During 2016, the Commission increased the fee to $5.90 per rental car transaction per day from $3.25.

Adoption of New Accounting Standard

During 2016, the Commission adopted and implemented GASB Statement No. 72, *Fair Value Measurement and Application*, GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* and GASB Statement No. 82, *Pension Issues-an amendment of GASB Statements No. 67, No. 68 and No. 73*. The implementation of these GASB Statements did not impact the net position or the change in net position of the Commission.

NOTE B: DEPOSITS AND INVESTMENTS

Cash Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. Minnesota Statutes require that all Commission deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds (140% for mortgage notes pledged). Authorized collateral includes allowable investments as discussed below, certain first mortgage notes, and certain other state or local government obligations. Minnesota Statutes require that securities pledged as collateral be held in safekeeping by the Commission or in a financial institution other than that furnishing the collateral.

The Commission's interest-bearing deposit accounts are insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC). For 2016 and 2015, cash deposits were entirely insured or collateralized by securities held in the Commission's name by a financial institution (Commission's agent) other than that furnishing the collateral.

Fiscal years ended December 31, 2016 and 2015

Investments

The Commission may invest idle funds as authorized by Minnesota Statute, Section 118A, and the Commission's internal investment policy in the following:

a) Securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as high risk by Minnesota Statute, Section 118A.04 subd. 6;
b) Mutual funds through shares of registered investment companies, provided the mutual fund receives certain ratings depending on its investments;
c) General obligations of municipalities and certain state agency and local obligations of other states, provided such obligations have certain specified bond ratings by a national bond rating service;
d) Bankers' acceptances of United States banks;
e) Commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two national rating agencies and matures in 270 days or less; and
f) With certain restrictions, in repurchase agreements, security lending agreements, joint powers investment trusts, and guaranteed investment contracts.

The Commission addresses certain investment-related risks to which it is currently exposed as follows:

Interest rate risk - the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Commission has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates. The Commission may not invest in securities maturing more than four years from the date of purchase unless the security is for post-retirement health care funding, which may not mature more than ten years from the date of purchase. The Commission manages interest rate risk by maintaining sufficient liquidity to enable the Commission to meet anticipated cash requirements. The money market mutual funds are presented as an investment with a maturity of less than one year because they are redeemable in full immediately.

Fiscal years ended December 31, 2016 and 2015

The maturity ranges and credit ratings for the Commission's investment securities at December 31, 2016 and 2015 follow (dollars in thousands):

				December 31, 2016 Maturing in Years			
Security Type	**Ratings**	**0 - 1**	**1 - 2**	**2 - 3**	**3 - 4**	**4 - 5**	**Total**
U.S. Treasury Security Notes	AA+/Aa1	$ 23,724	$ 284,289	$ 5,532	$ -	$ -	$ 313,545
U.S. Treasury Security Bills	A-1/P-1	125,628	-	-	-	-	125,628
Government-Sponsored Enterprises							
Federal Farm Credit Bank	AA+ / Aaa	10,747	8,436	14,994	-	-	34,177
Federal Home Loan Mortgage Corporation	AA+ / Aaa	3,992	10,542	28,056	4,961	-	47,551
Federal National Mortgage Association	AA+ / Aaa	96,801	15,814	20,653	41,044	-	174,312
Federal National Mortgage Association	Not Rated	1,286	-	-	-	-	1,286
Federal Home Loan Bank	AA+ / Aaa	71,207	128,135	88,533	34,117	-	321,992
Municipal Bonds:	AAA / AAA	-	2,055	-	1,000	-	3,055
	AAA / Aa2	-	-	-	-	-	-
	AA+ / Aa1	-	-	2,550	-	-	2,550
	AA+ / Aa3	1,334	-	-	-	-	1,334
	AA / Aa2	-	220	-	3,347	-	3,567
	AA- / Aa3	-	-	502	-	-	502
	AA- / Aa2	-	-	2,113	-	-	2,113
	AA- / Aa1	-	-	1,526	-	-	1,526
	N/R / Aa1	-	-	1,085	-	-	1,085
	N/R / A1	333	-	-	-	-	333
Money Market Mutual Funds	Not Rated	147,494	-	-	-	-	147,494
	Totals	$ 482,546	$ 449,491	$ 165,544	$ 84,469	$ -	$ 1,182,050

Ratings: AA+ Standard & Poors; Aaa Moody's

				December 31, 2015 Maturing in Years			
Security Type	**Ratings**	**0 - 1**	**1 - 2**	**2 - 3**	**3 - 4**	**4 - 5**	**Total**
Government-Sponsored Enterprises							
Federal Agricultural Mortgage Corporation	AA+ / Aaa	$ 7,992	$ -	$ -	$ -	$ -	$ 7,992
Federal Agricultural Mortgage Corporation	Not Rated	5,002	-	-	-	-	5,002
Federal Farm Credit Bank	AA+ / Aaa	10,365	2,748	3,973	9,576	-	26,662
Federal Farm Credit Bank	AA+ / N/R	1,000	-	-	-	-	1,000
Federal Farm Credit Bank	Not Rated	7,992	-	-	-	-	7,992
Federal Home Loan Mortgage Corporation	AA+ / Aaa	10,004	3,968	10,859	15,897	-	40,728
Federal National Mortgage Association	AA+ / Aaa	11,286	97,978	12,783	11,578	-	133,625
Federal National Mortgage Association	Not Rated	1,837	1,269	-	-	-	3,106
Federal Home Loan Bank	AA+ / Aaa	214,615	52,885	128,074	27,761	-	423,335
Financing Corporation	Not Rated	5,953	-	-	-	-	5,953
Municipal Bonds:	AAA / AAA	-	-	2,081	-	991	3,072
	AAA / Aa2	630	-	-	-	-	630
	AA+ / Aa1	5,006	-	-	1,671	-	6,677
	AA+ / Aa3	-	1,342	-	-	-	1,342
	AA / Aa2	2,835	-	220	-	-	3,055
	AA / N/R	1,522	-	-	-	-	1,522
	AA- / Aa1	-	-	-	1,534	-	1,534
	N/R / Aa1	-	-	-	1,129	-	1,129
	N/R / A1	-	336	-	-	-	336
Money Market Mutual Funds	Not Rated	169,131	-	-	-	-	169,131
	Totals	$ 455,170	$ 160,526	$ 157,990	$ 69,146	$ 991	$ 843,823

Ratings: AA+ Standard & Poors; Aaa Moody's

Credit risk - the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Commission's investment policy adheres to Minnesota Statue 118A, which limits the types of investment instruments that may be purchased by the Commission. The ratings of the Commission's debt investments are shown in the tables above.

Concentration of credit risk - the Commission requires a diversified investment portfolio to avoid risk of losses resulting from an over-concentration of assets in a specific maturity, issuer, or class of securities.

Fiscal years ended December 31, 2016 and 2015

In respect to U.S. government agency obligations and government-sponsored enterprises, the Commission places no limit on the amount that may be invested in any one issuer. The Commission cannot hold more than 30% of its portfolio in commercial paper, 25% in any state or local government obligation, or 4% in any one corporation. The U.S. government-sponsored enterprise securities held by the Commission are not explicitly guaranteed by the U.S. Government and are subject to concentration of credit risk.

At December 31, 2016 and 2015, the following investments represent more than 5% of total investments:

	12/31/16	12/31/15
Government-Sponsored Enterprises:		
Federal Home Loan Bank	27%	50%
Federal National Mortgage Association	15%	16%

Custodial credit risk - the risk that, in the event of the failure of the counterparty, the Commission will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. At December 31, 2016 and 2015, none of the Commission's investments were exposed to custodial credit risk.

Foreign currency risk - the risk of adverse effects on the fair value of an investment from changes in exchange rates. The Commission's investment policy does not allow investments in foreign investments, thus the Commission has no foreign currency risk with respect to its deposits or investments.

The Commission's cash, cash equivalents and investments are reported as follows in the statements of net position at December 31 (dollars in thousands):

	2016	2015
Cash and cash equivalents - unrestricted	$ 4,876	$ 6,158
Investments - unrestricted	333,737	376,879
Investments, current - restricted	61,762	78,844
Investments, noncurrent - restricted	786,551	388,100
Total cash, cash equivalents and investments	$ 1,186,926	$ 849,981

Fiscal years ended December 31, 2016 and 2015

Investment income for the Commission for the years ended December 31 consisted of the following (dollars in thousands):

	2016	2015
Investment income from leases	$ 3,914	$ 4,168
Investment income from investments	12,375	11,306
Net decrease in fair value of investments	(3,655)	(6,233)
	$ 12,634	$ 9,241

NOTE C: DISCLOSURE ABOUT FAIR VALUE OF ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Fiscal years ended December 31, 2016 and 2015

Recurring Measurements

The following tables present the fair value measurements of assets and liabilities (if any) recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2016 and 2015 (dollars in thousands):

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2016				
Investments by fair value level				
U.S. Treasury Security Notes	$ 313,545	$ 313,545	$ -	$ -
U.S. Treasury Security Bills	125,628	125,628	-	-
U.S. Government-Sponsored				
Enterprise securities	579,318	-	579,318	-
Municipal securities	16,065	-	16,065	-
Money market mutual funds	147,494	147,494	-	-
Total investments by fair value level	$ 1,182,050	$ 586,667	$ 595,383	$ -
Derivative instruments				
Forward delivery agreements	$ 8,192	$ -	$ -	$ 8,192

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2015				
Investments by fair value level				
U.S. Government-Sponsored				
Enterprise securities	$ 655,395	$ -	$ 655,395	$ -
Municipal securities	19,297	-	19,297	-
Money market mutual funds	169,131	169,131	-	-
Total investments by fair value level	$ 843,823	$ 169,131	$ 674,692	$ -
Derivative instruments				
Forward delivery agreements	$ 9,849	$ -	$ -	$ 9,849

Fiscal years ended December 31, 2016 and 2015

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Derivative Investments

The fair values of the forward delivery agreements are estimated by the counterparty using a proprietary model and, therefore, are classified within Level 3 of the valuation hierarchy.

NOTE D: RESTRICTED CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents and investments at December 31 are restricted as follows (dollars in thousands):

	2016	2015
Coverage Account	$ 17,013	$ 17,013
Police Federal Forfeiture Fund	794	600
Police State Forfeiture Fund	109	121
Passenger Facility Charge Fund	219,984	174,211
911 Emergency Communications Fund	76	368
Solar Panel Construction Fund	1,532	13,436
Revenue Bond Interest and Principal Funds	71,913	87,994
Revenue Bond Reserve Funds	107,135	122,480
Revenue Bonds Construction Funds	401,364	27,241
Revenue Bond Cost of Issuance Funds	1,393	-
Revolving Loan Debt Service Funds	27,000	-
Revolving Loan Construction Fund	-	23,480
	$ 848,313	$ 466,944

Fiscal years ended December 31, 2016 and 2015

NOTE E: GRANTS RECEIVABLE

Grants receivable from government agencies represent reimbursements due from the federal government and/or the State of Minnesota for allowable costs incurred on federal and state award programs. Grants receivable at December 31 consists of (dollars in thousands):

	2016	2015
Federal Aviation Administration	$ 4,472	$ 11,360
Transportation Security Administration	3,346	9,140
State of Minnesota	1,889	3,313
	$ 9,707	$ 23,813

NOTE F: CAPITAL ASSETS

Changes in capital assets by major classification are as follows (dollars in thousands):

	Balance January 1, 2016	Additions	Transfers In (Out)	Retirements or Disposals	Balance December 31, 2016
Capital assets - not depreciated:					
Land	$ 363,824	$ 7,691	$ -	$ (3,542)	$ 367,973
Construction in progress	140,092	209,586	(230,997)	-	118,681
Total capital assets - not depreciated	503,916	217,277	(230,997)	(3,542)	486,654
Capital assets - depreciated:					
Airport improvements and buildings	3,863,710	8,215	226,030	-	4,097,955
Less: accumulated depreciation	(1,987,711)	(130,251)	-	-	(2,117,962)
Net airport improvements and buildings	1,875,999	(122,036)	226,030	-	1,979,993
Movable equipment	156,112	6,588	4,967	(1,026)	166,641
Less: accumulated depreciation	(103,991)	(8,975)	-	1,022	(111,944)
Net movable equipment	52,121	(2,387)	4,967	(4)	54,697
Total capital assets - depreciated	1,928,120	(124,423)	230,997	(4)	2,034,690
Net capital assets	$ 2,432,036	$ 92,854	$ -	$ (3,546)	$ 2,521,344

	Balance January 1, 2015	Additions	Transfers In (Out)	Retirements or Disposals	Balance December 31, 2015
Capital assets - not depreciated:					
Land	$ 363,824	$ -	$ -	$ -	$ 363,824
Construction in progress	92,044	135,907	(87,859)	-	140,092
Total capital assets - not depreciated	455,868	135,907	(87,859)	-	503,916
Capital assets - depreciated:					
Airport improvements and buildings	3,778,370	-	85,340	-	3,863,710
Less: accumulated depreciation	(1,861,935)	(125,776)	-	-	(1,987,711)
Net airport improvements and buildings	1,916,435	(125,776)	85,340	-	1,875,999
Movable equipment	140,424	14,852	2,519	(1,683)	156,112
Less: accumulated depreciation	(97,001)	(8,643)	-	1,653	(103,991)
Net movable equipment	43,423	6,209	2,519	(30)	52,121
Total capital assets - depreciated	1,959,858	(119,567)	87,859	(30)	1,928,120
Net capital assets	$ 2,415,726	$ 16,340	$ -	$ (30)	$ 2,432,036

Fiscal years ended December 31, 2016 and 2015

NOTE G: LONG-TERM DEBT

The Commission's long-term debt at **December 31, 2016** and 2015 consisted of the following (dollars in thousands):

Type of Issue	Issue Date	Interest Rates	Maturing on January 1	Maturity Amounts	2016	2015
General Airport Revenue Bonds						
Series 2007A *	1/9/2007	-	-	$ -	$ -	$ 440,985
Original amount - $440,985						
Series 2007B **	1/9/2007	-	-	-	-	197,360
Original amount - $197,360						
Series 2008A *	1/15/2008	-	-	-	-	10,490
Original amount - $72,035						
Series 2009A *	11/10/2009	4.000%	2017 - 2019	6,670		
Original amount - $23,075		5.000%	2020 - 2021	4,920		
		4.125%	2022	205	11,795	13,850
Series 2009B *	11/10/2009	5.000%	2017	11,870		
Original amount - $128,835		4.500%	2018	2,000		
		5.000%	2018	10,465		
		4.700%	2019	2,000		
		5.000%	2019	11,075		
		4.800%	2020	2,000		
		5.000%	2020 - 2022	29,955	69,365	80,670
Series 2010A *	7/28/2010	5.000%	2028	1,460		
Original amount - $62,210		4.000%	2028	3,090		
		5.000%	2029	2,000		
		4.000%	2029	5,155		
		5.000%	2030	2,325		
		4.125%	2030	5,135		
		5.000%	2031 - 2035	43,045	62,210	62,210
Series 2010B *	7/28/2010	5.000%	2017 - 2026	50,980		
Original amount - $73,475		4.000%	2027 - 2028	8,915	59,895	63,790
Series 2010C **	10/01/2010	3.000%	2017	635		
Original amount - $21,600		3.500%	2018	655		
		5.000%	2019 - 2021	2,145		
		3.250%	2022 - 2023	1,595		
		3.500%	2024	55	5,085	6,725

Fiscal years ended December 31, 2016 and 2015

Type of Issue	Issue Date	Interest Rates	Maturing on January 1	Maturity Amounts	2016	2015
Series 2010D (AMT) **	10/01/2010	5.000%	2017 - 2022	28,905		
Original amount - $68,790		4.000%	2023	5,690		
		4.125%	2024	1,010	$ 35,605	$ 40,815
Series 2011A **	10/04/2011	5.000%	2017 - 2023	$ 35,425		
Original amount - $52,015		3.500%	2024	6,115		
		5.000%	2025	6,330	47,870	52,015
Series 2012A (Taxable) **	11/20/2012	1.849%	2017	5,650		
Original amount - $39,770		2.238%	2018	5,755		
		2.438%	2019	5,880		
		2.755%	2020	6,025	23,310	28,875
Series 2012B **	11/20/2012	5.000%	2026 - 2031	42,015	42,015	42,015
Original amount - $42,015						
Series 2014A **	10/08/2014	4.000%	2017	4,620		
Original amount - $217,790		5.000%	2018 - 2035	209,900	214,520	217,790
Series 2014B ** (AMT)	10/08/2014	4.000%	2017	3,900		
Original amount - $46,590		5.000%	2018 - 2035	38,840	42,740	46,590
Series 2016A *	10/04/2016	3.000%	2025	1,150		
Original amount - $330,690		5.000%	2025	40,110		
		4.000%	2026	10,000		
		5.000%	2026 - 2032	279,430	330,690	-
Series 2016B **	10/04/2016	3.000%	2018	1,370		
Original amount - $152,190		5.000%	2018 - 2020	42,200		
		3.000%	2021	3,050		
		5.000%	2021 - 2022	38,225		
		4.000%	2023	5,125		
		5.000%	2023	24,970		
		3.000%	2024	5,075		
		5.000%	2024	32,175	152,190	-
Series 2016C *	12/10/2016	4.000%	2019 - 2021	11,390		
Original amount - $207,250		5.000%	2022 - 2037	195,860	207,250	-
Series 2016D (AMT) **	12/10/2016	4.000%	2018	500		
Original amount - $23,410		5.000%	2019 - 2037	16,890		
		5.000%	2041	6,020	23,410	-
Series 2016E (Taxable) **	12/10/2016	1.720%	2019	8,595		
Original amount - $171,690		2.050%	2020	8,740		
		2.392%	2021	8,920		
		2.542%	2022	9,135		
		2.893%	2023	9,365		
		3.093%	2024	9,640		
		3.296%	2025	9,935		
		3.396%	2026	10,265		
		3.546%	2027	10,610		
		3.746%	2028	10,990		
		3.796%	2029	11,400		
		3.896%	2030	11,835		
		3.996%	2031	12,295		
		4.096%	2032	12,785		
		4.196%	2033	13,310		
		4.246%	2034	13,870	171,690	-
Total General Airport Revenue Bonds					1,499,640	1,304,180
Notes Payable					88,454	90,857
					1,588,094	1,395,037
Unamortized premium, net					186,316	57,853
Current portion of long-term debt					(86,133)	(60,436)
Total Long-Term Bonds and Notes Payable					$ 1,688,277	$ 1,392,454

* Senior General Airport Revenue Bonds
** Subordinate General Airport Revenue Bonds

Fiscal years ended December 31, 2016 and 2015

Future debt service requirements as of December 31, 2016 are as follows (dollars in thousands):

	Notes Payable	General Airport Revenue Bonds	Total Debt Outstanding	Interest	Total Principal and Interest
2017	$ 44,663	$ 41,470	$ 86,133	$ 57,229	$ 143,362
2018	3,014	55,390	58,404	68,997	127,401
2019	3,029	69,325	72,354	66,158	138,512
2020	2,849	72,275	75,124	62,998	138,122
2021	2,687	69,260	71,947	59,763	131,710
2022 - 2026	10,837	399,565	410,402	245,422	655,824
2027 - 2031	9,862	486,410	496,272	137,186	633,458
2032 - 2036	11,513	191,295	202,808	45,692	248,500
2037 - 2041	-	54,485	54,485	23,271	77,756
2042 - 2046	-	60,165	60,165	7,814	67,979
	$ 88,454	$ 1,499,640	$ 1,588,094	$ 774,530	$ 2,362,624

The Commission's General Airport Revenue Bonds are not general obligations, but are limited obligations of the Commission payable solely from and secured by a pledge of net revenues. Neither the full faith and credit nor the taxing power of the Commission, the City of Minneapolis, the City of St. Paul, the State, or any political subdivision or public agency of the State, other than the Commission, to the extent of net revenues, is pledged to the payment of the General Airport Revenue Bonds. The proceeds of these issues have been used to finance a portion of the Commission's long-term capital improvement program, which details the expansion of the airport system.

On October 4, 2016, the Commission issued $330,690,000 of Series 2016A Senior Airport Revenue Refunding Bonds (Non-AMT) and $152,190,000 of Series 2016B Subordinate Airport Revenue Refunding Bonds (Non-AMT) to current refund and defease $451,465,000 of the Series 2007A Senior Airport Revenue Refunding Bonds and $196,346,000 of the Series 2007B Subordinate Airport Revenue Refunding Bonds. As a result of this 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 $138,659,212. The Commission recognized an accounting loss of $15,336,985 in connection with this refunding that is reflected as a deferred outflow of resources in the statements of net position and is being amortized to interest expense on a straight-line basis through January 1, 2032.

On December 20, 2016, the Commission issued three new series of General Airport Revenue Bonds. The Series 2016C Senior Airport Revenue Bonds (Non-AMT) and Series 2016E Subordinate Airport Revenue Bonds (Taxable) were issued for $207,250,000 and $171,690,000, respectively, and the proceeds will be used to construct a new parking garage, which includes public parking and an auto rental facility. The Series 2016D Subordinate Airport Revenue Bonds (AMT) were issued for $23,410,000 and the proceeds will be used to repay a portion of the outstanding revolving line of credit.

Fiscal years ended December 31, 2016 and 2015

On November 19, 2015, the Commission entered into a Taxable Equipment Lease/Purchase Agreement with an aggregate principal amount of approximately $11,737,000, the proceeds from which will be used to finance the acquisition and construction of the photovoltaic solar panel installation on the top of a parking ramp at Terminal 2. $8,524,000 of the aggregate principal amount qualifies as a new clean renewable energy bond (NCREB) and $3,066,000 qualifies as a qualified energy conservation bond (QECB), both of which are eligible for a direct interest rate subsidy from the federal government. At December 31, 2016 and 2015, the interest rate on the bonds was 4.24%, subject to an interest rate subsidy of 3.15%, for an effective net interest rate of 1.09%. Scheduled rental payments under the lease/purchase agreement extend through August 15, 2036.

On September 14, 2014, the Commission entered into a Taxable Equipment Lease/Purchase Agreement with an aggregate principal amount of approximately $23,296,151, the proceeds from which will be used to finance the acquisition and construction of lighting improvements, solar panels and electric vehicle parking stations on the top of a parking ramp at Terminal 1. The aggregate principal amount qualifies as a QECB and is therefore also eligible for a direct interest rate subsidy from the federal government. At December 31, 2016 and 2015, the interest rate on the bonds was 4.26%, subject to an interest rate subsidy of 3.73%, for an effective net interest rate of 0.53%. Scheduled rental payments under the lease/purchase agreement extend through August 15, 2035.

The Commission has a $75,000,000 revolving line of credit to fund certain capital improvement program projects and is secured by a subordinate pledge of the Commission's net revenues. Each advance under the revolving line of credit is evidenced by a separate promissory note. Interest is payable monthly and varies with the Tax-Exempt or Taxable London Interbank Offered Rate (LIBOR), as applicable, and expires on November 3, 2017. The interest rate on revolving line of credit was 0.97% and 0.67% on December 31, 2016 and 2015, respectively, and there was $40,648,500 and $42,460,000 outstanding on the Commission's revolving line of credit at December 31, 2016 and 2015, respectively. These amounts are included in notes payable in the statements of net position. On January 1, 2017, the Commission expects to repay $27,000,000 of the revolving line of credit with a portion of the Series 2016D Subordinate Airport Revenue Bonds and certain other available monies of the Commission.

At December 31, 2016, a total of $647,811,000 in defeased bonds remain outstanding from previous refundings.

Fiscal years ended December 31, 2016 and 2015

NOTE H: CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the years ended December 31, 2016 and 2015 was as follows (dollars in thousands):

	Balance January 1, 2016	Additions	Retirements and Other	Balance December 31, 2016	Current Portion
Unearned revenue	$ 2,389	$ 1,476	$ (1,362)	$ 2,503	$ 1,605
Employee compensation and other	9,990	77,646	(76,562)	11,074	8,628
Postemployment medical	60,623	5,203	(3,672)	62,154	-
Notes payable	90,857	3,194	(5,597)	88,454	44,663
Bonds payable	1,362,033	1,027,199	(703,276)	1,685,956	41,470
Net pension liability	68,428	83,832	(20,507)	131,753	-
	$ 1,594,320	$1,198,550	$ (810,976)	$ 1,981,894	$ 96,366

	Balance January 1, 2015	Additions	Retirements and Other	Balance December 31, 2015	Current Portion
Unearned revenue	$ 2,505	$ 1,225	$ (1,341)	$ 2,389	$ 1,362
Employee compensation and other	9,158	71,960	(71,128)	9,990	7,716
Postemployment medical	57,996	6,291	(3,664)	60,623	-
Notes payable	50,510	43,147	(2,800)	90,857	3,426
Bonds payable	1,416,158	-	(54,125)	1,362,033	57,010
Net pension liability	45,130	36,281	(12,983)	68,428	-
	$ 1,581,457	$ 158,904	$ (146,041)	$ 1,594,320	$ 69,514

NOTE I: DIRECT FINANCING LEASES

The Commission leases certain facilities to tenants under self-liquidating lease agreements. Self-liquidating lease agreements require the lessee to pay annual rentals equal to the debt service requirements of the bonds issued to construct the facilities, or the debt service requirements that would have been required if bond financing was used. These leases are classified as direct financing leases and expire in various years through 2030. The Commission records the interest portion of the lease payments as investment income. The following lists the components of the Commission's direct financing leases as of December 31 (dollars in thousands):

	2016	2015
Total minimum lease payments to be received	$ 58,509	$ 66,879
Less: Unearned income	(19,633)	(23,427)
Leases receivable - current and noncurrent	$ 38,876	$ 43,452

Fiscal years ended December 31, 2016 and 2015

As of December 31, 2016, future minimum lease payments are as follows (dollars in thousands):

2017	$ 8,276
2018	8,339
2019	8,403
2020	8,403
2021	8,143
2022 - 2026	14,467
2027 - 2030	2,478
	$ 58,509

NOTE J: DERIVATIVE FINANCIAL INSTRUMENTS

The Commission is a party to two debt service reserve forward delivery agreements (the Forward Delivery Agreements). The Forward Delivery Agreements require the counterparty financial institutions to deposit securities in certain of the Commission's debt service reserve trust accounts and provide the Commission with a guaranteed rate of return for these accounts. The securities that are deposited into these accounts are timed to meet scheduled debt service reserve funding requirements.

Eligible securities under the Forward Delivery Agreements are generally limited to: (a) non-callable obligations of the United States of America, including obligations issued or held in book-entry form on the books of the Department of Treasury and (b) bonds, notes, debentures, obligations or other evidence of indebtedness issued or guaranteed by the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation.

Objective of the Forward Delivery Agreements

The Forward Delivery Agreements allow the Commission to earn a guaranteed fixed rate of return over the life of the investments. These agreements are utilized by the Commission to earn a rate of return in excess of a rate that would otherwise be feasible by investing in securities with a shorter term.

Terms

The general terms of each agreement are set forth in the table below (dollars in thousands):

	Effective Date of Agreement	Termination Date	Scheduled Amount	Guaranteed Rate	Fair Value at December 31, 2016	Fair Value at December 31, 2015
Series 2009 Debt Service Reserve Funds	5/18/2000	1/1/2021	$ 7,727	6.1600%	$ 1,273	$ 1,704
Series 2014 Debt Service Reserve Funds	11/1/2005	1/1/2035	23,182	4.6775%	6,919	8,145
					$ 8,192	$ 9,849

Fiscal years ended December 31, 2016 and 2015

Fair Value

The fair value of each Forward Delivery Agreement is based on the value of the future discounted cash flows expected to be received over the life of the agreement relative to an estimate of discounted cash flows that could be received over the same term based on current market conditions. The fair values of the Forward Delivery Agreements are classified as a noncurrent asset. As the Forward Delivery Agreements are effective hedging instruments, the offsetting balances are reflected as deferred inflows of resources.

Credit Risk

Credit risk is the risk that the counterparty will not fulfill its obligations. Under the terms of the Forward Delivery Agreements, the Commission is either holding cash or an approved security within certain debt service reserve funds. None of the principal amount of an investment under the Forward Delivery Agreements is at risk to the credit of the counterparty. Should the counterparty default, the Commission’s maximum exposure is the positive termination value, if any, related to these agreements.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair values of the Commission’s financial instruments or cash flows. The fair market values of the Forward Delivery Agreements are expected to fluctuate over the life of the agreements in response to changes in interest rates. The Commission does not have a formally adopted policy related for interest rate risk on the Forward Delivery Agreements.

Termination Risk

The Commission or the counterparties may terminate the Forward Delivery Agreements if the other party fails to perform under the terms of the contract. If the Forward Delivery Agreements have a negative fair value at the time of termination, the Commission would be liable to the counterparty for a payment equivalent to the fair market value of the instrument at the time of termination.

NOTE K: PENSION AND RETIREMENT PLANS

The Commission participates in the following cost-sharing multiple-employer defined benefit pension plans: the General Employees Retirement Fund (GERF) and the Public Employees Police and Fire Fund (PEPFF). Both of these plans are administered by the Public Employees Retirement Association of Minnesota (PERA) in accordance with Minnesota Statutes, Chapters 353 and 356. PERA’s defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

Plan Descriptions

GERF

All full-time and certain part-time employees of the Commission are covered by the GERF Coordinated Plan. Coordinated Plan members are covered by Social Security. All new GERF members must participate in the Coordinated Plan.

PEPFF

Originally established for police officers and firefighters not covered by a local relief association, PEPFF now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, PEPFF also covers police officers and firefighters belonging to a local relief association that elected to merge with and transfer assets and administration to PERA.

Fiscal years ended December 31, 2016 and 2015

Benefit Provisions

PERA provides retirement and disability benefits to members, and benefits to survivors upon the death of eligible members. Benefits are established by state statute and can only be modified by the state legislature.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90 percent funded for two consecutive years are given 2.5% increases. Members in plans that have not exceeded 90% funded, or have fallen below 80%, are given 1% increases.

The benefit provisions stated in the following paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

GERF

GERF benefits are based on a member's highest average salary for any five successive years of allowable service, age and years of credit at termination of service. A reduced retirement annuity is also available to eligible members seeking early retirement.

Two methods are used to compute benefits for GERF Coordinated Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first ten years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 1.7% for Coordinated Plan members for each year of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, only Method 2 is used and normal retirement age is the age for unreduced Social Security benefits capped at 66.

Disability benefits are available for vested members and are based upon years of service and average monthly salary over a GERF Coordinated Plan member's highest-paid 60 consecutive months of public service (high-five salary) or all months of service is less than 60.

A lifetime survivor benefit is available to the surviving spouse of a GERF Coordinated Plan member and is based upon a formula using the member's total years of service, high-five salary age at death and age of the spouse.

PEPFF

Benefits for PEPFF members hired prior to July 1, 2010, vest after three years of credited service. Benefits for PEPFF members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% after five years up to 100% after ten years of credited service. Benefits for PEPFF members first hired after June 30, 2014, vest on a prorated basis from 50% after ten years up to 100% after twenty years of credited service. The annuity accrual rate is 3% of average salary for each year of service. For PEPFF members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

Fiscal years ended December 31, 2016 and 2015

PEPFF members qualify for disability with one or more years of service if disabled outside the line of duty. If disabled in the line of duty, there is no minimum service requirement. There is a minimum benefit of 60% of salary if a PEPFF member is disabled while engaged in hazardous activities related to the occupation. Disability under any circumstances results in a minimum benefit of 45% of salary. A duty disability benefit will only be awarded if the disabling event occurred while the member was engaged in hazardous activities inherent to the occupation.

A lifetime survivor benefit is available to the surviving spouse of a PEPFF member and is based on either 50% of the average of the full-time monthly base salary rate in effect during the last six months of allowable service or a formula using the member's total years of service, high-five salary age at death and age of the spouse. Automatic lifetime survivor benefits are also available to the spouse of a PEPFF member who suffers total and permanent disability.

Contributions

Minnesota Statutes set the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The Commission makes annual contributions to the pension plans equal to the amount required by state statutes.

<u>GERF</u>

GERF Coordinated Plan members were required to contribute 6.50% of their annual covered salary to the plan in calendar years 2016 and 2015, while the Commission was required to contribute 7.50%. The Commission's contributions to GERF for the years ended December 31, 2016 and 2015 were approximately $4,085,000 and $4,747,000, respectively, and were equal to the required contributions as set by state statute. This amount includes an Employer Supplemental Contribution of approximately $1,210,000 relating to the former Minneapolis Employees Retirement Fund, which was fully merged into GERF in January 2015.

As a result of legislation passed in the 2015 legislative session, the State of Minnesota is required to contribute $6,000,000 to GERF during the measurement periods ended June 30, 2016 and June 30, 2017, and $16,000,000 each measurement period thereafter until 2031. The State of Minnesota's contributions meet the GASB 68 definition of a special funding situation.

<u>PEPFF</u>

PEPFF members were required to contribute 10.80% of their annual covered salary to the plan in calendar years 2016 and 2015, while the Commission was required to contribute 16.20%. The Commission's required contributions to PEPFF for the years ended December 31, 2016, and 2015 were approximately $2,055,000 and $1,920,000, respectively, and were equal to the required contributions as set by state statute. Additionally, the State of Minnesota is required to contribute an aggregate amount for all employers of $9,000,000 to PEPFF each year, beginning in fiscal year 2014. State aid will continue until the plan is 90 percent funded, or the State Patrol Plan, administered by the Minnesota State Retirement System, is 90 percent funded, whichever occurs later. Such nonemployer contributions to PEPFF by the State of Minnesota do not meet the special funding criteria set forth in GASB 68.

Fiscal years ended December 31, 2016 and 2015

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

GERF

At December 31, 2016 and 2015, the Commission reported a liability of approximately $81,869,000 and $53,986,000, respectively, for its proportionate share of GERF's net pension liability. The Commission's net pension liability reflected a reduction due to the State of Minnesota's contribution of $6,000,000 to the fund in both 2016 and 2015. The State of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the Commission totaled $1,069,272. The net pension liability was measured as of June 30, 2016 and 2015, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of those respective dates. The Commission's proportion of the net pension liability was based on the Commission's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2015 through June 30, 2016 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016, the Commission's proportion was 1.0083%, which was a decrease of 0.0334% from its proportion of 1.0417% measured as of June 30, 2015.

For the years ended December 31, 2016 and 2015, the Commission recognized pension expense of $14,854,904 and $10,805,589, respectively, for its proportionate share of GERF's pension expense. In addition, the Commission recognized an additional $318,829 as pension expense and grant revenue for its proportionate share of the State of Minnesota's contribution of $6,000,000 to GERF.

At December 31, 2016 and 2015, the Commission reported its proportionate share of GERF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (dollars in thousands):

	2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 242	$ 6,651
Net difference between projected and actual earnings on pension plan investments	9,140	-
Changes of assumptions	17,657	-
Changes in proportion	9,847	1,386
Contributions subsequent to the measurement date	2,723	-
Total	$ 39,609	$ 8,037

Fiscal years ended December 31, 2016 and 2015

	2015	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 501	$ 2,722
Net difference between projected and actual earnings on pension plan investments	-	4,806
Changes of assumptions	3,362	-
Changes in proportion	14,771	-
Contributions subsequent to the measurement date	3,330	-
Total	$ 21,964	$ 7,528

At December 31, 2016, the Commission reported approximately $2,723,000 as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability at December 31, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows (dollars in thousands):

2017	$ 10,159
2018	8,289
2019	7,444
2020	2,957
	$ 28,849

PEPFF

At December 31, 2016 and 2015, the Commission reported a liability of approximately $49,884,000 and $14,442,000, respectively, for its proportionate share of PEPFF's net pension liability. The net pension liability was measured as of June 30, 2016 and 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on the Commission's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2015 through June 30, 2016 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016, the Commission's proportion was 1.243%, which was an increase of 0.028% from its proportion of 1.271% measured as of June 30, 2015.

For the years ended December 31, 2016 and 2015, the Commission recognized pension expense of $7,551,657 and $1,576,492, respectively, for its proportionate share of PEPFF's pension expense. The Commission also recognized $111,870 and $114,390 for the years ended December 31, 2016 and 2015, respectively, as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's on-behalf contributions to PEPFF

Fiscal years ended December 31, 2016 and 2015

At December 31, 2016 and 2015, the Commission reported its proportionate share of PEPFF's deferred outflows of resources and deferred inflow of resources related to pensions from the following sources (dollars in thousands):

	2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 11	$ 5,722
Net difference between projected and actual earnings on pension plan investments	4,300	-
Changes of assumptions	29,467	-
Changes in proportion	358	305
Contributions subsequent to the measurement date	1,072	-
Total	$ 35,208	$ 6,027

	2015	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 15	$ 2,342
Net difference between projected and actual earnings on pension plan investments	-	2,564
Changes of assumptions	2,744	-
Changes in proportion	447	-
Contributions subsequent to the measurement date	957	-
Total	$ 4,163	$ 4,906

At December 31, 2016, the Commission reported approximately $1,072,000 as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability at December 31, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows (dollars in thousands):

2017	$ 5,359
2018	5,359
2019	7,015
2020	5,725
2021	4,651
	$ 28,109

Fiscal years ended December 31, 2016 and 2015

Actuarial Assumptions (Both Plans)

The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

Inflation	2.50% per year
Active member payroll growth	3.25% per year
Long-term expected rate of return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2014 tables for GERF and RP-2000 tables for PEPFF for males or females, as appropriate, with slight adjustments. Cost of living benefit increases for retirees are assumed to be: 1% effective every January for GERF and PEPFF.

Actuarial assumptions used in the June 30, 2016, valuation were based on the results of actuarial experience studies. The most recent four-year experience study for GERF was completed in 2015. The experience study for PEPFF was for the period July 1, 2004 through June 30, 2009.

The following changes in actuarial assumptions occurred in 2016:

GERF

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed payroll growth and inflation were both decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation, respectively.

PEPFF

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.6%.
- The assumed payroll growth and inflation were both decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation, respectively.

Fiscal years ended December 31, 2016 and 2015

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic stocks	45%	5.5%
International stocks	15%	6.0%
Fixed income	18%	1.5%
Alternative assets	20%	6.4%
Cash	2%	0.5%
	100%	

Discount Rates

The discount rate used to measure the total pension liability for GERF was 7.5%, a reduction from the 7.9% used in 2015. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at rates set in Minnesota Statutes. Based on these assumptions, each plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

For PEPFF, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2056. Beginning in fiscal years ending June 30, 2057, when projected benefit payments exceed the fund's projected fiduciary net position, benefit payments were discounted at the municipal bond rate of 2.85% based on an index of 20-year general obligation bonds with an average AA credit rating at the measurement date. An equivalent single discount rate of 5.60% for PEPFF was determined that produced approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 7.50% applied to all years of projected benefits through the point of asset depletion and 2.85% after.

Fiscal years ended December 31, 2016 and 2015

Pension Liability Sensitivity

The following presents the Commission's proportionate share of the net pension liability for both plans it participates in, calculated using the discount rate disclosed in the preceding paragraphs, as well as what the Commission's proportionate share of the net pension liabilities would be if they were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate (dollars in thousands):

	1% Decrease	Current Discount Rate	1% Increase
Commission's proportionate share of the GERF net pension liability	$ 116,278	$ 81,869	$ 53,525
Commission's proportionate share of the PEPFF net pension liability	69,831	49,884	33,586

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

NOTE L: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

In accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the Commission recognizes postemployment benefits on the full accrual basis of accounting over a period that approximates an employee's years of service.

The Commission provides health insurance benefits for certain retired employees under a single-employer, self-insured plan. All non-union employees who retire at age 55 or later, have three years of service or who are receiving benefits from the PERA and who do not participate in any other health benefits program providing coverage similar to that herein described are eligible to continue coverage with respect to both themselves and their eligible dependent(s) under the Commission's health benefits program. Union employees require ten years of service to be eligible for benefits. The Commission does not issue a stand-alone financial report for its retiree health plan.

Fiscal years ended December 31, 2016 and 2015

Funding Policy

The contribution requirements of employees and retirees are established and may be amended by the Commission. The required contribution is based upon projected pay-as-you-go financing requirements and funding for future benefits. For employees hired prior to January 1, 1991, the Commission makes contributions (as specified in union agreements or the Commission's personnel policy) toward required premiums at the same percentages applicable to active employees and their eligible dependent(s) until becoming eligible for Medicare Part A or B, or both. The Commission pays 100% of the premium for the retired employee, a spouse over age 65, and any legal dependents, provided that the retired employee is receiving benefits from the PERA and is enrolled in Medicare Part A and B as his/her primary health insurance. As of January 1, 1991, all employees hired by the Commission are only able to participate in the Commission medical plan up to age 65. During 2004, the Commission approved that non-organized employees hired after October 1, 2004 will be able to participate in the Commission medical plan provided that the retiree pay 100% of the total premium cost plus a 2% administrative fee. During 2006 and 2007, the Commission was successful in getting language in all eligible labor agreements that provides that organized employees hired after the date of the signed contract will be able to participate in the Commission's health plan provided that the retiree pays 100% of the total premium cost plus a 2% administrative fee. As of December 31, 2016, there were 246 retired employees and 574 active employees receiving health benefits from the Commission's health plan.

The Commission contributed approximately $3,671,000 to the plan in fiscal year 2016, $3,664,000 to the plan in fiscal year 2015 and $3,323,000 in fiscal year 2014. Retirees contributed approximately $202,000 for fiscal year 2016, $178,000 for fiscal year 2015 and $166,000 for fiscal year 2014. Monthly contributions for retirees under 65 for 2016 are shown below:

Plan	Single	Family
Blue Plan	$ 29.00	$ 181.00
HRA/HSA	15.00	114.00

Fiscal years ended December 31, 2016 and 2015

Annual OPEB Cost and Net OPEB Obligation

The Commission's annual OPEB cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined as of January 1, 2016, in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not-to-exceed 30 years. The following table shows the components of the Commission's annual OPEB cost for 2016, 2015 and 2014, the amount actually contributed to the plan, and changes in the Commission's net OPEB obligation (dollars in thousands):

	2016	2015	2014
Annual required contribution (ARC)	$ 6,376	$ 7,325	$ 6,681
Interest on net OPEB obligation	2,122	2,320	2,225
Adjustment to ARC	(3,296)	(3,354)	(3,217)
Annual OPEB cost	5,202	6,291	5,689
Contributions during the year	(3,671)	(3,664)	(3,323)
Increase in net OPEB obligation	1,531	2,627	2,366
Net OPEB - beginning of year	60,623	57,996	55,630
Net OPEB - end of year	$ 62,154	$ 60,623	$ 57,996

The percentage of the Commission's annual OPEB cost contributed to the plan was: 70.57% for 2016; 58.24% for 2015; and 58.41% for 2014.

Funding Status and Funding Progress

The Commission has set aside cash and investments to pay for future health benefits of approximately $62,473,000; $60,907,000 and $58,270,000 in 2016, 2015 and 2014, respectively. However, since such designated cash has not been irrevocably deposited in trust for future health benefits, the actuarial value of plan assets is $0.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and health care cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the accompanying notes to the financial statements, presents multi-year information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits over time.

Fiscal years ended December 31, 2016 and 2015

The funded status and funding progress of the plan based on the most recent annual actuarial valuation for the plan, dated as of January 1, 2016, was as follows (dollars in thousands):

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability Projected Unit Credit	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
01/01/2016	$ -	$ 95,236	$ 95,236	0.0%	$ 49,086	194.0%

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2016 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions used include an initial annual health care cost trend rate of 7.2%, which decreases to 5.3% over 5 years. Additional assumptions used include a discount rate of 3.54% and an inflation rate of 2.75%. The unfunded actuarial accrued liability (UAAL) is being amortized as a level dollar amount over the maximum allowable period of 30 years on an open basis.

NOTE M: RISK MANAGEMENT

Risk management is the responsibility of the Commission. The Commission is self-insured for workers' compensation and health/dental claims. Claims paid for workers compensation for 2016 and 2015 were approximately $551,000 and $309,000, respectively. Claims paid for health and dental coverage for 2016 and 2015 were approximately $6,761,000 and $6,505,000, respectively. The unpaid claims for workers compensation at December 31, 2016 and 2015 were approximately $1,184,000 and $1,042,000, respectively. The health and dental unpaid claims at December 31, 2016 and 2015 were approximately $756,000 and $638,000, respectively. The liability recorded under employee compensation and payroll taxes by the Commission includes estimated settlements for claims reported but not settled as of December 31, 2016 and 2015, as well as an estimate of claims incurred but not reported. The entire liability is included in the current liabilities section of the statements of net position, since any amounts considered to be noncurrent are believed to not be material. Changes in the balances of claim liabilities during 2016 and 2015 was as follows (dollars in thousands):

	2016	2015
Unpaid claims - beginning of year	$ 1,680	$ 1,659
Incurred claims and changes in estimates	7,572	6,835
Claims paid	(7,312)	(6,814)
Unpaid claims - end of year	$ 1,940	$ 1,680

Fiscal years ended December 31, 2016 and 2015

Operationally, the Commission is exposed to various risks of loss relating to theft, damage and destruction of assets, as well as natural disasters and certain tort liabilities for which commercial insurance is carried. The commercial insurance policies carry a deductible of $50,000. Settled claims have not exceeded this commercial coverage in any of the past three years. Insurance policies procured, including commercial general liability and commercial property damage, are inclusive of coverage for certain war casualty and acts of terrorism. Coverage terms, limits, and deductibles have each been benchmarked in comparison with those maintained at other large-size airports and found to be within the range of our peers. Although coverage limits are significant, no assurance can be given that such coverage will continue to be available at such amounts and/or at a reasonable cost.

Casualty loss involving damage to or destruction of physical property in the course of construction is covered under the Commission's property insurance policy. This policy does not apply to the Commission contractors. This policy contains a deductible of $250,000 per occurrence applicable to all covered causes of loss, including flood and earth movement.

The Commission requires entities providing professional services to the Commission to obtain an owner's protective professional indemnity policy. Contracted professional service firms participating in this project are required to provide evidence of at least $1,000,000 of coverage and names the Commission as an additional insured on the general liability policy, leaving the Commission minimally exposed.

NOTE N: CONTINGENT LIABILITIES AND COMMITMENTS

The nature of the business of the airport generates certain litigation against the Commission arising in the ordinary course of business. The Commission believes that existing and pending lawsuits and claims are either billable to airport users or would not materially affect the financial statements of the Commission.

Contractual obligations for construction were approximately $100,580,000 at December 31, 2016.

Noise Abatement

On October 19, 2007, the Minnesota State District Court, Fourth Judicial District (the District Court) approved a Consent Decree negotiated by the City of Minneapolis, the Minneapolis Public Housing Authority in and for the City of Minneapolis, the City of Eagan and the City of Richfield (collectively, the "Noise Plaintiffs") and the Commission to settle noise abatement lawsuits.

Under the Consent Decree, the Commission must provide noise mitigation to homes and apartments in the 60 to 64 DNL contours. Noise mitigation activities vary based on noise contours, with homes in the most noise-impacted contours eligible for more extensive mitigation than those in less impacted areas. Multi-family dwellings (those with more than three living units) receive less extensive mitigation than single-family homes. The total cost to the Commission under this program was $102,000,000 as of December 31, 2016. As discussed previously in the notes, noise mitigation costs are being capitalized as incurred and amortized over ten years.

Fiscal years ended December 31, 2016 and 2015

The Consent Decree was amended in 2013 by establishing criteria to provide noise mitigation to homes and apartments through December 31, 2024. It is expected that some additional homes will become eligible for noise mitigation based upon changes in the DNL contours. Also, some homes will move into a higher DNL contour. A home will become eligible for consent decree noise mitigation if it is located or changes DNL contour levels for three consecutive years. The noise mitigation provided to the home or apartment will be consistent with the terms and levels of the original consent decree.

The costs related to the noise abatement settlements will be funded from internally generated funds of the Commission.

Runway 17/35 Land Acquisition

Certain remaining property acquisitions in association with Runway 17/35 may result in damage awards of an indeterminate amount. Any damage awards associated with these acquisitions would be capitalized as a cost of the project and may be recovered through airline rates and charges.

NOTE O: MAJOR CUSTOMER

Delta Airlines, Inc. (Delta) is in the business of transporting air passengers, mail and property. Delta operates both domestic and international air route systems. Minneapolis/St. Paul International Airport (MSP) is one of Delta’s major hubs. Airport revenues from Delta account for approximately 23% of operating revenues and 70% of total revenues from major airlines. Approximately 70% of total 2016 enplanements are attributable to Delta’s operation. In the event that Delta discontinues its operations, there are no assurances that another airline would replace its hub activities.

It is reasonable to assume that any financial or operational difficulties incurred by Delta, the predominant airline servicing MSP, could have a material adverse effect on the Commission.

NOTE P: RENTAL INCOME FROM OPERATING LEASES

The Commission leases space at the airport terminal buildings as well as other land and building leases on a fixed fee as well as a contingent rental basis. Many of the leases provide for a periodic review and adjustment of the rental amounts. Substantially all capital assets are held by the Commission for the purpose of rental or related use. At December 31, 2016, minimum future rentals scheduled to be received on operating leases that have initial or remaining non-cancelable terms in excess of one year are (dollars in thousands):

2017	$ 112,149
2018	102,331
2019	102,043
2020	83,965
2021	83,393
Thereafter	96,809

Contingent rentals and fees aggregated approximately $101,600,000 and $94,800,000 in 2016 and 2015, respectively.

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Required Supplementary Information

Schedule of Commission's Proportionate Share of the Net Pension Liability
Required Supplementary Information (Last Ten Years*)
(Unaudited)

Fiscal year ended December 31, 2016
(Dollars in Thousands)

General Employees Retirement Fund

	2016	2015	2014
Commission's proportion of the net pension liability	1.0083%	1.0417%	0.6777%
Commission's proportionate share of the net pension liability	$ 81,869	$ 53,986	$ 31,835
State's proportionate share of the net pension liability associated with the Commission	1,069	-	-
Total	$ 82,938	$ 53,986	$ 31,835
Commission's covered payroll	$ 39,103	$ 37,175	$ 36,047
Commission's proportionate share of the net pension liability as a percentage of its covered payroll	209%	145%	88%
Plan fiduciary net position as a percentage of the total pension liability	69%	78%	79%

Public Employees Police and Fire Fund

	2016	2015	2014
Commission's proportion of the net pension liability	1.2430%	1.2710%	1.2310%
Commission's proportionate share of the net pension liability	$ 49,884	$ 14,442	$ 13,295
Commission's covered payroll	$ 12,217	$ 11,807	$ 11,221
Commission's proportionate share of the net pension liability as a percentage of its covered payroll	408%	122%	118%
Plan fiduciary net position as a percentage of the total pension liability	64%	87%	87%

*The amounts presented for each fiscal year were determined as of June 30 (measurement date).

Note: Ten years of information is required to be disclosed and will be added as the information becomes available.

NOTES TO SCHEDULE:

Benefit changes: none

Fiscal year ended December 31, 2016
(Dollars in Thousands)

Changes of assumptions: The following changes in assumptions were made from the June 30, 2015 valuations.

GERF

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

PEPFF

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.6%.
- The assumed future salary increase, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Schedule of Commission's Pension Contributions
Required Supplementary Information (Last Ten Years*)
(Unaudited)

Fiscal year ended December 31, 2016
(Dollars in Thousands)

General Employees Retirement Fund

	2016	2015	2014
Statutorily required contribution	$ 4,085	$ 4,747	$ 4,556
Contributions in relation to the statutorily required contribution	$ 4,085	$ 4,747	$ 4,556
Contribution deficiency (excess)	$ -	$ -	$ -
Commission's covered-employee payroll	$ 40,274	$ 38,019	$ 37,151
Contributions as a percentage of covered payroll	10.14%	12.49%	12.26%

Public Employees Police and Fire Fund

	2016	2015	2014
Statutorily required contribution	$ 2,055	$ 1,920	$ 1,763
Contributions in relation to the statutorily required contribution	$ 2,055	$ 1,920	$ 1,763
Contribution deficiency (excess)	$ -	$ -	$ -
Commission's covered-employee payroll	$ 12,456	$ 11,821	$ 11,440
Contributions as a percentage of covered payroll	16.50%	16.24%	15.41%

*The amounts presented for each fiscal year were determined as of December 31.

Note: Ten years of information is required to be disclosed and will be added as the information becomes available.

NOTES TO SCHEDULE:

Benefit changes: none

Changes in assumptions:

GERF

- The salary increase range changed from 3.25% to 11.78% in 2015 to 3.50% to 11.50% in 2016.

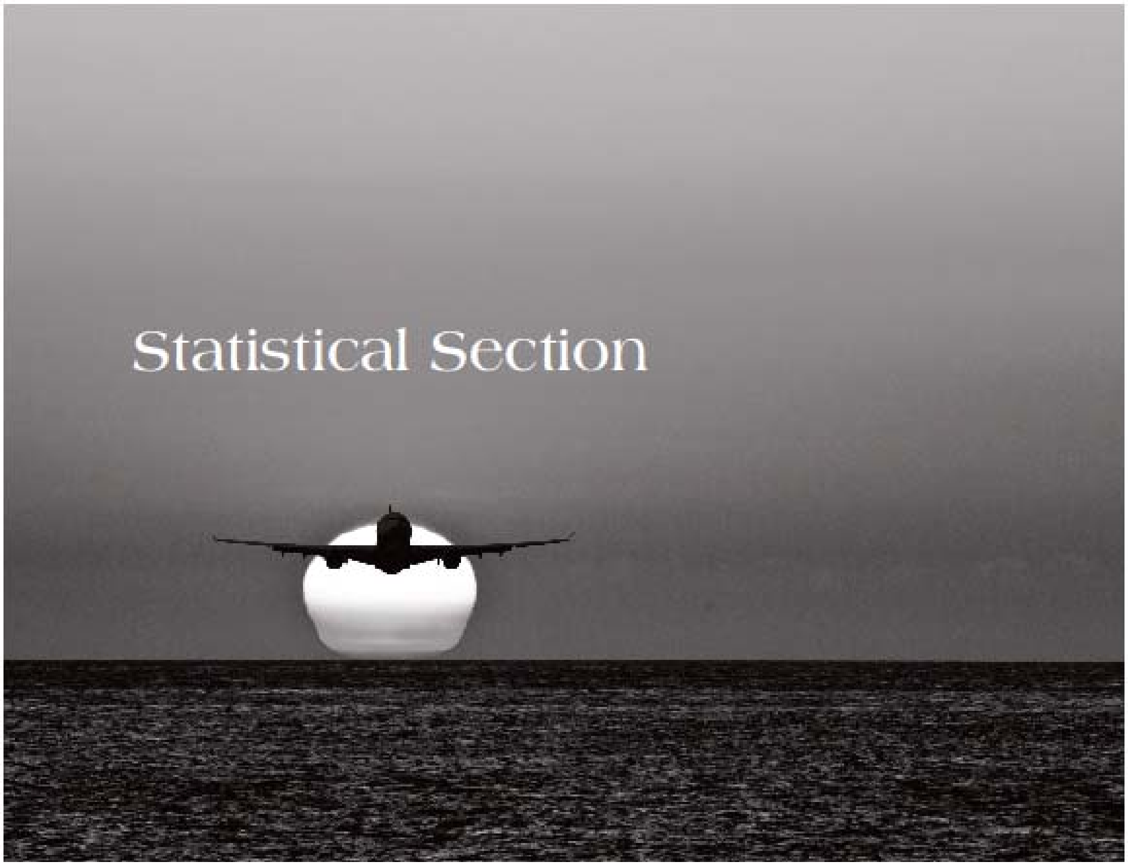
PEPFF - no changes

Schedule of OPEB Funding Progress
(Unaudited)

Fiscal year ended December 31, 2016

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability Projected Unit Credit (in thousands)	Unfunded Actuarial Accrued Liability (UAAL) (in thousands)	Funded Ratio	Covered Payroll (in thousands)	UAAL as a Percentage of Covered Payroll
01/01/2016	$ -	$ 95,236	$ 95,236	0.0%	$ 49,086	194.0%
01/01/2015	-	96,226	96,226	0.0%	46,733	205.9%
01/01/2014	-	89,364	89,364	0.0%	43,161	207.0%

Actuarial Valuation Date	Participant Summary		
	Active Employees	Retirees and Beneficiaries	Total
01/01/2016	574	246	820
01/01/2015	537	255	792
01/01/2014	541	258	799



Minneapolis/St.Paul, Minnesota
Metropolitan Airports Commission

Comprehensive Annual Financial Report

Years Ended December 31, 2016 and 2015

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Statistical Section (Unaudited)

This part of the Commission's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements and note disclosures say about the Commission's overall financial health.

Contents

Sources:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Historical Operating Statements
For the Years Ending December 31
(Dollars in Thousands)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
OPERATING REVENUES										
Airline rates and charges	$ 85,475	$ 87,244	$ 89,867	$ 90,376	$ 96,422	$ 98,437	$ 106,015	$ 111,005	$ 107,805	$ 112,653
Concessions	115,857	112,365	109,636	112,503	118,792	126,399	131,321	136,445	146,893	160,691
Rentals/fees	20,560	28,632	28,435	29,609	27,575	27,999	33,327	34,117	36,086	48,473
Utilities and other revenues	16,359	13,313	12,937	12,555	13,758	13,581	15,382	16,768	16,637	17,115
TOTAL OPERATING REVENUES	238,251	241,554	240,875	245,043	256,547	266,416	286,045	298,335	307,421	338,932
OPERATING EXPENSES										
Personnel	56,278	59,811	59,304	63,412	66,297	68,145	71,107	72,358	81,728	94,425
Administrative	1,538	1,298	1,301	1,271	1,532	1,561	1,407	1,610	1,521	1,723
Professional services	4,474	4,161	4,004	3,519	4,167	4,536	4,514	4,972	5,574	6,217
Utilities	16,466	18,089	16,553	16,238	16,568	16,288	18,633	20,873	18,304	18,816
Operating services	15,437	17,540	16,043	17,278	17,151	17,379	18,940	19,583	21,230	23,389
Maintenance	21,527	22,140	23,718	27,088	27,057	26,052	29,305	31,377	32,089	36,319
Depreciation and amortization	115,329	117,999	123,060	121,555	118,985	120,201	128,032	131,069	134,419	139,226
Other	8,922	3,696	2,510	2,583	3,531	2,632	2,950	3,323	3,454	4,411
TOTAL OPERATING EXPENSES	239,971	244,734	246,493	252,944	255,288	256,794	274,888	285,165	298,319	324,526
OPERATING INCOME (LOSS)	(1,720)	(3,180)	(5,618)	(7,901)	1,259	9,622	11,157	13,170	9,102	14,406
NONOPERATING REVENUES (EXPENSES)										
Investment income	62,271	49,938	30,625	33,933	21,440	8,184	7,066	8,746	9,241	12,634
Federal interest rate subsidies	-	-	-	-	-	-	-	-	599	914
Passenger facility charges	66,662	54,682	67,481	59,453	62,244	62,231	65,291	67,106	70,471	72,273
Gain (loss) on disposal of assets	(70)	5,178	205	119	14	(1,172)	(561)	(16,387)	60	2,029
Interest expense	(95,556)	(88,722)	(84,198)	(85,141)	(78,186)	(64,613)	(64,792)	(67,734)	(57,614)	(62,238)
Part 150 home insulation expenses	(2,308)	-	-	-	58	-	-	-	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	30,999	21,076	14,113	8,364	5,570	4,630	7,004	(8,269)	22,757	25,612
INCOME BEFORE CAPITAL CONTRIBUTIONS AND GRANTS	29,279	17,896	8,495	463	6,829	14,252	18,161	4,901	31,859	40,018
CAPITAL CONTRIBUTIONS AND GRANTS	22,805	30,149	26,918	24,723	22,635	19,940	33,472	20,498	14,686	4,003
CHANGE IN NET POSITION	52,084	48,045	35,413	25,186	29,464	34,192	51,633	25,399	46,545	44,021
NET POSTION, BEGINNING OF YEAR, AS RESTATED	1,352,178	1,412,574	1,523,530	1,558,943	1,584,129	1,613,593	1,642,316	1,693,949	1,719,348	1,716,774
CHANGES IN ACCOUNTING PRINCIPLE/PRIOR PERIOD ADJUSTMENTS [1, 2, 3]	8,312	62,911	-	-	-	(5,469)	-	-	(49,119)	-
NET ASSETS - BEGINNING OF YEAR, AS RESTATED	1,360,490	1,475,485	1,523,530	1,558,943	1,584,129	1,608,124	1,642,316	1,693,949	1,670,229	1,716,774
NET POSITION, END OF YEAR	$ 1,412,574	$ 1,523,530	$ 1,558,943	$ 1,584,129	$ 1,613,593	$ 1,642,316	$ 1,693,949	$ 1,719,348	$ 1,716,774	$ 1,760,795

[1] For the year ended December 31, 2007, the amounts shown do not reflect the change in accounting principle adopted January 1, 2008.

[2] For the years ended December 31, 2007-2011, the amounts shown do not reflect the adoption of GASB Statement No. 65.

[3] For the years ended December 31, 2007-2014, the amounts shown do not reflect the adoption of GASB Statement No. 68.

Source: Audited financial statements for the last ten years

Historical Revenues 2007 - 2016
Pursuant to the Commission's Master Trust Indenture
(Dollars in Thousands)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Airline Rates & Charges										
Landing fees	$ 49,626	$ 47,163	$ 48,736	$ 48,223	$ 50,957	$ 51,964	$ 55,543	$ 57,049	$ 57,408	$ 60,099
Ramp fees	5,238	5,619	6,531	5,901	6,328	6,092	6,803	7,213	7,132	7,408
Lindbergh Terminal building rents	29,378	34,196	33,003	34,296	36,244	37,423	39,626	41,739	41,427	45,170
Other Lindbergh Terminal charges	3,105	3,496	3,410	3,714	3,841	3,351	3,506	3,862	4,872	4,684
Concessions rebate	(10,160)	(9,886)	(8,739)	(8,817)	(9,324)	(9,597)	(9,889)	(10,294)	(13,777)	(15,827)
Humphrey Building Rentals	8,288	6,583	6,729	6,815	8,148	8,991	10,160	11,165	10,480	10,813
Apron Fees - Non-Signatory	-	73	197	244	228	213	266	271	264	307
Total Airline Rates & Charges	85,475	87,244	89,867	90,376	96,422	98,437	106,015	111,005	107,806	112,654
Concessions										
Auto parking	66,765	62,748	61,546	63,682	66,612	72,621	76,569	80,659	87,579	91,235
Rental car	17,043	17,011	15,357	15,364	17,112	17,324	17,732	17,939	18,708	19,876
Food and beverage	12,645	12,808	13,052	12,957	13,398	13,808	14,743	16,128	16,836	21,044
Merchandise	8,537	8,689	8,082	8,027	8,373	8,607	8,489	8,245	8,191	8,701
Employee parking	2,063	2,423	2,254	2,473	2,578	2,929	2,414	2,917	3,328	3,653
Other	8,804	8,686	9,345	10,000	10,719	11,110	11,374	10,557	12,251	16,182
Total Concessions Revenue	115,857	112,365	109,636	112,503	118,792	126,399	131,321	136,445	146,893	160,691
Other Revenues										
Utilities	2,473	2,528	2,315	2,591	3,006	2,784	3,181	3,265	3,039	2,105
Other building and land rent	18,821	23,445	23,547	24,544	25,299	26,199	31,095	31,885	34,079	46,480
Other	10,315	10,785	10,605	9,940	7,567	6,937	7,731	8,648	8,666	9,243
Total Other Revenues	31,609	36,758	36,467	37,075	35,872	35,920	42,007	43,798	45,784	57,828
Total MSP Revenue	232,941	236,367	235,970	239,954	251,086	260,756	279,343	291,248	300,483	331,173
Total Reliever Airports	5,310	5,187	4,905	5,089	5,461	5,661	6,702	7,087	6,938	7,759
Total Operating Revenues	238,251	241,554	240,875	245,043	256,547	266,417	286,045	298,335	307,421	338,932
Investment income										
Capital lease interest	22,570	20,896	20,017	19,720	16,133	4,140	3,835	3,792	4,167	3,913
Other [2]	18,957	15,281	10,620	13,402	3,948	2,926	2,648	4,144	4,438	5,413
Total Investment Income	41,527	36,177	30,637	33,122	20,081	7,066	6,483	7,936	8,605	9,326
Capital lease principal payments	14,442	15,345	18,413	17,956	19,294	7,805	8,107	8,292	6,075	4,576
Total Revenues [1]	$ 294,220	$ 293,076	$ 289,925	$ 296,121	$ 295,922	$ 281,288	$ 300,635	$ 314,563	$ 322,101	$ 352,834

[1] Total Revenues do not include any PFC's as defined by the master trust indenture.

[2] Interest income on PFC's, Bond Series Construction Funds and Short-Term Funding Advances are not included as defined by the master trust indenture.

Source: Audited financial statements for the last ten years

Percentage Distribution of Operating Revenues 2007 - 2016

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Airline Rates & Charges										
Landing fees	20.9%	19.6%	20.2%	19.5%	19.7%	19.6%	19.4%	19.1%	18.7%	17.7%
Ramp fees	2.2%	2.3%	2.7%	2.4%	2.5%	2.3%	2.4%	2.4%	2.3%	2.2%
Lindbergh Terminal building rents	12.3%	14.2%	13.7%	14.0%	14.1%	14.0%	13.9%	14.2%	13.4%	13.3%
Other Lindbergh Terminal charges	1.3%	1.4%	1.4%	1.5%	1.5%	1.3%	1.2%	1.3%	1.6%	1.4%
Concessions rebate	-4.3%	-4.1%	-3.6%	-3.6%	-3.6%	-3.6%	-3.5%	-3.5%	-4.5%	-4.7%
Humphrey Building Rentals	3.5%	2.8%	2.8%	2.9%	3.3%	3.4%	3.6%	3.7%	3.4%	3.2%
Total Airline Rates & Charges	35.9%	36.2%	37.2%	36.7%	37.5%	37.0%	37.0%	37.2%	34.9%	33.1%
Concessions										
Auto parking	28.0%	26.0%	25.6%	26.0%	26.0%	27.3%	26.8%	27.0%	28.5%	26.9%
Rental car	7.2%	7.0%	6.4%	6.3%	6.7%	6.5%	6.2%	6.0%	6.1%	5.9%
Food and beverage	5.3%	5.3%	5.4%	5.3%	5.2%	5.2%	5.2%	5.4%	5.5%	6.2%
Merchandise	3.6%	3.6%	3.4%	3.3%	3.3%	3.2%	3.0%	2.8%	2.7%	2.6%
Employee parking	0.9%	1.0%	0.9%	1.0%	1.0%	1.1%	0.8%	1.0%	1.1%	1.1%
Other	3.7%	3.6%	3.9%	4.1%	4.2%	4.2%	4.0%	3.5%	4.0%	4.9%
Total Concessions Revenue	48.7%	46.5%	45.6%	46.0%	46.4%	47.5%	46.0%	45.7%	47.9%	47.6%
Other Revenues										
Utilities	1.0%	1.0%	1.0%	1.1%	1.2%	1.0%	1.1%	1.1%	1.0%	0.6%
Other building and land rent	7.9%	9.7%	9.8%	10.0%	9.9%	9.8%	10.9%	10.7%	11.1%	13.7%
Other	4.3%	4.5%	4.4%	4.1%	2.9%	2.6%	2.7%	2.9%	2.8%	2.7%
Total Other Revenues	13.2%	15.2%	15.2%	15.2%	14.0%	13.4%	14.7%	14.7%	14.9%	17.0%
Total MSP Revenue	97.8%	97.9%	98.0%	97.9%	97.9%	97.9%	97.7%	97.6%	97.7%	97.7%
Total Reliever Airports	2.2%	2.1%	2.0%	2.1%	2.1%	2.1%	2.3%	2.4%	2.3%	2.3%
Total Operating Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Minneapolis/St. Paul Metropolitan Airports Commission

Net Position by Business-Type Activities 2007 - 2016
(Dollars in Thousands)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business Type Activities										
Net investment in capital assets	$ 1,083,959	$ 1,097,417	$ 1,145,797	$ 1,140,449	$ 1,144,522	$ 1,123,522	$ 1,168,529	$ 1,152,189	$ 1,163,545	$ 1,265,771
Restricted	189,224	272,695	253,811	273,540	306,528	373,736	362,468	287,279	299,192	341,266
Unrestricted	139,391	153,418	159,335	170,140	162,543	145,058	162,952	279,880	254,037	153,758
Total business type activities	$ 1,412,574	$ 1,523,530	$ 1,558,943	$ 1,584,129	$ 1,613,593	$ 1,642,316	$ 1,693,949	$ 1,719,348	$ 1,716,774	$ 1,760,795

Source: Audited financial statements for the last ten years

Delta Airlines Revenue Summary

2007 - 2016
(Dollars in Thousands)

	2007	2008 [2]	2009	2010	2011	2012	2013	2014	2015	2016
Delta Revenue as a Percentage of Total Adjusted MAC Operating Revenues										
Total MAC Operating Revenues	$ 238,251	$ 241,554	$ 240,875	$ 245,043	$ 256,547	$ 266,418	$ 286,045	$ 298,335	$ 307,421	$ 338,932
Lease Principal/Interest Payments	36,246	36,277	38,430	37,676	37,973	11,945	11,939	12,084	10,227	8,488
Interest Income-MAC Funds [1]	31,628	21,318	5,193	11,183	3,467	2,862	3,215	3,461	3,838	4,915
Total Adjusted MAC Operating Revenues	306,125	299,149	284,498	293,902	297,987	281,225	301,199	313,880	321,486	352,335
Delta Portion of Operating Revenues	55,080	62,970	66,503	66,711	70,910	71,144	75,391	78,301	74,078	78,793
Delta Portion of Lease Payments	31,605	31,875	32,127	33,336	33,736	7,655	7,599	7,687	5,780	3,789
Total Delta Revenue	86,685	94,845	98,630	100,047	104,646	78,799	82,990	85,988	79,858	82,582
Delta % of Total Adjusted MAC Operating Revenues	**28.32%**	**31.70%**	**34.67%**	**34.04%**	**35.12%**	**28.02%**	**27.55%**	**27.40%**	**24.84%**	**23.44%**
Total Adjusted MAC Operating Revenues	$ 306,125	$ 299,149	$ 284,498	$ 293,902	$ 297,987	$ -	$ -	$ -	$ -	$ -
Less: Delta GO 9/15 Lease Payments [3]	(25,222)	(25,413)	(25,721)	(26,037)	(26,376)	-	-	-	-	-
Total Adjusted MAC Operating Revenues, Net of GO 9/15 Financing	280,903	273,736	258,777	267,865	271,611	-	-	-	-	-
Total Delta Revenue	86,685	94,845	98,630	100,047	104,646	-	-	-	-	-
Less: Delta GO 9/15 Lease Payments [3]	(25,222)	(25,413)	(25,721)	(26,037)	(26,376)	-	-	-	-	-
Total Delta Revenue, Net of GO 9/15 Financing	61,463	69,432	72,909	74,010	78,270	-	-	-	-	-
Delta % of Total Adjusted MAC Operating Revenues, Net of GO 9/15 Financing	**21.88%**	**25.36%**	**28.17%**	**27.63%**	**28.82%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**
Delta Revenue as a Percentage of Total Airline Rates & Charges										
Total Airline Rates & Charges Revenue	$ 85,475	$ 87,244	$ 89,867	$ 90,376	$ 96,422	$ 98,536	$ 106,015	$ 111,005	$ 107,805	$ 112,653
Air Carrier Lease Payments	34,231	34,262	36,188	35,658	35,960	9,933	9,932	10,077	8,227	6,519
Total Air Carrier Revenue	119,706	121,506	126,055	126,034	132,382	108,469	115,947	121,082	116,032	119,172
Total Delta Revenue	86,685	94,845	98,630	100,047	104,646	78,799	82,990	85,988	79,858	82,582
Delta % of Total Air Carrier Revenue	**72.41%**	**78.06%**	**78.24%**	**79.38%**	**79.05%**	**72.65%**	**71.58%**	**71.02%**	**68.82%**	**69.30%**
Total Air Carrier Revenue	$ 119,706	$ 121,506	$ 126,055	$ 126,034	$ 132,382	$ -	$ -	$ -	$ -	$ -
Less: Delta GO 9/15 Lease Payments [3]	(25,222)	(25,413)	(25,721)	(26,037)	(26,376)	-	-	-	-	-
Total Air Carrier Revenue, Net of GO 9/15 Financing	94,484	96,093	100,334	99,997	106,006	-	-	-	-	-
Total Delta Revenue	86,685	94,845	98,630	100,047	104,646	-	-	-	-	-
Less: Delta GO 9/15 Lease Payments [3]	(25,222)	(25,413)	(25,721)	(26,037)	(26,376)	-	-	-	-	-
Total Delta Revenue, Net of GO 9/15 Financing	61,463	69,432	72,909	74,010	78,270	-	-	-	-	-
Delta % of Total Air Carrier Revenue, Net of GO 9/15 Financing	**65.05%**	**72.26%**	**72.67%**	**74.01%**	**73.84%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**

[1] Does not include interest income earned on PFC's, which are not available to pay debt service on Delta obligations.

[2] In 2008, Northwest Airlines merged with Delta.

[3] In 2011, Delta paid off the remaining debt associated with GO 9/15.

Source: Minneapolis/St. Paul Metropolitan Airports Commission

Top Ten Revenue Providers 2016 and 2007
(Dollars in Thousands)

	2016		2007	
Company	**Rank**	**Revenue**	**Rank**	**Revenue**
Northwest/Delta Airlines	1	$ 78,793	1	$ 55,080
Enterprise Rent A Car[1]	2	17,223	-----	-
HMS Host	3	15,524	3	6,874
Hertz	4	13,868	6	6,405
Avis	5	10,491	8	4,331
Sun Country Airlines	6	9,432	5	6,433
American Airlines	7	6,020	-----	-
Southwest Airlines	8	5,582	-----	-
United Airlines	9	5,213	10	2,737
OTG	10	5,157	-----	-
Minnesota Retail Partners	-----	-	2	7,334
Anton Airfoods Inc.	-----	-	4	6,607
National/Alamo Car Rental[1]	-----	-	7	5,677
Pinnacle Airlines	-----	-	9	3,081

[1] Enterprise Rent a Car owns National Car Rental and Alamo.

Source: Comprehensive Annual Financial Report 2007 and 2016

Air Carrier Market Share - Total Enplaned Passengers[1]

For the Years Ended December 31
Ranked on Year 2016 Results

2016 Ranking	Air Carrier	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2016 % of Total [2]
1	NWA/Delta	11,489,712	10,274,202	8,967,602	8,453,914	8,041,859	7,953,185	8,076,972	8,594,887	9,139,346	9,321,182	51.3%
2	Skywest [3]	113,853	98,574	26,549	529,568	836,730	1,181,445	1,134,982	867,993	1,247,022	1,653,123	9.1%
3	Endeavor Air [3]	1,271,310	865,941	722,510	707,641	727,037	1,453,778	1,634,337	2,011,953	1,608,015	1,243,837	6.8%
4	Sun Country	752,691	640,902	496,622	470,474	554,434	616,320	757,552	815,386	1,029,007	1,111,020	6.1%
5	American [10]	589,989	571,930	508,470	445,125	374,080	376,370	377,739	341,957	586,682	1,063,249	5.9%
6	Southwest	-	-	283,986	500,493	609,692	623,913	742,664	841,201	940,592	1,053,554	5.8%
7	Spirit Airlines	-	-	-	-	-	108,866	307,298	495,316	517,770	606,511	3.3%
8	Compass [3]	68,174	620,165	905,487	1,078,771	1,270,728	1,418,939	1,184,213	838,901	514,171	514,828	2.8%
9	United	555,520	488,566	470,403	396,060	340,920	227,392	190,994	167,638	425,390	489,262	2.7%
10	ExpressJet [8]	47,472	22,269	1,799	6,314	89,688	132,885	263,821	323,786	362,785	235,633	1.3%
11	Republic [5]	-	-	-	-	63,092	63,947	72,328	37,913	6,925	184,872	1.0%
12	Frontier	132,633	164,798	183,393	188,438	260,492	191,650	177,613	228,771	227,378	163,525	0.9%
13	Alaska Airlines	-	-	91,064	94,491	95,269	84,588	93,635	92,491	96,084	117,617	0.7%
14	Mesa [4,5]	-	-	-	-	-	-	-	42,011	66,311	105,124	0.6%
15	Shuttle America [4]	-	-	-	-	191,296	308,820	209,015	201,233	137,799	74,587	0.4%
16	Go Jet [3,4]	-	-	-	-	-	3,717	42,534	97,992	10,750	50,644	0.3%
17	Icelandair	35,747	26,388	16,535	20,955	22,314	21,169	20,513	20,323	28,926	39,500	0.2%
18	United Express	-	-	130,794	159,781	94,753	96,550	116,724	101,926	178,132	38,450	0.2%
19	Envoy [6]	-	-	-	-	-	128,382	115,022	144,150	55,935	4,790	0.1%
20	US Airways [10]	174,910	389,052	455,163	430,890	465,967	532,384	592,391	561,351	465,291	-	0.0%
	Air Tran Airways [9]	316,667	256,310	247,834	261,709	295,675	269,552	159,983	107,077	-	-	0.0%
	Comair [3]	-	-	-	298,339	124,125	94,350	-	-	-	-	0.0%
	Continental [7]	169,853	119,994	83,999	32,278	25,689	48,800	-	-	-	-	0.0%
	Mesaba Aviation [3]	547,608	1,303,619	1,577,271	1,249,049	1,200,611	6,899	-	-	-	-	0.0%
	Midwest	66,215	67,032	79,803	61,165	-	-	-	-	-	-	0.0%
	Champion	73,790	25,898	-	-	-	-	-	-	-	-	0.0%
	America West	193,185	-	-	-	-	-	-	-	-	-	0.0%
	Ryan Int'l	7,768	-	-	-	-	-	-	-	-	-	0.0%
	Other	361,987	448,632	301,850	329,354	287,738	76,137	96,937	65,816	86,095	89,444	0.5%
		16,969,084	16,384,272	15,551,134	15,714,809	15,972,189	16,020,038	16,367,267	17,000,072	17,730,406	18,160,752	100.0%

[1] The figures may differ from the passenger statistics reported by the Air Carriers to the Airport.

[2] Percentages may not sum to totals due to rounding.

[3] Codeshare with Northwest/Delta. Its decrease was picked up by Northwest Airlines (NWA) and NWA-affiliated carrier, Endeavor Air (formerly Pinnacle Airlines), which commenced its operations at MSP International Airport in July 2001. Comair ceased operations in September 2012.

[4] Codeshare with United.

[5] Codeshare with US Airways/American.

[6] Codeshare with American/formerly American Eagle.

[7] Continental and United began operating under a single carrier code in 2012.

[8] Atlantic Southeast Airlines and ExpressJet Airlines began operating under a single carrier code in 2011.

[9] AirTran Airways merged with Southwest Airlines in 2012 with full integration in 2014.

[10] US Airways and American began operating under a single carrier code in 2015.

Source: Department of Transportation, T-3, T-100 and 298C T-1; Minneapolis/St. Paul Metropolitan Airports Commission

Enplaned Passenger Trends
For the Years Ended December 31

	Originating		Connecting			
	Enplaned Passengers [1]	% of Total	Enplaned Passengers [1]	% of Total	Total	% Change From Previous Year
2007	9,943,883	58.6%	7,025,201	41.4%	16,969,084	-1.22%
2008	8,355,979	51.0%	8,028,293	49.0%	16,384,272	-3.45%
2009	8,318,949	53.5%	7,232,185	46.5%	15,551,134	-5.08%
2010	9,147,140	58.2%	6,567,669	41.8%	15,714,809	1.05%
2011	8,676,764	54.3%	7,295,425	45.7%	15,972,189	1.64%
2012	8,667,889	54.1%	7,352,149	45.9%	16,020,038	0.30%
2013	8,927,053	54.5%	7,440,214	45.5%	16,367,267	2.17%
2014	9,290,977	54.7%	7,709,095	45.3%	17,000,072	3.87%
2015	9,791,389	55.2%	7,939,017	44.8%	17,730,406	4.30%
2016	10,500,930	57.8%	7,659,822	42.2%	18,160,752	2.43%

Average Annual Compound Growth

2007 - 2016	0.55%	0.87%	0.68%

[1] Includes passengers who connected to domestic flights at MSP but were bound for international destinations via other U.S. gateway airports. Includes domestic-to-domestic, domestic-to-international, and international-to-domestic connections.

The above figures may differ from the passenger statistics reported by the airlines to the MSP.

Sources: DOT, Schedules T-100 and T-3, DOT, Air Passenger Origin - Destination Survey, reconciled to Schedules T-100 and 298C T-1; Minneapolis/St. Paul Metropolitan Airports Commission

Air Carrier Market Share - Total Cargo Handled (in tons)
For the Years Ended December 31
Ranked on Year 2016 Results

2016 Ranking	Air Carrier	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2016 % of Total [1]
1	Federal Express	136,690.5	132,973.9	105,897.7	102,494.0	98,712.2	99,297.3	94,006.3	87,898.2	85,248.4	99,699.1	43.7%
2	UPS	59,694.3	55,536.5	53,794.7	58,349.9	61,101.1	57,174.2	57,826.2	61,142.2	58,699.1	58,062.6	25.5%
3	Northwest/Delta	43,223.5	40,281.7	31,094.2	43,115.5	45,152.0	48,664.7	51,792.3	53,483.7	55,634.0	45,697.3	20.1%
4	Sun Country	3,671.3	2,604.4	1,370.2	619.8	967.2	1,686.1	2,359.7	2,944.1	4,971.8	7,340.4	3.2%
5	DHL	12,801.9	8,048.3	87.5	-	2,810.8	4,498.3	5,220.0	6,201.1	6,775.5	6,900.0	3.0%
6	Southwest	-	-	758.5	1,343.2	1,471.2	1,643.5	1,522.0	1,842.3	2,055.9	2,760.7	1.2%
7	United	834.8	1,726.7	2,497.9	2,368.2	1,777.6	1,686.6	1,096.2	1,783.3	2,813.3	2,530.3	1.1%
8	American [3]	2,127.8	2,161.1	875.2	319.6	199.4	41.3	66.5	201.0	282.0	1,203.7	0.5%
9	Mountain Air Cargo	-	-	-	-	902.3	844.0	1,049.7	1,084.5	930.3	1,103.2	0.5%
10	Suburban Air Freight	-	-	-	-	-	-	289.5	452.2	513.8	542.3	0.2%
11	IFL Group	-	-	-	-	-	-	-	-	-	517.5	0.2%
12	Other	1,286.1	344.2	35.1	1,073.1	263.1	338.4	239.5	318.9	494.6	507.2	0.2%
13	Air France	-	-	-	-	-	-	268.1	336.9	339.1	400.7	0.2%
14	CSA Air	-	-	-	-	-	-	-	-	231.8	389.2	0.2%
15	Icelandair	-	-	-	-	-	-	-	-	159.3	298.2	0.1%
16	Alaska Airlines	-	-	-	-	120.7	157.2	239.5	219.5	130.9	162.3	0.1%
	US Airways [3]	527.6	1,987.7	1,970.6	2,284.7	2,055.8	1,448.4	1,299.9	981.7	454.8	-	0.0%
	Airborne	2,095.4	4,367.9	1,021.0	4,300.8	1,780.3	872.7	114.7	-	-	-	0.0%
	Frontier	-	346.6	232.0	282.2	242.6	179.8	188.5	-	-	-	0.0%
	ATI/BAX Global	8,215.3	4,855.7	8,146.0	17,521.6	12,197.8	-	-	-	-	-	0.0%
	Continental [2]	803.4	989.3	583.8	231.7	228.2	479.1	-	-	-	-	0.0%
	Mesaba	234.9	618.1	721.4	-	-	-	-	-	-	-	0.0%
	Kitty Hawk/AIA*	1,987.3	-	-	-	-	-	-	-	-	-	0.0%
	America West	693.2	-	-	-	-	-	-	-	-	-	0.0%
	Midwest	438.7	274.5	11.3	0.7	-	-	-	-	-	-	0.0%
		275,326.0	257,116.6	209,097.1	234,305.0	229,982.3	219,011.6	217,578.6	218,889.6	219,734.6	228,114.7	100.0%

[1] Percentages may not sum to totals due to rounding.

[2] Continental and United began operating under a single carrier code in 2012.

[3] US Airways and American began operating under a single carrier code in 2015.

* American International Airways

Source: Minneapolis/St. Paul Metropolitan Airports Commission

Enplaned Cargo Trends
For the Years Ended December 31

(Freight and mail in thousands of tons)

Air Carrier	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Average Annual Growth Compound
Passenger	25.1	24.2	19.0	21.9	24.6	26.9	27.9	28.4	30.7	25.2	0.0%
All Cargo	116.1	102.5	83.7	90.0	87.9	80.4	81.8	86.4	82.7	83.5	-3.2%
Total	141.2	126.7	102.7	111.9	112.5	107.3	109.7	114.8	113.4	108.6	-2.6%

AAG - Average annual compound growth

Source: Minneapolis/St. Paul Metropolitan Airports Commission

Trends in Enplaned Cargo by Type of Carrier
For the Years Ended December 31

	Passenger Carriers		All Cargo Carriers		
	Tons	% of Total	Tons	% of Total	Total Cargo
2007	25,124	17.8%	116,058	82.2%	141,182
2008	24,179	19.1%	102,508	80.9%	126,687
2009	19,004	18.5%	83,742	81.5%	102,746
2010	21,942	19.6%	89,990	80.4%	111,932
2011	24,595	21.9%	87,932	78.1%	112,527
2012	26,876	25.0%	80,442	75.0%	107,318
2013	27,945	25.5%	81,766	74.5%	109,711
2014	28,377	24.7%	86,414	75.3%	114,791
2015	30,691	27.1%	82,678	72.9%	113,369
2016	25,165	23.2%	83,460	76.8%	108,625

Average Annual Compound Growth

2007 - 2016	0.02%	-3.24%	-2.59%

Source: Minneapolis/St. Paul Metropolitan Airports Commission

Trends in Enplaned Cargo by Freight & Mail
For the Years Ended December 31

	Freight/Express		Mail		
	Tons	% of Total	Tons	% of Total	Total Cargo
2007	136,511	96.7%	4,671	3.3%	141,182
2008	121,037	95.5%	5,650	4.5%	126,687
2009	98,493	95.9%	4,253	4.1%	102,746
2010	105,919	94.6%	6,013	5.4%	111,932
2011	104,455	92.8%	8,072	7.2%	112,527
2012	97,220	90.6%	10,098	9.4%	107,318
2013	101,337	92.4%	8,374	7.6%	109,711
2014	107,500	93.6%	7,291	6.4%	114,791
2015	104,517	92.2%	8,852	7.8%	113,369
2016	98,140	90.3%	10,484	9.7%	108,624

Average Annual Compound Growth

2007 - 2016	-3.25%	8.42%	-2.59%

Source: Minneapolis/St. Paul Metropolitan Airports Commission

Revenue Bond Debt Service Coverage - Rate Covenant for Senior Debt
For the Years Ended December 31
(Dollars in thousands)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues per Master Trust Indenture	$ 294,220	$ 293,076	$ 289,925	$ 296,121	$ 295,922	$ 281,288	$ 300,635	$ 314,563	$ 322,101	$ 352,834
Expenses										
Operating expenses	239,971	244,330	246,493	252,944	255,287	256,793	274,888	285,165	292,589	308,033
Less: Depreciation expense	(115,329)	(117,595)	(123,060)	(121,555)	(118,985)	(120,201)	(128,010)	(131,069)	(134,419)	(139,226)
Total operating expenses, excluding depreciation expense	124,642	126,735	123,433	131,389	136,302	136,592	146,878	154,096	158,170	168,807
Net Revenues	169,578	166,341	166,492	164,732	159,620	144,696	153,757	160,467	163,931	184,027
Annual debt service - Senior Airport Revenue Bonds	(46,685)	(46,321)	(45,887)	(44,540)	(41,525)	(43,436)	(48,274)	(50,413)	(48,084)	(48,909)
Annual debt service - General Obligation Revenue Bonds	(32,276)	(32,542)	(32,797)	(29,532)	(29,843)	(3,414)	(2,954)	-	-	-
Principal and interest on other indebtedness [1]	(16,299)	(30,335)	(32,356)	(31,118)	(42,285)	(40,970)	(47,809)	(48,383)	(45,216)	(46,546)
Must not be less than zero	74,318	57,143	55,452	59,542	45,967	56,876	54,720	61,671	70,631	88,572
Requirement Section										
Net revenues	169,578	166,341	166,492	164,732	159,620	144,696	153,757	160,467	163,931	184,027
Transfer - Coverage Fund [2]	12,053	11,671	11,580	11,472	11,579	10,381	12,069	12,603	12,021	12,227
Total available	181,631	178,012	178,072	176,204	171,199	155,077	165,826	173,070	175,952	196,254
Senior Debt Service times 125% [3]	(58,356)	(57,901)	(57,359)	(55,675)	(51,906)	(54,295)	(60,343)	(57,896)	(60,105)	(61,136)
Must not be less than zero	123,275	120,111	120,713	120,529	119,293	100,782	105,483	115,174	115,847	135,118
Pro Forma Coverage on Senior Lien Debt										
Net revenues	169,578	166,341	166,492	164,732	159,620	144,696	153,757	160,467	163,931	184,027
Transfer - Coverage Fund [2]	11,580	11,472	11,579	10,381	10,381	10,859	12,069	12,603	12,021	12,227
Total available	181,158	177,813	178,071	175,113	170,001	155,555	165,826	173,070	175,952	196,254
Annual debt service - Senior Airport Revenue Bonds	(46,685)	(46,321)	(45,887)	(44,540)	(41,525)	(43,436)	(48,274)	(50,413)	(48,084)	(48,909)
Annual debt service - General Obligation Revenue Bonds	(32,276)	(32,542)	(32,797)	(29,532)	(29,843)	(3,414)	(2,954)	-	-	-
Total Debt Service - Senior Lien Debt	(78,961)	(78,863)	(78,684)	(74,072)	(71,368)	(46,850)	(51,228)	(50,413)	(48,084)	(48,909)
Coverage with Transfer	229%	225%	226%	236%	238%	332%	324%	343%	366%	401%
Coverage without Transfer	215%	211%	212%	222%	224%	309%	300%	318%	341%	376%

[1] Excludes General Obligation Revenue Bonds and Senior Airport Revenue Bonds.

[2] Transfer is limited to no more than 25% of Aggregate Annual Debt Service on Outstanding Senior Airport Revenue Bonds.

[3] Using Annual Debt Service on Senior Airport Revenue Bonds.

Source: Minneapolis/St. Paul Metropolitan Airports Commission

Revenue Bond Debt Service Coverage - Rate Covenant for Subordinate Lien Debt
For the Years Ended December 31
(Dollars in thousands)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues per Master Trust Indenture	$ 294,220	$ 293,076	$ 289,925	$ 296,121	$ 295,922	$ 281,288	$ 300,635	$ 314,563	$ 322,101	$ 352,834
Expenses										
Operating expenses	239,971	244,330	246,493	252,944	255,287	256,793	274,888	285,165	292,589	308,033
Less: Depreciation expense	(115,329)	(117,595)	(123,060)	(121,555)	(118,985)	(120,201)	(128,010)	(131,069)	(134,419)	(139,226)
Total operating expenses, excluding depreciation expense	124,642	126,735	123,433	131,389	136,302	136,592	146,878	154,096	158,170	168,807
Annual debt service - Senior Airport Revenue Bonds	46,685	46,321	45,887	44,540	41,525	43,436	48,274	50,413	48,084	48,909
Annual debt service - General Obligation Revenue Bonds	32,276	32,542	32,797	29,532	29,843	3,414	2,954	-	-	-
Subordinate revenues	90,617	87,478	87,808	90,660	88,252	97,846	102,529	110,054	115,847	135,118
Principal and interest on Subordinate Bonds	(16,299)	(30,335)	(32,356)	(31,118)	(35,393)	(40,970)	(47,807)	(48,383)	(45,216)	(46,546)
Must not be less than zero	$ 74,318	$ 57,143	$ 55,452	$ 59,542	$ 52,859	$ 56,876	$ 54,722	$ 61,671	$ 70,631	$ 88,572
Requirement Section										
Subordinate revenues	$ 90,617	$ 87,478	$ 87,808	$ 90,660	$ 88,252	$ 97,846	$ 102,529	$ 110,054	$ 115,847	$ 135,118
Transfers [1]	1,745	1,630	3,034	3,236	3,112	4,229	4,097	4,781	4,522	4,655
Total available	92,362	89,108	90,842	93,896	91,364	102,075	106,626	114,835	120,369	139,773
Outstanding Subordinate Debt Service Times 110% [2]	(29,239)	(22,743)	(33,354)	(32,358)	(35,393)	(45,583)	(44,686)	(52,229)	(55,659)	(49,343)
Must not be less than zero	$ 63,123	$ 66,365	$ 57,488	$ 61,538	$ 55,971	$ 56,492	$ 61,940	$ 62,606	$ 64,710	$ 90,430
Pro Forma Coverage on Subordinate Lien Debt										
Subordinate revenues	$ 90,617	$ 87,478	$ 87,808	$ 90,660	$ 88,252	$ 97,846	$ 102,529	$ 110,054	$ 115,847	$ 135,118
Principal and interest in Subordinate Bonds [2]	20,675	30,322	29,416	30,887	32,175	41,439	40,624	47,480	50,599	44,857
Coverage without Transfer	438%	289%	299%	294%	274%	236%	252%	232%	229%	301%
Pro Forma Coverage on Senior and Subordinate Lien Debt										
Net Revenues	$ 169,578	$ 166,341	$ 166,492	$ 164,732	$ 159,620	$ 144,696	$ 153,757	$ 160,467	$ 163,931	$ 184,027
Total Debt Service - Senior and Subordinate Debt	99,636	109,185	108,100	104,959	103,543	88,289	91,852	97,893	98,682	93,766
Coverage without Transfer	170%	152%	154%	157%	154%	164%	167%	164%	166%	196%

[1] Transfer is limited to no more than 10% of Aggregate Annual Debt Service on Outstanding Subordinate Airport Revenue Bonds.

[2] Using Annual Debt Service on Subordinate Airport Revenue Bonds.

Source: Minneapolis/St. Paul Metropolitan Airports Commission

Operating Ratio[1]

For the Years Ended December 31
(Dollars in Thousands)

	Operating Expenses [2]	Operating Revenues	Operating Ratio
2007	$ 124,642	$ 238,251	52%
2008	126,735	241,554	52%
2009	123,433	240,875	51%
2010	131,389	245,043	54%
2011	136,302	256,548	53%
2012	136,592	266,417	51%
2013	146,855	286,044	51%
2014	154,096	298,335	52%
2015	163,900	307,422	53%
2016	185,300	338,933	55%

[1] Operating ratio is operating expenses, net of depreciation divided by total operating revenues.

[2] Operating expenses exclude depreciation.

Source: Minneapolis/St. Paul Metropolitan Airports Commission

Debt per Enplaned Passenger

For the Years Ended December 31
(Dollars in Thousands)

	General Airport Revenue Bonds Outstanding	General Obligation Revenue Bonds Outstanding	Notes Payable Outstanding	Other Debt	Subtotal	Enplaned Passengers	Debt per Enplaned Passenger
2007	$ 1,659,743	$ 290,930	$ 49,750	$ 45,887	$ 2,046,310	16,969,084	$ 120.59
2008	1,525,522	276,522	39,726	33,887	1,875,657	16,384,272	114.48
2009	1,483,445	261,193	6,337	30,587	1,781,562	15,551,134	114.56
2010	1,587,837	241,727	6,885	-	1,836,449	15,714,809	116.86
2011	1,560,345	12,530	6,792	-	1,579,667	15,972,189	98.90
2012	1,551,546	9,400	6,680	11,300	1,578,926	16,020,038	98.56
2013	1,500,811	6,126	10,165	15,950	1,533,052	16,367,267	93.67
2014	1,413,318	2,840	35,050	15,460	1,466,668	17,000,072	86.27
2015	1,362,033	-	48,397	42,460	1,452,890	17,730,406	81.94
2016	1,685,956	-	47,805	40,649	1,774,410	18,160,752	97.71

Source: Minneapolis/St. Paul Metropolitan Airports Commission

Population
For the Years Ended December 31
(In thousands)

	Minnesota	MSA [1]	% of Total
2007	5,198	3,208	62%
2008	5,231	3,238	62%
2009	5,266	3,270	62%
2010	5,303	3,349	63%
2011	5,347	3,389	63%
2012	5,379	3,422	64%
2013	5,420	3,459	64%
2014	5,457	3,428	63%
2015	5,490	3,462	63%
2016	5,520	3,528	64%

[1] MSA is defined as the Metropolitan Statistical Area of Anoka, Carver, Chisago, Dakota, Hennepin, Isanti Ramsey, Scott, Sherburne, Washington and Wright counties in Minnesota and Pierce and St. Croix counties in Wisconsin.

Civilian Unemployment Rate
For the Years Ended December 31

	United States	Minnesota	MSA
2007	4.6%	4.6%	4.3%
2008	7.2%	6.8%	6.4%
2009	9.3%	8.0%	7.8%
2010	9.1%	6.8%	6.6%
2011	8.3%	5.7%	5.5%
2012	7.8%	5.5%	5.1%
2013	6.7%	4.6%	4.3%
2014	5.6%	3.7%	3.3%
2015	5.0%	3.7%	3.1%
2016	4.5%	4.1%	3.6%

Sources:
- U.S. Department of Commerce, Bureau of Economic Analysis
- Minnesota Department of Unemployment and Economic Development

Personal Income
For the Years Ended December 31
(Dollars in Millions)

	Minnesota	MSA [1]	% of Total
2007	$ 216,678	$ 150,181	69%
2008	224,671	154,283	69%
2009	220,438	149,594	68%
2010	227,288	152,789	67%
2011	238,768	161,468	68%
2012	248,047	172,004	69%
2013	259,397	177,051	68%
2014	265,824	185,825	70%
2015	277,483	194,372	70%
2016	292,682	Not available	

[1] MSA is defined as the Metropolitan Statistical Area of Anoka, Carver, Chisago, Dakota, Hennepin, Isanti Ramsey, Scott, Sherburne, Washington and Wright counties in Minnesota and Pierce and St. Croix counties in Wisconsin.

Source: U.S. Department of Commerce, Bureau of Economic Analysis

Per Capita Personal Income
For the Years Ended December 31

	Minnesota	MSA [1]
2007	$ 41,739	$ 46,870
2008	43,238	47,653
2009	41,859	45,750
2010	42,798	46,498
2011	44,560	48,657
2012	46,227	50,260
2013	47,856	51,183
2014	48,711	53,166
2015	50,541	55,148
2016	52,876	Not available

[1] MSA is defined as the Metropolitan Statistical Area of Anoka, Carver, Chisago, Dakota, Hennepin, Isanti Ramsey, Scott, Sherburne, Washington and Wright counties in Minnesota and Pierce and St. Croix counties in Wisconsin.

Source: U.S. Department of Commerce, Bureau of Economic Analysis

Minnesota's Largest 10 Employers Ranked by In-State Employees
For the Years Ended December 31

Company	2016 Employees	Rank	% of Total Employment	2007 Employees	Rank	% of Total Employment
Mayo Clinic	41,892	1	1.46%	35,931	2	1.32%
State of Minnesota	38,538	2	1.34%	55,422	1	2.03%
United States Federal Government	33,370	3	1.16%	33,624	3	1.23%
Target Corporation	26,694	4	0.93%	25,125	4	0.92%
Allina Health System	26,000	5	0.91%	22,690	5	0.83%
University of Minnesota	25,960	6	0.90%	18,899	8	0.69%
HealthPartners, Inc.	22,500	7	0.78%	-	-----	0.00%
Fairview Health Services	22,000	8	0.77%	19,000	7	0.70%
Wells Fargo & Co.	20,000	9	0.70%	21,078	6	0.77%
Minnesota State Colleges/Universities	16,494	10	0.57%	-	-----	0.00%
UnitedHealth Group Inc.	15,750	11	0.55%	-	-----	0.00%
3M Co.	15,000	12	0.52%	16,614	10	0.61%
Wal-Mart Stores, Inc.	-	-	-	18,407	9	0.68%
Total	304,198			266,790		
Total Nonfarm Employment	2,872,658			2,726,914		

Sources:

Minnesota Business Journal Book of Lists

Minnesota Department of Employment and Economic Development

Employment Share by Industry
For the Year Ended December 31

	2016 Minnesota
Education and Health Services	18.5%
Trade, Transportation and Utilities	18.4%
Public Administration	14.9%
Professional and Business Services	12.7%
Manufacturing	10.9%
Leisure and Hospitality	8.7%
Financial Activities	6.2%
Other Services	4.1%
Construction	3.5%
Information	1.8%
Natural Resources and Mining	0.3%
	100.0%

Source: Minnesota Department of Employment and Economic Development

Activity Statistics
For the Years Ended December 31

	Total Passengers [1]	Aircraft Operations [2]	Mail and Cargo Volume (Metric Tons)
2007	34,108,743	452,972	257,691
2008	32,917,480	450,044	253,374
2009	31,273,224	432,395	209,097
2010	31,734,714	436,625	211,778
2011	31,977,163	436,506	208,637
2012	32,070,628	425,332	198,684
2013	32,763,027	431,328	197,384
2014	34,073,543	412,586	198,573
2015	35,494,425	404,612	199,340
2016	36,346,859	413,279	206,942

[1] Passengers include on-line connecting. (On-line connecting passengers are passengers that change to another flight on the same carrier.)

[2] An aircraft operation represents the total number of takeoffs and landings at the airport.

Source: Metropolitan Airports Commission Operations Report

Historical Aircraft Operations [2]
For the Years Ended December 31

	Air Carrier Operations [2]	Commuter Operations	Cargo Operations	Total Commercial Operations [1]	Percent Commercial Operations	General Aviation Operations	Military Operations	Total Operations
2007	263,816	141,013	15,292	420,121	92.75%	30,562	2,289	452,972
2008	226,646	176,237	14,361	417,244	92.71%	30,685	2,115	450,044
2009	211,085	183,911	11,146	406,142	93.93%	24,361	1,892	432,395
2010	191,341	203,169	12,049	406,559	93.11%	27,921	2,145	436,625
2011	178,896	217,267	12,203	408,366	93.55%	26,157	1,983	436,506
2012	184,134	203,684	11,231	399,049	93.82%	24,903	1,380	425,332
2013	193,470	203,106	11,701	408,277	94.66%	21,866	1,185	431,328
2014	189,489	185,664	12,199	387,352	93.88%	24,155	1,079	412,586
2015	205,635	162,779	12,789	381,203	94.23%	22,077	1,252	404,532
2016	213,682	161,427	14,400	389,509	94.25%	22,455	1,315	413,279

[1] Commercial Operations equal Air Carrier, Commuter and Cargo Operations.

[2] Aircraft operations represent the total number of takeoffs and landings at the airport.

Source: Metropolitan Airports Commission Operations Report

Trends in Aircraft Landed Weight of Signatory Airlines
For the Years Ended December 31

	Passenger Carriers	Cargo Carriers	Total Landed Weight
2007	21,846,071	1,152,231	22,998,302
2008	21,047,357	1,095,773	22,143,130
2009	20,352,347	918,453	21,270,800
2010	19,856,212	986,029	20,842,241
2011	19,945,169	897,211	20,842,380
2012	19,625,108	885,442	20,510,550
2013	20,225,040	926,429	21,151,469
2014	20,224,580	965,912	21,190,492
2015	20,577,785	984,305	21,562,090
2016 [1]	21,178,343	996,424	22,174,767

[1] In 2016, Delta's activity represented approximately 69% of the total landed weight at the Airport.

Source: Minneapolis/St. Paul Metropolitan Airports Commission

Employee Counts [1]
For the Years Ended December 31

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total	564	575	568	582	589	586	585	600	604	618

[1] Represents employees who were paid on the last payday of the fiscal year and were contributing to a pension plan.

Airline Cost per Enplaned Passenger
For the Years Ended December 31

(Dollars and Passengers in thousands)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total cost [1]	$ 88,454	$ 91,908	$ 94,003	$ 94,768	$ 100,961	$ 102,789	$ 110,378	$ 115,708	$ 114,253	$ 114,811
Enplaned passengers	16,969	16,384	15,551	15,715	15,972	16,020	16,367	17,000	17,730	18,161
Airline Cost per Enplaned Passenger	$ 5.21	$ 5.61	$ 6.04	$ 6.03	$ 6.32	$ 6.42	$ 6.74	$ 6.81	$ 6.44	$ 6.32

[1] Cost is defined as airline payments made to the Commission for expenses incurred in the airfield, T1 Lindbergh and T2 HHH Terminals.

Schedule of Airline Rates and Charges
For the Years Ended December 31

	Landing Fee Per 1,000 Lbs	Ramp Fees Per Linear Foot	Common Use Per Square Foot	Finished Per Square Foot	Finished Janitored Per Square Foot	Unfinished Per Square Foot
2007	$ 1.94	$ 458.87	$ 50.24	$ 50.24	$ 56.42	$ 50.24
2008	2.11	502.98	52.88	52.88	59.58	52.88
2009	2.27	581.93	50.67	50.67	57.43	50.67
2010	2.31	522.40	52.64	52.64	59.77	52.64
2011	2.46	562.05	56.37	56.37	63.11	56.37
2012	2.53	536.38	58.60	58.60	65.16	58.60
2013	2.62	594.50	62.86	62.86	69.80	62.86
2014	2.68	642.90	66.20	66.20	73.67	66.20
2015	2.64	624.14	64.56	64.56	72.54	64.56
2016	2.68	667.80	60.42	60.42	69.00	60.42

Source: Minneapolis/St. Paul Metropolitan Airports Commission

Operations at the Reliever Airports and General Aviation Operations at MSP
For the Years Ended December 31

	Downtown Airport	Cloud Airport	Crystal Airport	Blaine Airport	Lake Elmo Airport	Airlake Airport	MSP
2007	117,977	118,178	53,038	80,517	38,617	41,292	30,562
2008	109,512	119,139	49,244	69,403	37,612	39,021	30,685
2009	91,507	117,180	42,311	68,534	34,509	35,802	24,361
2010	88,995	94,244	44,229	79,589	34,374	35,662	27,921
2011	87,229	114,574	43,986	73,292	33,032	34,270	26,157
2012	79,238	88,663	48,220	79,190	33,319	34,560	24,903
2013	69,277	79,511	42,308	76,721	33,220	31,346	21,866
2014	64,539	73,634	41,117	68,157	25,727	33,178	24,155
2015	56,676	87,493	39,641	89,708	32,842	42,341	22,077
2016	54,548	84,038	36,967	80,845	27,275	38,618	22,455

Source: Minneapolis/St. Paul Metropolitan Airports Commission

Air Carriers Serving MSP [A]
As of December 31, 2016

U.S. – FLAG CARRIERS

SCHEDULED SERVICES

Air Choice One * [12]	Air Wisconsin * [1]	Alaska Airlines *
American * [10]	Boutique Air * [13]	Compass * [2]
Delta * [3]	Endeavor * [2]	Envoy * [11]
ExpressJet * [1, 2]	Frontier *	Go Jet * [2]
Mesa [11]	MN Airlines dba Sun Country *	Republic Airlines * [1, 11]
Shuttle America * [1, 2]	Sky West * [1, 2]	Southwest * [8, 9]
Spirit *	United * [5]	

NON-SCHEDULED (CHARTER) SERVICES

Omni Air International *

ALL-CARGO SERVICES

ABX Air * [6]	Atlas Air Cargo * [6]	Bemidji *
FedEx *	Mountain Air Cargo	UPS *
IFL Group [14]		

FOREIGN-FLAG CARRIERS

Air France *	Condor *	Icelandair *
Air Georgian dba Air Canada * [7]		

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* Denotes those Air Carriers that are Signatory Airlines to the Airline Lease Agreements.

A Excludes carriers reporting fewer than 1,000 enplaned passengers.

1. Flies for United Airlines.
2. Flies for Delta Air Lines.
3. Filed for bankruptcy protection on September 14, 2005. DAL emerged from bankruptcy on April 30, 2007 along with Comair. DAL's plans to merge with NWA were officially approved by the U.S. Department of Justice on October 29, 2008. Both announced plans to merge in April 2008.
4. Wholly owned by Northwest Airlines (NWA) after Mesaba emerged from bankruptcy protection on April 30, 2007. It had filed for bankruptcy on October 13, 2005. Its operations were included in NWA and reported by NWA starting 2008.
5. United filed for bankruptcy on December 9, 2002. Emerged from bankruptcy on February 1, 2006. United and Continental announced plans to merge in May 2010. The plans to merge were approved by the U.S. Department of Justice on August 27, 2010.
6. ABX Air and Atlas Air Cargo provide air service to DHL.
7. Air Canada filed for bankruptcy protection on April 1, 2003. Emerged from bankruptcy on September 30, 2004 after 18 months in protection.
8. Commenced its operations at MSP International Airport, Humphrey Terminal on March 8, 2009
9. Southwest and AirTran announced plans to merge in September 2010. The plans to merge were approved by the U.S. Department of Justice on April 27, 2011.
10. American Airlines and US Airways announced plans to merge in February 2013. The plans to merge were approved by the U.S. Department of Justice on December 9, 2013.
11. Flies for American Airlines
12. Commenced its operations at MSP International Airport June 1, 2016
13. Commenced its operations at MSP International Airport June 27, 2016
14. IFL Group provides air service to FedEx and UPS

Minneapolis/St. Paul Metropolitan Airports Commission
Insurance Coverage
As of December 31, 2016

Insurer	Expiration	Coverage	Policy Limits (Thousands of Dollars)
ACE/Lloyd's of London/Global	1/1/18	General aviation liability including personal injury	$ 750,000
Alliant	7/1/17	Blanket fire and extended coverage on building and contents. Boiler and machinery	$ 1,050,000
Self-Insured [1]	Continuous	Statutory workers' compensation	
	1/1/18	Workers' Compensation Reinsurance Association	$ 500
Great American/Zurich	7/1/17	Comprehensive Crime Employee/Police Policies	$ 5,000
Minnesota Risk Management Fund	7/1/17	Auto Liability (licensed vehicles), physical damage (all vehicles) hired automobiles, valet parking, inland marine and garage keepers	MN Tort Cap Limits/value
Alliant	7/1/17	Cyber Liability with enhanced notification endorsement 1M individuals	$ 1,000

[1] Funded from current operating revenues of the Commission.

Airport Information
As of December 31, 2016

	Square Feet		
	Terminal 1 (Lindbergh)	Terminal 2 (Humphrey)	Total
Terminal Buildings			
Airline	631,036	177,722	808,758
Concession	214,223	22,932	237,155
Garage	155,119	-	155,119
Non-Airline	180,189	16,286	196,475
Unoccupied	8,576	7,585	16,161
Circulation	966,145	132,425	1,098,570
Restrooms	55,701	10,832	66,533
MAC/Mechanical	453,371	111,719	565,090
International Arrivals	114,640	40,036	154,676
Trans Security Agency	67,475	21,428	88,903
	2,846,475	540,965	3,387,440
Parking Facilities	13,453	8,670	22,123

	Terminal 1 (Lindbergh)	Terminal 2 (Humphrey)	Total
Gates (Aircraft loading positions)	103	14	117

Airport Information
As of December 31, 2016

Airport Code: MSP

Runways [1]

Minneapolis-St. Paul:	
Runway 4-22	11,000 Ft
Runway 12R-30L	10,000 Ft
Runway 12L-30R	8,200 Ft
Runway 17-35	8,000 Ft
Airlake	
Runway 12-30	4,100 Ft
Anoka County/Blaine	
Runway 9-27	5,000 Ft
Runway 18-36	4,900 Ft
Crystal	
Runway 14L-32R	3,300 Ft
Runway 14R-32L	3,300 Ft
Runway 6L-24R	2,500 Ft
Runway 6R-24L	2,100 Ft
Flying Cloud	
Runway 10R-28L	5,000 Ft
Runway 10L-28R	3,900 Ft
Runway 18-36	2,700 Ft
Lake Elmo	
Runway 14-32	2,900 Ft
Runway 4-22	2,500 Ft
St. Paul Downtown	
Runway 14-32	6,500 Ft
Runway 13-31	4,000 Ft
Runway 9-27	3,600 Ft

[1] Amounts rounded to the nearest hundred.

USER NOTES